



INCA ONE GOLD CORP.

Consolidated Financial Statements
For the Years Ended April 30, 2019, and 2018
(Expressed in US Dollars)

Independent auditor's report

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To the shareholders of
Inca One Gold Corp.

Opinion

We have audited the consolidated financial statements of Inca One Gold Corp. (the "Company"), which comprise the consolidated statements of financial position as at April 30, 2019 and 2018, the consolidated statements of operations and comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly in all material respects, the consolidated financial position of Inca One Gold Corp. as at April 30, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 1 in the financial statements, which indicates that the Company incurred a comprehensive loss of \$67,908 for the year ended April 30, 2019. As at April 30, 2019, the Company had an accumulated deficit of \$24,897,870. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Information other than the consolidated Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the Management Discussion and Analysis but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Mark Iwanaka.

Vancouver, Canada
August 28, 2019



Chartered Professional Accountants

INCA ONE GOLD CORP.

Consolidated Statements of Financial Position

(Expressed in US Dollars)

	Note	April 30, 2019	April 30, 2018 <i>Restated – Note 2(d)</i>	May 1, 2017 <i>Restated – Note 2(d)</i>
		\$	\$	\$
Assets				
Current:				
Cash		1,820,101	266,836	38,017
Receivables	6	3,817,138	914,340	732,737
Prepaid expenses and deposits	7	1,684,191	606,981	635,573
Inventory	8	4,078,545	2,473,703	574,762
		11,399,975	4,261,860	1,981,089
Long term receivable	9	346,493	-	-
Property, plant and equipment	10	12,311,429	5,206,236	5,079,305
Total assets		24,057,897	9,468,096	7,060,394
Liabilities				
Current:				
Accounts payable and accrued liabilities	11	2,266,371	2,121,050	1,640,706
Promissory notes payable		-	-	120,000
Contractual liabilities as result of the acquisition of Anthem United	12	2,993,709	-	-
Secured debenture	13	-	300,000	-
Deferred revenue	18	1,771,183	1,064,585	-
Derivative financial liability	18	951,467	-	-
		7,982,730	3,485,635	1,760,706
Contractual liabilities as result of the acquisition of Anthem United	12	4,558,032	-	-
Secured debentures	13	1,448,011	1,183,889	2,030,769
Mineral notes	14	-	48,625	48,193
Derivative financial liability	18	-	974,394	740,873
Asset retirement and reclamation obligations	15	1,085,647	581,356	444,145
		15,074,420	6,273,899	5,024,686
Shareholders' Equity				
Share capital	16	26,652,943	22,175,028	19,328,264
Reserves	16	6,226,083	6,110,016	4,356,764
Accumulated other comprehensive income		(321,263)	(337,846)	(66,912)
Deficit		(24,897,870)	(24,753,001)	(21,582,408)
Shareholders equity attributable to Inca One		7,659,893	3,194,197	2,035,708
Non-controlling interest		1,323,584	-	-
Total shareholder's equity		8,983,477	3,194,197	2,035,708
Total liabilities and shareholders' equity		24,057,897	9,468,096	7,060,394

Nature of operations and going concern (note 1)

Acquisition of Anthem United Inc. (note 4)

Commitments (note 18)

Restatement (note 2d)

Subsequent events (note 9 and 16(d))

Approved on behalf of the Board of Directors on August 28, 2019

"Bruce Bragagnolo"

Director

"Edward Kelly"

Director

The accompanying notes are an integral part of these consolidated financial statements.

INCA ONE GOLD CORP.

Consolidated Statements of Operations and Comprehensive Income
(Expressed in US Dollars)

	Year ended April 30	
	2019	2018
		<i>Restated – Note 2(d)</i>
	\$	\$
Revenue	34,573,628	13,221,998
Cost of goods sold		
Cost of operations	(31,101,302)	(12,814,765)
Depreciation	(1,177,946)	(729,083)
Total cost of goods sold	(32,279,248)	(13,543,848)
Gross operating margin (deficit)	2,294,380	(321,850)
Corporate and administrative expenses	(2,962,518)	(2,357,365)
Loss from operations	(668,138)	(2,679,215)
Reversal of prior year impairments	59,760	272,152
Finance and other income (expense)	(753,320)	(597,996)
Business development	(224,047)	-
Restructuring gain, net	-	(165,534)
Bargain purchase on acquisition of Anthem United (note 4)	1,501,254	-
Loss before income taxes	(84,491)	(3,170,593)
Other comprehensive income (loss):		
Foreign currency translation adjustment	16,583	(239,268)
Comprehensive loss for the period	(67,908)	(3,409,861)
Net income (loss) and comprehensive income (loss) attributable to:		
Inca One Gold Corp's shareholders	(128,286)	(3,409,861)
Non-controlling interest	60,378	-
	(67,908)	(3,409,861)
Weighted average shares outstanding		
Basic	224,747,621	90,038,250
Diluted	224,747,621	90,038,250
Earnings (loss) per share		
Basic	0.00	(0.04)
Diluted	0.00	(0.04)

The accompanying notes are an integral part of these consolidated financial statements.

INCA ONE GOLD CORP.

Consolidated Statements of Changes in Equity (Expressed in US Dollars)

	Share capital				Accumulated other comprehensive (loss) income	Deficit	Total shareholders' equity (deficiency)
	Common shares (note 16(b))	Amount	Equity reserves	Non-controlling interest			
	#	\$	\$	\$			
Balance, April 30, 2017 restated – Note 2 (d)	59,316,401	19,328,264	4,356,764	-	(66,912)	(21,582,408)	2,035,708
Comprehensive loss for the period	-	-	-	-	(239,268)	(3,170,593)	(3,409,861)
Adjustment in other comprehensive loss	-	-	-	-	(31,665)	-	(31,665)
Issuance of shares on private placement, net of share issue costs	68,023,000	1,815,152	1,637,939	-	-	-	3,453,091
Shares issued for debt settlement (note 5)	19,087,151	1,031,612	-	-	-	-	1,031,612
Warrants issued for debt settlement (note 5)	-	-	23,868	-	-	-	23,868
Share -based payments	-	-	91,444	-	-	-	91,444
Balance, April 30, 2018 restated- Note 2 (d)	146,426,552	22,175,028	6,110,016	-	(337,846)	(24,753,001)	3,194,197
Comprehensive loss for the period	-	-	-	60,378	16,583	(144,869)	(67,908)
Shares issued for acquisition of Anthem United ^(a)	110,050,225	4,198,179	-	-	-	-	4,198,179
Non-controlling interest as at acquisition date	-	-	-	1,263,206	-	-	1,263,206
Exercised options (note 16(c))	6,433,335	279,736	(35,557)	-	-	-	244,179
Share-based payments (note 16(d))	-	-	151,624	-	-	-	151,624
Balance, April 30, 2019	262,910,112	26,652,943	6,226,083	1,323,584	(321,263)	(24,897,870)	8,983,477

(a) Equivalent to CAD\$ 5,502,511 Net of transaction costs of \$22,833

The accompanying notes are an integral part of these consolidated financial statements.

INCA ONE GOLD CORP.

Consolidated Statements of Cash Flows
(Expressed in US Dollars)

	Years Ended April 30,	
	2019	2018
		<i>Restated – Note 2(d)</i>
Cash flows provided by (used in):	\$	\$
Operating activities:		
Net loss for the year	(84,491)	(3,170,593)
Items not involving cash:		
Depreciation	1,205,516	744,402
Stock-based compensation	151,624	91,444
Accretion expense	17,837	760
Accretion of asset retirement and reclamation obligations	54,997	32,524
Accrued interest	4,859	39,814
Interest expense	165,608	223,882
Unrealized foreign exchange	(49,736)	(115,763)
Restructuring impairments (reversals)	-	(272,152)
Loss on restructuring, net	-	165,534
Loss in fair value adjustment of the contractual liabilities as result of the acquisition of Anthem United	386,553	-
Loss (gain) in fair value adjustment of derivative financial liability	20,058	(14,141)
Bargain purchase on acquisition of Anthem United	(1,501,254)	-
Changes in non-cash operating working capital:		
Receivables	1,283,937	33,539
Prepaid expenses and deposits	(568,065)	37,592
Inventory	849,058	(1,898,941)
Accounts payable and accrued liabilities	(1,329,189)	781,332
Deferred revenue	706,598	1,064,585
Net cash provided by (used in) operating activities	1,314,537	(2,256,182)
Financing activities:		
Proceeds on issuance of common shares through private placement (net of issuance costs)	-	3,449,126
Proceeds from exercise of options	244,179	-
Repayment of promissory notes	-	(120,000)
Repayment of mineral notes	(50,000)	-
Interest paid	(186,488)	(71,254)
Net cash provided by financing activities	7,693	3,257,872
Investing activities:		
Purchase of property, plant and equipment (net of disposition)	(807,573)	(766,646)
Cash acquired in acquisition of Anthem United Inc.	1,034,961	-
Net cash provided by (used in) investing activities	227,388	(766,646)
Increase (decrease) in cash and cash equivalents	1,549,618	235,044
Effect of exchange rates on cash held in foreign currencies	3,647	(6,225)
Cash and cash equivalents, beginning of the year	266,836	38,017
Cash and cash equivalents, end of the period	1,820,101	266,836

Supplemental disclosure with respect to cash flows (note 24)

The accompanying notes are an integral part of these Consolidated financial statements.

INCA ONE GOLD CORP.

Notes to the Consolidated Financial Statements
For the Years Ended April 30, 2019 and 2018
(Expressed in US Dollars)

NOTE 1 – NATURE OF OPERATIONS AND GOING CONCERN

Inca One Gold Corp. (the "Company") was incorporated under the laws of Canada on November 9, 2005 and was continued under the British Columbia Business Corporations Act on November 26, 2010. On September 17, 2014, the Company changed its name from Inca One Resources Corp. to Inca One Gold Corp. The Company's shares are traded on the TSX Venture Exchange (the "TSX-V") under the symbol "IO", on the Frankfurt Stock Exchange under the symbol "SU9.F", and the Santiago Stock Exchange Venture under the symbol "IOCL". The head office and principal address of the Company are located at Suite 850 - 1140 West Pender Street, Vancouver, Canada, V6E 4G1 and its registered office is located at 10th Floor, 595 Howe Street, Vancouver, Canada, V6C 2T5.

Inca One is engaged in the business of developing gold-bearing mineral processing operations in Peru, to service government permitted small scale miners. In recent years the Peruvian government instituted a formalization process for informal miners as part of its efforts to regulate their activities. The Company, through its Peruvian subsidiaries Chala One SAC ("Chala One") and EMC Green Group SA ("EMC") owns two Peruvian mineral processing plants with 450 tonnes per day ("TPD") of processing capacity. The Company's business plan is to source high grade gold mill feed from legally recognized Peruvian artisanal and small scale miners, purchase and process the material, and export gold concentrate or doré.

The Company continues to actively evaluate potential mineral projects, including additional mineral processing operations.

These consolidated financial statements are prepared on a going concern basis, which contemplates that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. For the year ended April 30, 2019, the Company incurred in a net comprehensive loss for the period of \$0.06 million. As of that date the Company had a deficit of \$24.9 million and working capital of \$3.4 million. These conditions indicate a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. Management intends to fund operating and administration costs and debt and debt service costs over the year with the proceeds from gold doré sales at the Company's gold ore processing facilities in Peru and where required, from debt and equity financing and proceeds from option and warrant exercises.

The Company's ability to continue as a going concern is dependent upon its ability to generate net income and positive cash flows from its Peruvian ore processing operations and its ability to raise equity capital or debt sufficient to meet current and future obligations.

These consolidated financial statements do not reflect the adjustments to the carrying values and classifications of assets and liabilities that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

INCA ONE GOLD CORP.

Notes to the Consolidated Financial Statements
For the Years Ended April 30, 2019 and 2018
(Expressed in US Dollars)

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES**(a) Basis of Presentation**

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). The accounting principles adopted are consistent with those of the previous financial year.

These consolidated financial statements have been prepared using the significant accounting policies and measurement bases summarized below and were approved by the board of directors for issue on August 28, 2019.

(b) Basis of Consolidation

The consolidated financial statements are presented in US dollars unless otherwise noted and include the accounts of the Company and its subsidiaries listed below:

	Country of Incorporation	Equity Interest
Chala One S.A.C.	Peru	100%
Inca One Metals Peru S.A.	Peru	100%
Dynasty One S.A.	Peru	100%
Corizona S.A.C.	Peru	100%
Anthem United Inc. ^(a)	Canada	100%
Anthem United (Holdings) Inc. ^(a)	Canada	100%
Oro Proceso Co. S.A.C. ^(a)	Peru	100%
EMC Green Group S.A.C. ^(a)	Peru	90.14%
Koricancha Joint Venture ^(a)	Peru	90.14%

(a) Acquired on August 21, 2018 (note 4)

Control is achieved when the Company is exposed to, or has rights, to variable returns from its involvement with an entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is obtained and continue to be consolidated until the date that such control ceases. Intercompany balances, transactions and unrealized intercompany gains and losses are eliminated upon consolidation. For partially owned subsidiaries, the interest attributable to non-controlling parties is reflected in non-controlling interest.

INCA ONE GOLD CORP.

Notes to the Consolidated Financial Statements
For the Years Ended April 30, 2019 and 2018
(Expressed in US Dollars)

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (continued)**(c) Changes in accounting policies and disclosures**

The Company applied IFRS 15 and IFRS 9 effective May 1, 2018, the nature and effect of which are described below. Other than the changes described below, the accounting policies adopted are consistent with those of the comparative period.

IFRS 15 - Revenue from Contracts with Customers

IFRS 15 applies to all revenue arising from contracts with its customers. The new revenue standard establishes a five-step model to account for revenue arising from contracts with customers. It requires revenue to be recognized when (or as) control of a good or service transfers to a customer at an amount that reflects the consideration to which an entity expects to be entitled. The standard also requires enhanced and extensive disclosures about revenue to help investors better understand the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers. The Company determined that there is no impact on the comparative consolidated financial statements from adoption of IFRS 15.

IFRS 9 – Financial Instruments

Under IFRS 9, there is a change in the classification and measurement requirements relating to financial assets. Previously, in accordance with IAS 39 – Financial Instruments: Recognition and Measurement (“IAS 39”), there were four categories of financial assets: loans and receivables, fair value through profit or loss, held to maturity and available for sale. IFRS 9 requires financial assets to be classified into three measurement categories on initial recognition: fair value through profit and loss (“FVTPL”), fair value through other comprehensive income (“FVOCI”) and amortized cost. Investments in equity instruments are required to be measured by default at FVTPL (but there is an irrevocable option for each equity instrument to present fair value changes in other comprehensive income). Measurement and classification of financial assets is dependent on the entity’s business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change relating to an entity’s own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The Company completed a detailed assessment of its financial assets and liabilities as at May 1, 2018. The adoption of IFRS 9 had no impact on the Company’s financial instruments; however, it has an impact on the classification and disclosure of the Company’s financial instruments compared to the old standard IAS 39 as follows:

INCA ONE GOLD CORP.

Notes to the Consolidated Financial Statements
For the Years Ended April 30, 2019 and 2018
(Expressed in US Dollars)

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (continued)

	Original classification under IAS 39	New classification under IFRS 9
Financial assets		
Cash	Loans and receivable	Amortized cost
Receivables	Loans and receivable	Amortized cost
Financial liabilities		
Accounts payable and accrued liabilities	Amortized cost	Amortized cost
Secured debentures	Amortized cost	Amortized cost
Promissory notes	Amortized cost	Amortized cost
Contractual liabilities as result of the acquisition of Anthem United	Amortized cost	Amortized cost
Derivative financial liability	Amortized cost	Amortized cost

(d) Use of Estimates and Judgments

The preparation of the Company's consolidated financial statements in accordance with IAS 1, *Presentation of Financial Statements*, requires management to make certain critical accounting estimates and to exercise judgment that affect the accounting policies and the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Significant accounting judgments

Critical judgments exercised in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements include but are not limited to the following:

INCA ONE GOLD CORP.

Notes to the Consolidated Financial Statements
For the Years Ended April 30, 2019 and 2018
(Expressed in US Dollars)

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Going concern

The financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The assessment of the Company's ability to source future operations and continue as a going concern involves judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. If the going concern assumption were not appropriate for the consolidated financial statements, then adjustments to the carrying value of assets and liabilities, the reported revenue and expenses and the statement of financial position would be necessary (note 1).

(ii) Debt-holder or shareholder

Management assessed the relationship between the debt-holders and their potential shareholdings in the company, with reference to IFRIC 19 – Extinguishing Financial Liabilities with Equity Instruments. Based on the facts of the transaction, management has concluded that the debt-holders were acting solely in their capacity as debt holders and not shareholders.

(iii) Replacement debt - extinguishment versus modification

Management assessed the qualitative and quantitative factors in the debt restructuring in assessing whether the newly issued debt is an extinguishment or modification of the old debt. Based on these factors, management concluded that the transaction should be treated as an extinguishment.

(iv) Contingent debenture

Management has performed an assessment of its daily production capacity against the contingent debenture criteria (note 18) in assessing whether or not a liability exists. As a result of current production levels and funding constraints to expand operations, it believes that the likelihood of reaching these milestones is low and concludes that the liability is \$nil.

(v) Business combinations vs Asset acquisition

Management assessed the terms of the Acquisition of Anthem United (note 4) with reference to IFRS 3 – Business Combinations. Under this standard a transaction qualifies as a business combination if the acquirer obtains control over an integrated set of activities and assets capable of being conducted and managed for the purpose of providing good and services. Based on the facts of the transaction, management has concluded that this acquisition meets the definition of business combinations.

INCA ONE GOLD CORP.

Notes to the Consolidated Financial Statements
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(Expressed in US Dollars)

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combinations are accounted for by applying the acquisition method, whereby assets obtained, liabilities incurred or assumed, and equity instruments issued by the Company in exchange for control of the acquired business are measured at fair value at the date of acquisition. The acquired business' identifiable assets, liabilities and contingent liabilities that meet the recognition criteria under IFRS 3, To the extent the fair value of consideration paid is less than the fair value of the net identifiable tangible and intangible assets, bargain purchase is recognized as income in the Consolidated Statement of Operations and Comprehensive Income.

Significant estimates and assumptions

Information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustments are as follows:

(i) *Value of share-based compensation and share-purchase warrants*

The Company uses the Black-Scholes option pricing model for valuation of share-based compensation. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate, expected life and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimates and the Company's earnings and equity reserves.

Proceeds received on the sale of shares and share-purchase warrants are allocated using the residual method. Under the residual method, the Company measures first the warrant component using the Black-Scholes model (described in the previous paragraph) with the residual amount being allocated to the capital.

(ii) *Fair value measurement*

Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

INCA ONE GOLD CORP.

Notes to the Consolidated Financial Statements
For the Years Ended April 30, 2019 and 2018
(Expressed in US Dollars)

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (continued)

(iii) Deferred Revenue

The advances related to the future sale of gold doré pursuant to contracts qualify as deferred revenue and represents the estimated amount (net of adjustments) that will eventually be recognized as revenue when the appropriate revenue recognition criteria are met.

(iv) Derivative financial liability

The purchase and sale contract to sell ounces of gold doré does not qualify for the own use exemption. As such, this is a derivative financial liability which is valued at the fair market value based on the ounce of finished gold outstanding at the spot price at the reporting date.

(v) Depreciation

Property, plant and equipment depreciation is determined at rates which will reduce original cost to estimated residual value over the expected useful life of each asset. The expected useful lives used to compute depreciation could be materially affected by changes in the underlying estimates. Changes in estimates can be the result of actual future production differing from current forecasts of future production, differences between estimated and actual useful lives and costs of production and differences in gold prices.

Significant judgement is involved in the estimation of useful life and residual values for the computation of depreciation and no assurance can be given that actual useful lives and residual values will not differ significantly from current assumptions.

(vi) Inventory

Expenditures incurred, and depreciation of assets used in production activities are deferred and accumulated as the cost of stockpiled gold-bearing material and in process inventory and finished goods - gold inventory. These deferred amounts are carried at the lower of cost and net realizable value (“NRV”) and are subject to significant measurement uncertainty.

Write-downs of stockpiled gold-bearing material and in process inventory and finished goods - gold inventory resulting from NRV impairments are reported as a component of current period costs. The primary factors that influence the need to record write-downs include prevailing and long-term metal prices and prevailing costs for production inputs such as labour, fuel and energy, materials and supplies, as well as realized material grades and actual production levels.

Costs are attributed to the material in process based on current gold-bearing material purchases, including applicable depreciation and depletion relating to production operations incurred up to the point of placing the material in the leach tanks. Costs are removed from material in process based on the average cost per estimated recoverable ounce of gold in the leach tanks as the gold is recovered. Estimates of recoverable gold in the leach tanks are calculated from the quantities of material placed in the tanks, the grade of material placed in the leach tanks and an estimated percentage of recovery. Timing and ultimate recovery of gold contained in leach tanks can vary significantly from the estimates.

INCA ONE GOLD CORP.

Notes to the Consolidated Financial Statements
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NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (continued)

The quantities of recoverable gold placed in the leach tanks are reconciled to the quantities of gold actually recovered (metallurgical balancing), by comparing the grades of material placed in the leach tanks to actual ounces recovered. The nature of the leaching process inherently limits the ability to precisely monitor inventory levels. As a result, the metallurgical balancing process is constantly monitored and the engineering estimates are refined based on actual results over time. The ultimate recovery of gold from a leach tank will not be known until the leaching process is completed.

The allocation of costs to stockpiled gold-bearing material and in process inventory and finished goods gold inventory, and the determination of NRV involve the use of estimates. There is a high degree of judgement in estimating future costs, future production level, gold prices, and the ultimate estimated recovery for material in process. There can be no assurance that actual results will not differ significantly from estimates used in the determination of the carrying value of inventories.

(vii) Asset retirement and reclamation obligations

The Company assesses its asset retirement and reclamation obligation at each reporting date. Significant estimates and assumptions are made in determining the asset retirement obligation as there are numerous factors that will affect the ultimate amount payable. These factors include estimates of the extent and costs of rehabilitation activities, technological changes, the area of land requiring reclamation, regulatory changes, cost increases as compared to the inflation rates, and changes in discount rates.

These uncertainties may result in future actual expenditure differing from the amounts currently provided. The provision at reporting date represents management's best estimate of the present value of the future rehabilitation costs required.

(viii) Deferred taxes

Deferred tax assets and liabilities are measured using the tax rates expected to be in effect in future periods. Management estimates these future tax rates based on information available at the period end.

(ix) Contingencies

Due to the nature of the Company's operations, various legal and tax matters can arise from time to time. In the event that management's estimate of the future resolution of these matters changes, the Company will recognize the effects of the changes in its consolidated financial statements for the period in which such changes occur.

INCA ONE GOLD CORP.

Notes to the Consolidated Financial Statements
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NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Foreign Currency Translation

(i) Functional currency and presentation currency

The functional currency of a company is the currency of the primary economic environment in which the company operates. The presentation currency for a company is the currency in which the company chooses to present its financial statements.

Effective May 1, 2018, the Company changed its presentation currency from Canadian dollars to United States dollars which is the currency that most strongly influences the primary operating and capital decisions of the Company.

These Consolidated Financial Statements have been prepared in US dollars and all comparable prior-period financial statements have been restated to US dollars in accordance with IAS 1 “Presentation of Financial Statements”. For the purposes of presentation of the comparative financial statements; all assets and liabilities have been converted to US dollars at the rate prevailing at the end of the reporting period. Fixed assets and equity transactions are converted at the date of the transaction or at the average exchange rate for the period depending on the nature of the underlying transaction.

The functional currency of the Canadian company is the Canadian dollar and the functional currency of its subsidiaries, including Chala One, EMC and Anthem is the US dollar.

(ii) Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of transaction. Foreign currency gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are included in profit or loss.

(iii) Consolidated entities

The results and financial position of consolidated entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Monetary assets and liabilities are translated at the closing rate at the reporting date;
- Non-monetary assets and equity are translated using the exchange rates at the date of the transaction. Non-monetary items measured at fair value are translated using the exchange rate at the date when the fair value was determined; and
- Income and expenses for each income statement are translated at exchange rates at the dates of the transactions and where appropriate, approximated by the average exchange rates for the period.

INCA ONE GOLD CORP.

Notes to the Consolidated Financial Statements
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NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (continued)**(e) Cash**

Cash include short-term deposits that are cashable at any time at the option of the holder.

(f) Inventory

Finished goods, work-in-process, stockpiled gold-bearing materials, and materials and supplies are measured at the lower of cost and net realizable value. Net realizable value is the amount estimated to be obtained from sale of the inventory in the normal course of business, less any anticipated costs to be incurred prior to its sale. The cost of inventories is determined on a weighted average basis and includes cost of production consumables, direct labor, applicable overhead and depreciation of property, plant and equipment.

Any write-down of inventory is recognized as an expense in profit or loss in the period the write-down occurs. Reversal of any write-down of inventory, arising from an increase in net realizable value, is recognized in profit or loss as a reduction in the amount of inventory recognized as an expense in the period in which the reversal occurs. Prior to commencement of commercial production, write-down of inventory is capitalized to property, plant and equipment.

(g) Property, Plant and Equipment

Property, plant and equipment are carried at cost less accumulated depreciation and accumulated impairment losses. Depreciation is determined at rates which will reduce original cost to estimated residual value over the expected useful life of each asset.

The expected useful lives used to compute depreciation is as follows:

Building and facilities	20 to 30 years straight line basis
Plant equipment	10 to 20 years straight line basis
Mobile site equipment	5 to 10 years straight line basis
Furniture and office equipment	5 years declining-balance basis
Computers	3 years declining-balance basis

(h) Impairment of Non-Financial Assets

The carrying amount of the Company's non-financial assets (which includes property, plant and equipment) is reviewed at each financial reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized when the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in profit or loss for the period.

INCA ONE GOLD CORP.

Notes to the Consolidated Financial Statements
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NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (continued)

The recoverable amount of assets is the greater of an asset's fair value less cost of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

(i) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of the asset until the asset is substantially ready for its intended use (note 2(c)). Other borrowing costs are recognized as an expense in the period incurred.

(j) Convertible debentures and debenture units with warrants

Each convertible debenture or debenture unit with warrant is separated into its liability and equity components. The fair value of the liability component at the time of issue is estimated by measuring the fair value of similar liability that does not have a conversion feature. The amount allocated to the equity component (conversion or warrant feature) is determined at the time of issue as the difference between the face value of the debenture and the fair value of the liability component. Changes in the input assumptions can materially affect the fair value estimates and the Company's classification between debt and equity components.

(k) Assets Retirement and Reclamation Obligations, Contingent Liabilities and Contingent Assets

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the ongoing production and or by further expansion of plant's facilities. The Company records the estimated present value of future cash flows associated with site reclamation as a liability when the liability is incurred with a corresponding increase in the carrying value of the related assets. Discount rates using a pre-tax, risk-free rate that reflect the time value of money are used to calculate the net present value. The liability is accreted over time to reflect the unwinding of the discount with the accretion expense included in finance costs in the consolidated statement of operations and comprehensive income (loss). Changes in estimates or circumstances include changes in legal or regulatory requirements, increased obligations arising from additional mining and exploration activities, changes to cost estimates, changes to the inflation rate, discount rate and changes to the risk-free interest rates.

INCA ONE GOLD CORP.

Notes to the Consolidated Financial Statements
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NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (continued)

Asset retirement and reclamation obligations are determined on the basis of the best estimates of future costs, based on information available on the reporting date. Best estimates of future costs are the amount the Company would reasonably pay to settle its obligation on the closing date to transfer it to a third party on the same date. Future costs are discounted using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the liability. A corresponding asset is recognized in property, plant and equipment when establishing the provision.

The provision is reviewed at each reporting date to reflect changes in the estimated outflow of resources as a result of changes in obligations or legislation, changes in the current market-based discount rate or an increase that reflects the passage of time. The accretion expense is recognized in the consolidated statement of operations and comprehensive income as a financial costs as incurred. The cost of the related asset is adjusted to reflect changes in the reporting period. Costs of asset retirement are deducted from the provision when incurred.

(l) Share Capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability.

The Company's common shares and share purchase warrants and options are classified as equity instruments. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax from the proceeds.

The proceeds from the exercise of stock options or warrants together with amounts previously recorded in reserves over the vesting periods are recorded as share capital. Share capital issued for non-monetary consideration is recorded at an amount based on fair value on the date of issue.

(m) Share-based Payments

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

INCA ONE GOLD CORP.

Notes to the Consolidated Financial Statements
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NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (continued)

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in profit or loss, unless they are related to the issuance of debts or shares or the purchase of assets. When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioral considerations.

All equity-settled share-based payments are reflected in reserves, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in stock option reserves is credited to share capital, adjusted for any consideration paid. Amounts recorded for forfeited or expired unexercised options are reversed in the period the forfeiture occurs.

(n) Revenue

Revenue includes sales of precious metal derived from the mineral processing operation. Sales of precious metals are based on spot metal prices and are recognized when the Company has satisfied its performance obligation which includes but are not limited to whether: the Company has transferred of control and physical possession, the Company has a present right to payment and the customer has legal title to the asset as well as bears the significant risks and rewards of the asset.

(o) Loss per Share

The Company calculates basic loss per share by dividing the net loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the relevant period. Diluted loss per share is calculated by adjusting the weighted average number of common shares outstanding by an amount that assumes that the proceeds to be received on the exercise of dilutive stock options and warrants are applied to repurchase common shares at the average market price for the period in calculating the net dilution impact. Stock options and warrants are dilutive when the Company has income from continuing operations and the average market price of the common shares during the period exceeds the exercise price of the options and warrants. All potential dilutive common shares are anti-dilutive for the years presented.

(p) Comprehensive Loss

Comprehensive loss consists of loss for the year and other comprehensive loss. Other comprehensive loss consists of gain or losses related to foreign currency translation.

(q) Financial Instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument. Financial assets and financial liabilities are measured initially at fair value. If the financial asset or liability is not subsequently accounted for at fair value through profit or loss, then the initial measurement includes transaction costs that are directly attributable to the asset's or liability's acquisition or origination.

INCA ONE GOLD CORP.

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NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognized when it is extinguished, discharged, cancelled or when it expires.

Under IFRS 9, the classification depends on the entity's business model for managing the financial asset and the cash flow characteristics of the asset. The classification and measurement of the Company's financial assets are as follows:

Financial assets at amortized cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interests. These assets are subsequently measured at amortised cost using the effective interest method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss. Discounting is omitted where the effect of discounting is immaterial. Financial assets at amortized cost include the Company's cash and receivables (excluding sales taxes receivable and advances to suppliers).

Financial assets at fair value through other comprehensive income

Assets that are held for collection of contractual cash flow and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest. These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss. The Company has no financial assets in this category.

Financial assets at fair value through profit or loss

Assets are classified in this category if they do not meet the criteria for amortized cost or fair value through other comprehensive income. These assets are subsequently measured at fair value. Net gains and losses including interests or dividend income, are recognised in profit of loss. The Company has no financial assets in this category

Financial liabilities

The Company's financial liabilities include trade and other payables (except wages and benefits payable), contractual liabilities as result of the acquisition of Anthem United, secured debentures, mineral note and derivative financial liability which are measured at amortized cost using the effective interest method.

INCA ONE GOLD CORP.

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NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurement

Assets and liabilities measured at amortized cost for which the fair value is disclosed and liabilities at fair value are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1- valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2- valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3- valuation techniques using inputs for the asset or liability that are not based on observable market data.

Impairment of financial assets

The Company uses the expected credit losses impairment model with respect to its financial assets carried at amortized cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since the initial recognition of the respective financial instrument.

The Company accounts for expected credit losses over the life of financial assets measured at amortized cost under the simplified approach. Expected credit losses over the life of the asset are expected credit losses for all of the default events that a financial instrument may experience over its expected life. The assessment of expected credit losses reflects reasonable and justifiable information about past events, current circumstances and forecasts of events and economic conditions and takes into account the factors specific to the accounts receivable, the general condition of the economy and a current as well as expected appreciation of the conditions prevailing at the balance sheet date, including the time value of the money, if any.

(r) Income taxes

Income tax expense comprises current and deferred tax. Current tax is the expected tax payable or receivable on the taxable income or loss for the year using tax rates enacted or substantively enacted at the reporting date. As the Company is in a loss position there is no current tax payable.

Deferred income tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the tax rates and laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis or to realize the assets and settle the liabilities simultaneously in each future period in which significant amounts of deferred tax liabilities and assets are expected to be settled or recovered.

INCA ONE GOLD CORP.

Notes to the Consolidated Financial Statements
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NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (continued)

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(s) Business Combinations

Acquisitions of subsidiaries and businesses are accounted for using the purchase method. The cost of the business combination is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Company in exchange for control of the acquiree. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognized at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5, Non-current Assets Held for Sale and Discontinued Operations, which are recognized and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognized as an asset and initially measured at cost, being the excess of the cost of the business combination and the non-controlling interest over the net fair value of the identifiable assets, liabilities and contingent liabilities recognized. If, after reassessment, the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination and the non-controlling interest, the excess is recognized immediately as income in the consolidated statement of operation and comprehensive income.

(t) Non-controlling Interest

Non-controlling interests are recorded at their proportionate share of the fair value of identifiable net assets acquired on initial recognition. Subsequent to the acquisition date, adjustments are made to the carrying amount of the non-controlling interests for the non-controlling interests' share of changes to the subsidiary's equity. In the event a non-controlling interest is represented by a non-participating entity, then the non-controlling interest is not recognized until the entity has the right to receive its share of the subsidiary's net assets.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are recorded as equity transactions. The carrying amount of non-controlling interests is adjusted to reflect the change in the non-controlling interests' relative interest in the subsidiary and the difference to the carrying amount of the non-controlling interests and the Company's share of proceeds received and/or consideration paid is recognized in equity and attributed to the shareholders of the Company.

INCA ONE GOLD CORP.

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NOTE 3 – RECENT ACCOUNTING PRONOUNCEMENTS

The Company has not applied the following new standards and amendments to standards that have been issued but are not yet effective:

IFRS 16 - Leases - IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract (the lessee and the lessor). Accordingly, from the perspective of the lessee, IFRS 16 eliminates the classification of leases as either operating leases or finance leases that is currently required by IAS 17 Leases and, instead, introduces a single lessee accounting model. From the perspective of the lessor, IFRS 16 substantially carries forward the accounting requirements in IAS 17.

Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and accounts for those two types of leases differently. Management does not expect any material impact as result of the application of this new standard. IFRS 16 is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted.

NOTE 4 – ACQUISITION OF ANTHEM UNITED INC.

On August 21, 2018 (“Closing Date”) the Company completed the acquisition of the 100% ownership of Anthem United Inc. (“Anthem”), which owns a 90.14% interest in the 350 tonnes per day (“TPD”) Koricancha ore processing facility in Peru (“Kori One”), from Equinox Gold Corp. (“Equinox”) for cash and shares totaling approximately CAD\$17 million.

Under the terms of the Purchase Agreement, the Company acquired a 90.14% ownership of Kori One (the “Transaction”) from Equinox and certain minority shareholders and terminated the 3.5% gold stream payable by Kori One for total consideration as follows:

- CAD\$5.5 million payable by the issuance of 110,050,225 common shares of Inca One (“Inca One Shares”) on completion of the Purchase Agreement at a deemed price of CAD\$0.055 per common share, of which 51,269,708 Inca One shares were issued to Equinox, 51,269,708 Inca One shares were issued to SA Targeted Investing Corp. (“SATIC”) in consideration for the termination of the gold stream and the remaining Inca One shares were issued to certain minority shareholders who held an interest in Kori One.
- CAD\$2.5 million payment to Equinox on the first anniversary of the completion of the Purchase Agreement to be paid in cash or Inca One shares at the discretion of Inca One, based on the preceding 20-day volume weighted average price of Inca One shares, subject to Equinox’s ownership of Inca One Shares not exceeding 19.99% of the outstanding Inca One shares (the “Equinox Ownership Limit”).
- CAD\$2.5 million payment to Equinox on the second anniversary of the completion of the Purchase Agreement to be paid in cash or Inca One shares at the discretion of Inca One, based on the preceding 20-day volume weighted average price of Inca One shares, subject to the Equinox Ownership Limit.

INCA ONE GOLD CORP.

Notes to the Consolidated Financial Statements
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NOTE 4 – ACQUISITION OF ANTHEM UNITED INC. (continued)

- CAD\$1.5 million payment to Equinox in cash on the second anniversary of the completion of the Purchase Agreement.
- CAD\$2.5 million payment to Equinox on the third anniversary of the completion of the Purchase Agreement to be paid in cash or Inca One shares at the discretion of Inca One, based on the preceding 20-day volume weighted average price of Inca One shares, subject to the Equinox Ownership Limit.
- An amount equal to 50% of the Historical IGV recoveries prior to the fifth anniversary of the Closing Date.
- Payment in cash to Equinox on or before the third anniversary of the completion of the Purchase Agreement for the difference between the amount of working capital at closing and \$3 million and certain payments related to outstanding value-added taxes receivable by Kori One, subject to receipt. The Company estimates the amount of working capital on closing was approximately \$3.7 million and therefore approximately \$0.7 million estimated payable on the third anniversary.

The allocation of the purchase price at August 21, 2018, based on the fair value of assets acquired and liabilities assumed, is as follows:

Total purchase price:	\$
Fair value of shares issued at acquisition	4,221,012
Fair value of promissory notes (note 12)	5,619,262
Fair value of working capital adjustment	509,948
Fair value of historical general sales taxes payable	1,197,988
Non-controlling interest	1,263,206
Total purchase price to allocate	12,811,416
Fair value of assets acquired and liabilities assumed:	
Cash	1,034,961
Amounts receivable	124,988
IGV receivable	1,665,772
Historical IGV receivable	2,395,975
Long term IGV receivable	346,493
Prepaid income tax	464,334
Prepaid expenses	44,811
Inventory	2,453,900
Property, plant and equipment	7,503,136
Accounts payable and accrued liabilities	(1,272,406)
Asset retirement and reclamation obligations	(449,294)
Bargain purchase	(1,501,254)
Total net identifiable assets	12,811,416

INCA ONE GOLD CORP.

Notes to the Consolidated Financial Statements
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NOTE 4 – ACQUISITION OF ANTHEM UNITED INC. (continued)

During the fourth quarter of 2019, the Company made an adjustment to the Anthem purchase price allocation previously reported, by including \$1.2 million in the purchase price for the fair value of Equinox's portion of the Historical IGV receivable. This adjustment along with an adjustment to the net identifiable assets received, including the addition of \$2.4 million for Historical IGV receivable and the addition of \$0.3 million to the fair value of property, plant and equipment, caused the recognition of a bargain purchase of \$1.5 million. The purchase price allocation has been finalized as at April 30, 2019.

The fair value of the Company's common shares issued for the acquisition of Anthem was determined using the closing market price of the Company's shares at August 21, 2018 and fair value of the promissory notes and working capital calculated on a cash flow basis using an 11% discount rate and a foreign exchange rate of 1 CAD = 0.7671.

The Company commenced consolidating Anthem's financial position and results of operations effective August 21, 2018. The Company recognized income of \$0.8 million related to Anthem for the period from August 21, 2018 to April 30, 2019.

As at April 30, 2019, the aggregate transactions costs related to the acquisition of Anthem were approximately \$0.2 million.

NOTE 5 – RESTRUCTURING

On March 29, 2018 the Company reached an agreement with certain debt holders to restructure a total of CAD\$2.7 million of its debt for a combination of shares, warrants and a new debt. Under the terms of the agreements CAD\$1.1 million was converted into 18,020,484 shares of the Company, and for the remaining balance of CAD\$1.6 million, the Company issued a new Secured Debenture (note 13). As consideration for this restructuring, the Company issued 1,066,667 shares and 1,066,667 warrants with an exercise price of CAD\$0.10 (note 16 (e)).

NOTE 6 – RECEIVABLES

	April 30, 2019	April 30, 2018
	\$	\$
GST recoverable (Canada)	25,887	11,206
IGV recoverable (Peru)	3,755,214	884,047
Other receivable	36,037	19,087
	3,817,138	914,340

INCA ONE GOLD CORP.

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NOTE 7 – PREPAID EXPENSES AND DEPOSITS

	April 30, 2019	April 30, 2018
	\$	\$
Deposits with mineral suppliers	489,916	129,210
Other deposits and advances	140,843	47,315
Prepaid taxes	877,427	221,293
Prepaid expenses	151,245	51,187
Prepaid marketing services	24,760	157,976
	1,684,191	606,981

NOTE 8 – INVENTORY

	April 30, 2019	April 30, 2018
	\$	\$
Ore stockpiles and gold in process	2,487,586	1,503,557
Finished goods – gold	1,361,011	855,383
Materials and supplies	229,948	114,763
	4,078,545	2,473,703

NOTE 9 – LONG TERM RECEIVABLE

As result of the Acquisition of Anthem, the Company acquired the right to claim refunds of prior years' general sales taxes ("Historical IGV") related to the construction of Kori One in Peru for approximately \$4.2 million. The Company has agreed to pay Equinox 50% of any amounts collected less costs to collect, the remainder of which is for the benefit of the Company.

Subsequent to year end, The Company collected approximately \$2.4 million, the collectability of the balance of approximately \$1.8 million of this Historical IGV is uncertain and therefore has been reflected in the net identifiable assets (note 4) at its estimated fair value.

As at April 30, 2019, the Company estimated \$0.3 million as the fair value of the 50% expected cash flows related to the Historical IGV which has been classified as long term receivable. The Company used a discount rate of 11%, and a duration of approximately 17 years for its estimation. The Company is in the process of evaluating the collectability of this Historical IGV.

INCA ONE GOLD CORP.

Notes to the Consolidated Financial Statements
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NOTE 10 – PROPERTY, PLANT AND EQUIPMENT

	Plant	Computers	Furniture and Equipment	Total
	\$	\$	\$	\$
Costs:				
Balance, April 30, 2017	5,956,864	61,012	53,886	6,071,762
Additions	862,489	4,637	4,200	871,326
Balance, April 30, 2018	6,819,353	65,649	58,086	6,943,088
Additions	798,140	8,645	788	807,573
Fixed assets acquired from Anthem United	7,381,379	88,281	33,477	7,503,136
Balance, April 30, 2019	14,998,873	162,575	92,351	15,253,797
Accumulated Depreciation:				
Balance, April 30, 2017	943,879	20,886	27,692	992,457
Depreciation	731,829	7,170	5,396	744,395
Balance, April 30, 2018	1,675,708	28,056	33,088	1,736,852
Depreciation	1,139,421	38,951	27,144	1,205,516
Balance, April 30, 2019	2,815,129	67,007	60,232	2,942,368
Net Book Value:				
April 30, 2018	5,143,645	37,593	24,998	5,206,236
April 30, 2019	12,183,742	95,568	32,119	12,311,429

NOTE 11 – ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	April 30, 2019	April 30, 2018
	\$	\$
Trade accounts payable and accruals	1,932,140	1,850,281
Management, consulting and professional fees payable	289,004	210,353
Accrued interest	45,227	60,416
	2,266,371	2,121,050

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NOTE 12 – CONTRACTUAL LIABILITIES AS RESULT OF THE ACQUISITION OF ANTHEM UNITED

	April 30, 2019	April 30, 2018
	\$	\$
Current Liabilities		
Promissory Notes	1,795,721	-
Historical IGV payable	1,197,988	-
Total Current Contractual Liabilities	2,993,709	-
Non-current Liabilities		
Promissory Notes	4,017,704	-
Working Capital payable	540,328	-
Total Non-current Contractual Liabilities	4,558,032	-

As result of the purchase agreement with Equinox (note 4) the company has issued a noninterest-bearing secured promissory note with a face value of CAD\$9.0 million which has the following conditions:

- CAD\$2.5 million payable on August 21, 2019, to be paid in cash or in Inca One shares at the discretion of Inca One, based on the preceding 20-day volume weighted average price of Inca One shares subject to Equinox’s ownership of Inca One Shares not exceeding 19.99% of the outstanding Inca One Shares (the “Equinox Ownership Limit”). As at April 30, 2019, the fair value of this payment has been estimated at \$1.8 million considering a discount rate of 11% and is classified as a current liability.
- CAD\$2.5 million payable on August 21, 2020, to be paid in cash or in Inca One shares at the discretion of Inca One, based on the preceding 20-day volume weighted average price of Inca One shares subject to Equinox Ownership Limit. As at April 30, 2019, the fair value of this payment has been estimated at \$1.6 million considering a discount rate of 11% and is classified as a non-current liability
- CAD\$1.5 million payable on August 21, 2020, to be paid in cash. As at April 30, 2019, the fair value of this payment has been estimated at \$1.0 million considering a discount rate of 11% and is classified as a non-current liability
- CAD\$2.5 million payable on August 21, 2021, to be paid in cash or in Inca One shares at the discretion of Inca One, based on the preceding 20-day volume weighted average price of Inca One shares subject to Equinox Ownership Limit. As at April 30, 2019, the fair value of this payment has been estimated at \$1.4 million considering a discount rate of 11% and is classified as a non-current liability.

The transaction also has a provision to pay in cash to Equinox, an amount equal to 50% of Historical IGV recoveries which are payable during the preceding fiscal quarter after each IGV recovery statement is submitted. Subsequent to April 30, 2019, the company recovered approximately \$2.4 million of Historical IGV, of which approximately \$1.2 million is payable to Equinox in September 2019. As at April 30, 2019 the fair value of the payment was approximately \$1.2 million and is classified as a current liability.

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NOTE 12 – CONTRACTUAL LIABILITIES AS RESULT OF THE ACQUISITION OF ANTHEM UNITED (continued)

Additionally, the Transaction has a provision to pay in cash to Equinox, on or before the third anniversary of the completion of the Transaction, the difference between the amount of working capital at August 21, 2018 and \$3.0 million. Anthem’s working capital at such date was \$3.7 million and therefore the estimated amount payable would be \$0.7 million payable on August 21, 2021. As at April 30, 2019, the fair value of this payment has been estimated at \$0.5 million considering a discount rate of 11% and is classified as a non-current liability.

NOTE 13 – SECURED DEBENTURES

	April 30, 2019	April 30, 2018
	\$	\$
Current Liabilities		
Secured Debenture ⁽¹⁾	-	300,000
Total Current Secured Debentures	-	300,000
Non-current Liabilities		
USD Secured Debenture ⁽¹⁾	300,000	-
CAD Secured Debenture (CAD\$ 1,600,000) ⁽²⁾	1,148,011	1,183,889
Total Non-current Secured Debentures	1,448,011	1,183,889

As at April 30, 2019, the Company issued the following secured debentures:

- 1) On September 1, 2016, the Company issued a \$0.3 million debenture with an initial maturity date September 1, 2018, which (on September 7, 2018) was subsequently extended for an additional 24 months period and is payable on August 31, 2020. The debenture bears an interest at a rate of 11% per annum, and has general security over the assets of the Company (the “USD Secured Debenture”) second in priority to the CAD Secured Debenture (defined below). Principal is due on maturity, and the Company is required to make six equal quarterly interest payments beginning May 31, 2019. Accrued interest of \$0.02 million has been included in accounts payable at April 30, 2019.
- 2) As a result of the Restructuring and Debt Settlement (note 5) of March 28, 2018, the Company issued a CAD\$1.6 million debenture with maturity day on September 1, 2021, bears interest at a rate of 11% per annum, and has priority security over the assets of the Company (the “CAD Secured Debenture”). Principal is due on maturity, and the Company is required to make quarterly interest payments beginning September 1, 2018. Accrued interest of CAD\$0.03 million (equivalent to \$0.02 million) has been included in accounts payable at April 30, 2019.

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NOTE 14 – MINERAL NOTES

On December 14, 2015, the Company issued \$0.05 million in secured notes, which had an interest rate of 12% per annum payable quarterly in arrears. The notes had a 60 months term to maturity at which time the principal balance plus all accrued and unpaid interest would be repaid to the subscriber. The Company retained the right (upon 90 days prior written notice to the affected holder) to redeem the notes in full.

On December 21, 2018 the Company redeemed in full the notes and paid the respective accrued interest.

NOTE 15 – ASSET RETIREMENT AND RECLAMATION PROVISION

The Company's operations are governed by laws and regulations covering the protection of the environment. The Company will implement progressive measures for rehabilitation work to be carried out during the operation, closing and follow-up work upon closing of the gold processing plants; consequently, the Company accounted for its asset retirement obligations for the plants using best estimates of future costs, based on information available at the reporting date. These estimates are subject to change following modifications to laws and regulations or as new information becomes available.

	April 30, 2019	April 30, 2018
	\$	\$
Beginning of year	581,356	444,145
Accretion	54,997	32,524
Provision added as result of Anthem acquisition	449,294	-
Change in estimate	-	104,687
	1,085,647	581,356

As at April 30, 2019, the estimated undiscounted cash flow required to settle the asset retirement obligation for both the "Chala Plant" and "Kori One Plant" and their related tailings ponds is approximately \$0.7 million and \$0.8 million respectively and are projected to be disbursed over 2026 and 2035 respectively. An average of 5.16% discount rate and a 3% inflation rate were used to calculate the present value of these provisions.

NOTE 16 – SHARE CAPITAL AND EQUITY RESERVES**(a) Authorized**

Unlimited number of voting common shares without par value.

(b) Issued Share Capital

On August 16, 2016, the Company consolidated its share capital on a one-for-seven basis. For the purpose of these financial statements the capital and per share amounts have been restated to present the post consolidated share capital. At April 30, 2019, there were 262,910,112 shares issued and outstanding (April 30, 2018 – 146,426,552).

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NOTE 16 – SHARE CAPITAL AND EQUITY RESERVES (continued)

(c) Share Issuances

Share capital transactions for the year ended April 30, 2019 were:

- On August 21, 2018 the Company issued 110,050,225 shares as consideration for the acquisition of Anthem United Inc. (note 4).
- During the year ended April 30, 2019, 6,433,335 common shares were issued for proceeds of \$0.04 million on the exercise of 833,334 stock option at CAD\$0.06 per share and \$0.23 million on the exercise of 5,600,001 stock option at CAD\$0.05 per share.

Share capital transactions for the year ended April 30, 2018 were:

- On June 12, 2017, the Company closed the first tranche of a private placement and issued 11,000,000 units (the “Units”) for gross proceeds of \$0.8 million (CAD\$1.1 million) or CAD\$0.10 per Unit. Each Unit was comprised of one common share and one-half of one transferable common share purchase warrant. The total value of the warrants contained in the Units issued was \$0.1 million (CAD\$1.3 million) with the remainder allocated to common shares.
- On July 7, 2017, the Company closed the second tranche of a private placement and issued 1,968,000 units (the “Units”) for gross proceeds of \$0.15 million (CAD\$0.2 million) or CAD\$0.10 per Unit. Each Unit was comprised of one common share and one-half of one transferable common share purchase warrant. The total value of the warrants contained in the Units issued was \$0.02 million (CAD\$0.02) with the remainder allocated to common shares.
- On August 15, 2017 the Company closed the third tranche of a private placement and issued 9,055,000 units (the “Units”) for gross proceeds of \$0.7 million (CAD\$0.9 million) of CAD\$0.10 per Unit. Each Unit was comprised of one common share and one-half of one transferable common share purchase warrant. The total value of the warrants contained in the Units issued was \$0.08 million (CAD\$0.1 million) with the remainder allocated to common shares. Also, relating to the current and prior tranches, additional share issuance costs were incurred and amounted to \$0.09 million (CAD\$0.01 million). No finder’s fee was incurred.
- On January 30, 2018 the Company closed a private placement and issued 46,000,000 units (the “Units”) for gross proceeds of \$1.9 million (CAD\$2.3 million) of CAD\$0.05 per Unit. Each Unit was comprised of one common share and one transferable common share purchase warrant. The total value of the warrants contained in the Units issued was \$1.4 million (CAD\$1.8 million) with the remainder allocated to common shares. Total share issuance costs amounted to cash finder’s fees of \$0.08 million (CAD\$0.09 million) and other issuance costs of \$0.01 million (CAD\$0.02 million).
- On March 28, 2018 the Company finalized a Debt Settlement with Emerging Manager Platform (2) Ltd – Income Fund and certain other creditors. As part of the Debt Settlement, the Company issued 18,020,484 common shares valued at fair value of CAD\$0.07 per common shares for a total value of CAD\$1.1 million (note 5). In connection with this transaction the Company issued an additional 1,066,667 shares as consideration for the debt restructuring (note 5).

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NOTE 16 – SHARE CAPITAL AND EQUITY RESERVES (continued)**(d) Share-based Options**

The Company adopted an incentive share-based option plan, which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the TSX-V requirements, grant to directors, officers, employees and consultants of the Company, non-transferable share-based options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares of the Company. Share-based options will be exercisable for a period of up to 10 years from the date of grant.

The following table is a reconciliation of the movement in share-based options for the year and is presented on a post consolidated basis (note 16(b)):

	Share-based Options #	Weighted Average Exercise Price CAD\$
Balance, April 30, 2017	3,312,500	0.45
Granted	8,600,000	0.09
Expired/Cancelled	(1,610,572)	0.44
Balance, April 30, 2018	10,301,928	0.15
Granted	20,733,334	0.05
Exercised	(6,433,335)	0.05
Expired/Cancelled	(1,689,070)	0.44
Balance, April 30, 2019	22,912,857	0.07

The following table summarizes the share-based options outstanding, presented on a post consolidated basis (note 16(b)), as at April 30, 2019:

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NOTE 16 – SHARE CAPITAL AND EQUITY RESERVES (continued)

Share-based Options #	Exercise Price CAD\$	Expiry Date	Vesting Provisions
4,000,000	0.100	August 25, 2019	Vested
600,000	0.060	October 23, 2019	Vested
600,000	0.050	October 23, 2019	Vested
600,000	0.050	December 20, 2019	Vested
300,000	0.050	February 5, 2020	Vested
4,100,000	0.075	March 14, 2020	Vested
600,000	0.060	April 23, 2020	Vested
7,100,000	0.050	December 20, 2020	Unvested
2,500,000	0.050	February 5, 2021	Unvested
12,857	3.010	July 11, 2021	Vested
500,000	0.100	August 25, 2022	Vested
2,000,000	0.050	November 14, 2022	Unvested
22,912,857			

As at April 30, 2019, the weighted average remaining contractual life of the share-based options was 1.18 years (April 2018 – 1.53 years).

During the year ended April 30, 2019, the Company recognized share-based payments of \$151,624 (2018 - \$91,444) for share-based options granted and vested during the period.

Pursuant to the Company’s share-based option plan, the Company granted the following share-based options:

On June 14, 2018, 833,334 incentive share based options were granted. The share-based options have an exercise price of CAD\$0.06 per share, immediate vesting and are exercisable until June 14, 2020.

On October 23, 2018, 2,400,000 incentive share-based options were granted of which:

- 1,200,000 have an exercise price of CAD\$0.05 per share immediate vesting and are exercisable 600,000 until April 23, 2019 and 600,000 until October 23, 2019 and
- 1,200,000 have an exercise price of CAD\$0.06 per share immediate vesting and are exercisable 600,000 until October 23, 2019 and 600,000 until April 23, 2020

On November 14, 2018, 2,000,000 incentive share-based options were granted to employees of the Company. The share-based options have an exercise price of CAD\$0.05 per share and are subject to a vesting period of 25% vesting immediately, 25% in one year, 25% in two years and 25% in three years. The options are exercisable until November 14, 2022.

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NOTE 16 – SHARE CAPITAL AND EQUITY RESERVES (Continued)

On December 20, 2018, 5,600,000 incentive share-based options were granted to an officer, director and employees of the Company. The share-based options have an exercise price of CAD\$0.05 per share, immediate vesting and are exercisable until December 20, 2019.

On December 20, 2018, 7,100,000 incentive share-based options were granted to officers, directors and employees of the Company. The share-based options have an exercise price of CAD\$0.05 per share, with vesting provisions 50% in six months and 50% in twelve months and are exercisable until December 20, 2020.

On February 13, 2019, 300,000 incentive share-based options were granted to an employee of the Company. The share-based options have an exercise price of CAD\$0.05 per share, immediate vesting and are exercisable until February 5, 2020.

On February 13, 2019, 2,500,000 incentive share-based options were granted to officers and employees of the Company. The share-based options have an exercise price of CAD\$0.05 per share, with vesting provisions 50% in six months and 50% in twelve months and are exercisable until February 5 2021.

The fair value of share-based options granted during the year ended April 30, 2019 was estimated using the Black-Scholes options pricing model with the following weighted average assumptions:

	Granted on:				
	Jun. 14, 2018	Oct. 24, 2018	Nov. 14, 2018	Dec. 20, 2018	Feb. 07, 2019
Risk-free interest rate	0.73%	1.08%	1.08%	1.08%	1.30%
Expected dividends	CAD\$nil	CAD\$nil	CAD\$nil	CAD\$nil	CAD\$nil
Expected volatility	54.17%	57.68%	57.68%	50.87%	45.62%
Expected life in years ^(a)	0.82	Avg 1.00	Avg 1.16	Avg 1.14	Avg 1.13

(a) Expected life of the options takes in consideration the forfeiture rate.

The weighted average fair value of share-based options granted during the year ended April 30, 2019 was CAD\$0.01 (2018 - CAD\$0.02) per option.

Subsequent to April 30, 2019, the Company granted 3,000,000 incentive share-based options to employees of the Company. The share-based options have an exercise price of CAD\$0.05 per share and are subject to a vesting period of 25% vesting immediately, 25% in one year, 25% in two years and 25% in three years. The options are exercisable until July 30, 2023.

(e) Warrants

The status of the share purchase warrants outstanding, presented on a post consolidated basis (note 16(b)), is as follows:

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NOTE 16 – SHARE CAPITAL AND EQUITY RESERVES (Continued)

	Warrants #	Weighted Average Exercise Price CAD\$
Balance, April 30, 2017	38,482,690	0.44
Issued	58,078,167	0.11
Expired/Cancelled	(739,048)	0.99
Balance, April 30, 2018	95,821,809	0.19
Issued	-	-
Expired/Cancelled	(11,011,500)	0.15
Balance, April 30, 2019	84,810,309	0.24

The following table summarizes the share purchase warrants outstanding, presented on a post consolidated basis (note 16(b)), as at April 30, 2019:

Warrants #	Exercise Price \$	Expiry Date
13,358,303	0.40	August 30, 2019
315,600	0.40	August 30, 2019
9,180,820	0.40	September 1, 2019
420,000	0.45	September 1, 2019
795,320	0.85	September 1, 2019
12,365,900	0.40	October 5, 2019
650,680	0.40	October 5, 2019
657,019	1.26	December 22, 2020
46,000,000	0.10	January 31, 2021
1,066,667	0.10	September 1, 2021
84,810,309		

As at April 30, 2019, the weighted average remaining contractual life of the warrants was 1.13 years (April 2018 – 1.95 years).

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NOTE 17 – RELATED PARTY TRANSACTIONS**(a) Related Party Transactions**

Professional fees were paid to a company controlled by the former CFO. Consulting and management fees are and were paid to companies controlled by the CEO, former CFO and VP Operations & New Projects. Finance costs on interest bearing debt instruments were paid or accrued to companies controlled by the CEO, or and to a company controlled by a director. Office rent was paid or accrued to a company controlled by the former CFO.

The Company incurred charges to directors and officers or to companies associated with these individuals during the years ended April 30, 2019 and 2018 as follows:

	Years ended April 30,	
	2019	2018
	\$	\$
Accounting and professional fees	-	20,735
Management, salaries and consulting fees	589,020	556,878
Director fees	29,364	28,294
Share-based payments	114,154	76,320
Rent	-	14,718
	732,538	696,946

(b) Compensation of Key Management Personnel

The Company's key management personnel have authority and responsibility for planning, directing and controlling the activities of the Company and includes the Directors, CEO, CFO, former CFO, and VP Operations & New Projects. Compensation in respect of services provided by key management consists of consulting and management fees paid to companies controlled by the CEO, former CFO and VP Operations & New Projects, accounting fees paid to companies controlled by a director or company controlled by the former CFO, and by the issue of options. The compensation for key management personnel paid as management, accounting and former CFO fees were for the years ended April 30, 2019 and 2018 as follows:

	Years ended April 30,	
	2019	2018
	\$	\$
Management fees	347,772	373,861
Salaries	241,248	183,018
Share-based payments	114,154	44,868
	703,174	601,746

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NOTE 17 – RELATED PARTY TRANSACTIONS (continued)**(c) Related Party Balances**

All related party balances payable, including for business expenses reimbursements, interim advances to the Company, annual bonuses as approved by the board of directors, and for services rendered as at April 30, 2019 are non-interest bearing and payable on demand, and are comprised of \$0.12 million (April 30, 2018 - \$0.12 million) payable to the CEO and a company controlled by the CEO, \$0.05 million (April 30, 2018 - \$0.02 million) payable to the VP Operations & New Projects or a company controlled by the VP Operations & New Projects, \$0.11 million (April 30, 2018 - \$85,006) payable to the CFO and \$0.02 million payable (April 30, 2018 – \$0.3 million payable) to the Directors or companies controlled by the Directors.

NOTE 18 – COMMITMENTS

In addition to the commitments in connection with the Company's financings (note 12 and note 13), the Company has:

- a three-year rent agreement for its corporate office in Lima, Peru, with a monthly payment of \$3,574 and termination date on July 31, 2021, and
- a five-year rent agreement for its corporate office in Vancouver, Canada with a monthly payment of CAD\$3,726 and termination date on July 31, 2023.

During the year ended April 30, 2019 the Company had commitments through a financial liability to sell approximately 742 ounces of gold doré to a third party, which would be settled at a future date in either cash or through the delivery of gold. At April 30, 2019, the fair value of amount owing under these contracts at the gold spot rate were \$1 million (April 30, 2018 - \$1 million) and is included in derivative financial liability.

As at April 30, 2019 the Company had commitments to sell approximately 1,049 ounces of gold doré to third parties, which was settled subsequent to April 30, 2019 through the delivery of gold. At April 30, 2019 the fair value of these commitments is \$1.3 million. Additionally, the Company received advances of \$0.5 million to be offset against future sales of gold doré. Both amounts, totaling \$1.8 million (April 30, 2018 - \$1.1 million) have been included as current deferred revenues.

A summary of undiscounted liabilities and future operating commitments at April 30, 2019 are as follows:

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NOTE 18 – COMMITMENTS (continued)

	Total	Within One Year	One to Five Years
Maturity analysis of financial liabilities	\$	\$	\$
Accounts payable and accrued liabilities	2,266,371	2,266,371	-
Secured debentures	1,448,011	-	1,448,011
Contractual liabilities as result of the acquisition of Anthem United	7,551,741	2,993,709	4,558,032
Derivative financial liability	951,467	951,467	-
	12,217,590	6,211,547	6,006,043
Commitments			
Office lease rental	239,728	76,589	163,139
Gold sale deferred revenue	1,771,183	1,771,183	-
Asset retirement and reclamation obligations	1,085,647	-	1,085,647
	3,096,558	1,847,772	1,248,786
	15,314,148	8,059,319	7,254,829

Contingent Debenture

In September 2016 the Company completed a comprehensive capital restructuring which involved: (i) negotiating with debt holders to reduce long and short term debt, (ii) a private placement to provide sufficient working capital to ramp-up operations at the Chala Plant; and (iii) consolidating the Company's shares. As result of this restructuring, the Company issued a \$0.78 million contingent debenture certificate (the "Contingent Debenture"), which only becomes payable on the date that the Company achieves two production milestones including (i) achieving 300 tonnes per day mineral processing capacity in Peru, and (ii) achieving three months of 200 tonnes per day average daily production. Upon re-instatement, the Contingent Debenture will have a 12% annual interest rate paid quarterly in arrears, twelve month term to maturity, certain early redemption features, and a general security agreement will be issued. If the performance milestones are not achieved before August 31, 2026, the Contingent Debenture will be cancelled.

As at April 30, 2019 the value of the contingent debenture was \$nil. However, the first milestone of 300 tonnes per day mineral processing capacity in Peru was achieved as result of the acquisition of Anthem.

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NOTE 19 – SEGMENTED INFORMATION

All of the Company's operating and capital assets are located in Peru except for \$0.3 million (April 30, 2018 - \$0.4 million) of cash and other current assets which are held in Canada.

Segmented information is provided on the basis of geographic segments consistent with the Company's core long-term and operating assets as follows:

Peru Segment	Years ended April 30,	
	2019	2018
	\$	\$
Revenue	34,573,628	13,221,998
Cost of goods	(32,279,248)	(13,543,848)
Gross margin (deficit)	2,294,380	(321,850)
Loss for the period	(389,491)	(3,170,593)

Peru	April 30, 2019	April 30, 2018
	\$	\$
Assets:		
IGV receivable	3,755,214	884,047
Long term IGV receivable	346,493	-
Inventory	4,078,545	2,473,703
Property, plant and equipment	12,311,429	5,143,646
Total long-term and operating assets	20,491,681	8,501,396

During the year ended April 30, 2019, the Company received 100% of its metal revenues from two major customers, noting that the Company has business relationships with other customers, and is not dependent on them.

NOTE 20 – FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**(a) Fair Value of Financial Instruments**

As at April 30, 2019, the Company's financial instruments consist of cash, receivables, long term receivables, accounts payable and accrued liabilities, promissory notes payable, contractual liabilities as result of the acquisition of Anthem United, derivative financial liabilities, secured debentures and mineral notes.

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NOTE 20 – FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

IFRS requires disclosures about the inputs to fair value measurements for financial assets and liabilities recorded at fair value, including their classification within a hierarchy that prioritizes the inputs to fair value measurement.

The three levels of hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly; and

Level 3 – Inputs for the asset or liability that are not based on observable market data.

As at April 30, 2019, the Company believes that the carrying values of the financial instruments noted above approximate their fair values because of their nature and relatively short maturity dates or durations or their interest rates approximate market interest rates. The gold delivery contracts, being a derivative financial liability have been assessed on the fair value hierarchy described above and are classified as Level 2.

(b) Financial Instruments Risk

The Company's financial instruments are exposed in varying degrees to a variety of financial risks. The Board approves and monitors the risk management processes:

(i) Credit risk

Credit risk exposure primarily arises with respect to the Company's cash and receivables. The risk exposure is limited because the Company places its instruments in banks of high credit worthiness within Canada and continuously monitors the collection of receivables.

(ii) Liquidity risk

Liquidity risk is the risk that the Company cannot meet its financial obligations as they become due. The Company's approach to managing liquidity is to ensure as far as possible, that it will have sufficient liquidity to settle obligations and liabilities when they become due. As at April 30, 2019, the Company had cash of \$1.8 million (April 30, 2018 - \$0.3 million) and current working capital of \$3.4 million (April 30, 2018 - \$0.8 million) with total liabilities of \$15.1 million (April 30, 2018 - \$6.3 million).

A summary of the Company's future operating commitments is presented in note 18.

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NOTE 20 – FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)*(iii) Market risk*

a. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company invests cash in guaranteed investment certificates at fixed or floating interest rates in order to maintain liquidity while achieving a satisfactory return for shareholders. A change of 100 basis points in the interest rates would not be material to the financial statements. At April 30, 2019, the Company had no variable rate debt.

b. Foreign currency risk

Foreign exchange risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of the changes in the foreign exchange rates. The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates associated with the fluctuations in its Canadian dollar and the Peruvian New Sol (“Sol”) bank accounts as well as the translation of foreign held assets and liabilities at current exchange rates.

The Company’s net exposure to the Canadian dollar and Sol on financial instruments, in US dollar equivalents, is as follows:

	April 30, 2019	April 30, 2018
	\$	\$
CAD dollar:		
Cash	7,140	30,678
Receivables	23,857	11,206
Accounts payable and accrued liabilities	(430,578)	(335,522)
Secured debentures	(1,148,011)	(1,183,889)
Contractual liabilities as result of the acquisition of Anthem United	(5,813,425)	-
Derivative financial liability	(951,467)	(974,394)
Net assets (liabilities)	(8,312,484)	(2,451,921)
Sol:		
Cash	109,747	27,389
Receivables	4,144,524	884,047
Accounts payable and accrued liabilities	(625,297)	(563,964)
Net assets (liabilities)	3,628,974	347,472

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NOTE 20 – FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Assuming all other variables constant, an increase or a decrease of 10% of the Canadian dollar against the US dollar, as of April 30, 2019 would have changed the Company's net loss by approximately \$0.8 million. Assuming all other variables constant, an increase or a decrease of 10% of the Peruvian sol against the US dollar, as of April 30, 2019 would have changed the Company's net loss by approximately \$0.4 million.

The Company had no hedging agreements in place with respect to foreign exchange rates.

c. **Commodity price risk**

Commodity price risk is the risk of financial loss resulting from movements in the price of the Company's commodity inputs and outputs. The Company's price risk relates primarily to: the spot price of gold for its derivative financial liability balance and future gold price expectations as it relates to sales revenues. The Company continuously monitors precious metal trading prices as they are included in projections prepared to determine its future strategy.

NOTE 21 – CAPITAL MANAGEMENT

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern such that it can provide returns for shareholders and benefits for other stakeholders. The management of the capital structure is based on the funds available to the Company in order to support the acquisition, exploration and development of mineral properties and to maintain the Company in good standing with the various regulatory authorities. In order to maintain or adjust its capital structure, the Company may issue new shares, sell assets to settle liabilities, issue debt instruments or return capital to its shareholders.

The Company considers its current capital structure to consist of secured debentures of \$1.4 million (April 30, 2018 - \$1.5 million), promissory notes of \$7.6 million (April 30, 2018 - \$nil) and shareholders' equity of \$7.7 million (April 30, 2018 - \$3.2 million). The Company's ability to generate sufficient funds to service its debts and to provide funding for future operations are dependent on its capital resources which are largely determined by the strength of the junior resource markets, by the status of the Company's projects in relation to these markets and by its ability to compete for investor support of its projects. The Company is not subject to externally imposed capital requirements.

The Company monitors its capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to facilitate the management of capital and the further operation of its Peruvian ore processing operations the Company prepares expenditure budgets which are updated as necessary and are reviewed and approved by the Company's Board of Directors.

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NOTE 22 – INFORMATION INCLUDED IN THE CONSOLIDATED STATEMENTS OF OPERATIONS

	Years ended April 30,	
	2019	2018
Cost of sales:	\$	\$
Ore	24,701,604	10,061,905
Salaries, benefits and other employee expenses	1,492,910	897,438
Production supplies	1,912,887	995,402
Transportation	367,089	235,134
Other production costs	2,272,406	624,886
Depreciation of property plant and equipment	1,177,946	729,083
Write-down of fair value on inventory as result of Anthem acquisition	354,406	-
Total cost of sales	32,279,248	13,543,848

	Note	Years ended April 30,	
		2019	2018
		\$	\$
Corporate and administrative expenses:			
Consulting fees		46,665	39,519
Management fees and salaries	14	1,357,660	1,160,887
Depreciation	8	23,416	17,556
Directors fees		29,364	28,295
Investor relations and regulatory fees		344,592	376,103
Office, rent, utilities, insurance and other	14	568,249	343,682
Professional fees		334,994	204,960
Share-based payments	14	151,624	91,444
Terminated transaction costs		12,600	36,798
Travel and accommodation		93,354	58,121
Total corporate and administrative expenses		2,962,518	2,357,365
Finance and other income (expense):			
Accretion expense		(72,535)	(33,284)
Gain (loss) in disposition of fixed assets		(13,077)	-
Other impairments		-	-
Finance costs		(450,534)	(612,761)
Foreign exchange gain (loss)		189,437	32,450
Fair value gain (loss) on derivative financial liability		(20,058)	14,141
Loss in fair value adjustments of financial liability		(386,553)	-
Total finance and other income (expense)		(753,320)	(599,454)

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NOTE 23 – INCOME TAXES**(a) Income tax expense (recovery)**

	Years ended April 30,	
	2019	2018
	\$	\$
Current tax expense (recovery)		
Current period	-	-
Deferred tax expense (recovery)		
Origination and reversal of temporary differences	397,374	(1,151,000)
Change in unrecognized deductible temporary differences	(397,374)	995,000
Adjustment to prior years provision versus statutory tax returns and other	-	156,000
Total income tax expense (recovery)	-	-

The actual income tax provision differs from the expected amount calculated by applying the Canadian combined federal and provincial corporate tax rates to income before tax. These differences result from the following:

	Years ended April 30,	
	2019	2018
	\$	\$
Net loss before income taxes for the year	(84,491)	(3,170,593)
Statutory income tax rate	27%	27%
Expected income tax	(22,813)	(855,000)
Increase (decrease) resulting from		
Impact of different foreign statutory tax rates	66,979	(27,000)
Non-deductible amounts	232,983	29,000
Impact of change in tax rates	-	(166,000)
Impact on change in foreign exchange rate	120,225	(106,000)
Share issuance costs	-	(26,000)
Adjustment to prior years provision versus statutory tax returns and other	-	156,000
Change in unrecognized deductible temporary differences	(397,374)	995,000
Income tax expense (recovery)	-	-

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NOTE 23 – INCOME TAXES (continued)**(b) Recognized deferred tax assets and liabilities**

	Years ended April 30,	
	2019	2018
	\$	\$
Deferred tax assets are attributable to the following:		
Non-capital losses carried forward	906,784	406,000
Set-off of tax	(906,784)	(406,000)
Net deferred tax asset	-	-
Deferred tax liabilities are attributable to the following:		
Property, plant and equipment	(906,784)	(406,000)
Set-off of tax	906,784	406,000
Net deferred tax liabilities	-	-

(c) Unrecognized deferred tax assets

The Company has the following deductible temporary differences for which no deferred tax assets have been recognized, because it is not probable that future taxable profits will be available against which the Company can use the benefits

	Years ended April 30,	
	2019	2018
	\$	\$
Non-capital losses carried forward	24,946,770	16,832,000
Deductible temporary differences	1,778,196	915,000
	26,724,966	17,747,000

The Company has tax losses for Peruvian purposes of approximately \$11,811,793 (2018 - \$5,317,000) available to offset against future years' taxable income in Peru. The Company also has non-capital losses available to reduce taxes in future years of approximately \$16,189,270 (2018 - \$12,890,000) in Canada which expire over 2026 through 2039 which have not been recognized in these financial statements.

Tax attributes are subject to review, and potential adjustment, by tax authorities.

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NOTE 24 – SUPPLEMENTAL CASH FLOW INFORMATION

Interest and income taxes paid in cash during the year ended April 30, 2019, were \$0.2 million (2018 - \$0.1 million) and \$0.04 million (2018 - \$0.01 million), respectively. Investing and financing activities that do not have a direct impact on current cash flows are excluded from the statements of cash flows.

During the year ended April 30, 2019, the following transactions were excluded from the statements of cash flows:

- Pursuant to the Acquisition of Anthem united, the Company issued 110,050,225 common shares (note 16(c)).
- The Company issued 1,800,000 stock options, at fair value CAD\$0.01 million, which vested immediately on October 24, 2018.
- On November 14, 2018, the Company issued 2,000,000 stock options, at fair value CAD\$0.02 million, which vests 25 % Immediately, 25% on November 14, 2019, 25% on November 14, 2020 and 25% on November 14, 2021
- On December 20, 2018, the Company issued 5,600,000 stock options, at fair value of CAD\$0.04 million, which vested immediately.
- On December 20, 2018, the Company issued 7,100,000 stock options, at fair value of CAD\$0.06 million, which vested 50% on June 20, 2019 and 50% vest on December 20, 2019.
- On February 7, 2019, the Company issued 300,000 stock options, at fair value of CAD\$0.01 million, which vested immediately.
- On February 7, 2019, the Company issued 2,500,000 stock options, at fair value of CAD\$0.01 million, which vested 50% on August 7, 2019 and 50% on February 7, 2020.

During the year ended April 30, 2018, the following transactions were excluded from the statements of cash flows:

- Pursuant to the closing of Company's private placements the Company issued 87,110,151 common shares (note 16(c)).
- The Company issued 4,500,000 stock options, at fair value CAD\$0.1 million, which vested 50 % on February 25, 2018 and vest 50% on August 25, 2018.
- The Company issued 4,100,000 stock options, at fair value CAD\$0.07 million, which vests 50 % on September 15, 2018 and 50% on March 15, 2018.