



INCA ONE GOLD CORP.

Condensed Interim Consolidated Financial Statements
For the Three and Six Months Ended October 31, 2020, and 2019
(Expressed in US Dollars)

NOTICE TO READER

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a) issued by the Canadian Securities Administrators, if an auditor has not performed a review of the condensed interim consolidated financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed interim consolidated financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of condensed interim consolidated financial statements by an entity's auditor.

INCA ONE GOLD CORP.

Condensed Interim Consolidated Statements of Financial Position
(Unaudited - Expressed in US Dollars)

	Note	October 31, 2020	April 30, 2020
		\$	\$
Assets			
Current:			
Cash		512,124	3,745,675
Receivables	3	1,443,641	1,070,244
Prepaid expenses and deposits	4	1,348,297	1,041,096
Inventory	5	6,823,188	5,088,571
		10,127,250	10,945,586
Long term receivable	6	347,574	347,574
Property, plant and equipment	7	10,773,979	11,215,235
Total assets		21,248,803	22,508,395
Liabilities			
Current:			
Accounts payable and accrued liabilities	8	3,556,819	3,086,699
Contractual liabilities payable to Equinox	9	220,731	4,572,830
Secured debentures and notes payables	10	1,183,889	300,000
Deferred revenue	14	2,429,097	3,726,500
		7,390,536	11,686,029
Contractual liabilities payable to Equinox	9	4,895,230	2,157,563
Secured debentures and notes payable	10	930,000	2,054,620
Asset retirement and reclamation obligations	11	1,116,953	1,088,094
Total liabilities		14,332,719	16,986,306
Shareholders' Equity			
Share capital	12	30,516,849	26,998,505
Equity reserves	12	5,001,556	6,434,047
Accumulated other comprehensive income		(485,777)	(99,704)
Deficit		(29,361,072)	(29,042,695)
Shareholders' equity attributable to Inca One		5,671,556	4,290,153
Non-controlling interest		1,244,528	1,231,936
Total shareholders' equity		6,916,084	5,522,089
Total liabilities and shareholders' equity		21,248,803	22,508,395

Nature of operations and going concern (note 1)

Subsequent event (note 18)

Commitments (note 14)

Approved on behalf of the Board of Directors on December 30, 2020

"Bruce Bragagnolo"

Director

"Edward Kelly"

Director

The accompanying notes are an integral part of these Condensed Interim Consolidated Financial Statements.

INCA ONE GOLD CORP.

Condensed Interim Consolidated Statements of Operations and Comprehensive Income
(Unaudited - Expressed in US Dollars)

	Notes	Three Months Ended October 31,		Six Months Ended October 31	
		2020	2019	2020	2019
		\$	\$	\$	\$
Revenue		5,017,131	10,374,957	11,575,852	15,924,423
Cost of goods sold					
Cost of operations	16	(4,358,357)	(10,472,317)	(10,534,967)	(16,099,504)
Depreciation	16	(264,578)	(347,620)	(526,200)	(702,452)
Total cost of goods sold		(4,622,935)	(10,819,937)	(11,061,167)	(16,801,957)
Gross operating margin (deficit)		394,196	(444,980)	514,685	(877,534)
Corporate and administrative expenses	16	(925,810)	(668,957)	(1,727,012)	(1,209,325)
Loss from operations		(531,614)	(1,113,937)	(1,212,327)	(2,086,859)
Impairments net of reversal of prior year impairments		8,435	6,867	10,069	6,867
Loss in disposition of property, plant and equipment		(43,569)	-	(43,569)	(2,980)
Finance costs	16	(226,551)	(325,330)	(417,351)	(738,812)
Business development		(178,721)	(5,225)	(178,721)	(55,143)
Restructuring gain net	9	-	-	1,536,114	-
Net income (loss) of the period		(972,020)	(1,437,625)	(305,785)	(2,876,927)
Other comprehensive income:					
Foreign currency translation adjustment		(50,378)	(86,905)	(386,703)	(233,065)
Comprehensive income (loss) for the period		(1,022,398)	(1,524,530)	(691,858)	(3,109,992)
Net income (loss) and comprehensive income (loss) attributable to:					
Inca One Gold Corp.'s shareholders		(1,035,477)	(1,466,736)	(704,450)	(3,017,935)
Non-controlling interest		13,079	(57,794)	12,592	(92,057)
		(1,022,398)	(1,524,530)	(691,858)	(3,109,992)
Weighted average shares outstanding					
Basic		34,241,973	26,415,055	31,687,163	26,353,033
Diluted		37,365,266	26,415,055	34,810,456	26,353,033
Earnings (loss) per share					
Basic		(0.03)	(0.05)	(0.01)	(0.11)
Diluted		(0.03)	(0.05)	(0.01)	(0.11)

The accompanying notes are an integral part of these Condensed Interim Consolidated Financial Statements.

INCA ONE GOLD CORP.

Condensed Interim Consolidated Statements in Equity
(Unaudited - Expressed in US Dollars)

	Common shares ⁽ⁱ⁾	Share capital	Equity reserves	Non-controlling interest	Accumulated other comprehensive (loss) income	Deficit	Total shareholders' equity
	#	\$	\$	\$	\$	\$	\$
Balance, April 30, 2019	26,290,992	26,652,943	6,226,083	1,323,584	(321,263)	(24,897,870)	8,983,477
Comprehensive loss for the period	-	-	-	(92,057)	(233,065)	(2,784,870)	(3,109,992)
Shares issued pursuant to agreement with Equinox	160,733	76,684	-	-	-	-	76,684
Share-based payments (note 12 (d))	-	-	40,041	-	-	-	40,041
Balance, October 31, 2019	26,451,725	26,731,627	6,266,124	1,231,527	(554,328)	(27,682,740)	5,992,210
Comprehensive income (loss) for the period	-	-	-	409	454,624	(1,359,955)	(904,922)
Shares issued pursuant to agreement with Equinox	264,336	122,919	-	-	-	-	122,919
Shares issued for debt settlement	1,058,020	143,959	-	-	-	-	143,959
Warrants issued for debt settlement	-	-	97,178	-	-	-	97,178
Share-based payments	-	-	70,745	-	-	-	70,745
Balance, April 30, 2020	27,774,080	26,998,505	6,434,047	1,231,936	(99,704)	(29,042,695)	5,522,089
Comprehensive income (loss) for the period	-	-	-	12,592	(386,073)	(318,377)	(691,858)
Shares issued pursuant to agreement with Equinox	1,187,333	575,773	-	-	-	-	575,773
Warrants exercised (note 12 (c))	4,915,264	2,801,085	(1,426,700)	-	-	-	1,374,385
Options exercised (note 12(c))	460,000	141,486	(29,375)	-	-	-	112,111
Share-based payments (note 12 (d))	-	-	23,584	-	-	-	23,584
Balance October 31, 2020	34,336,677	30,516,849	5,001,556	1,244,528	(485,777)	(29,361,072)	6,916,084

(i) Common shares reflect 1:10 consolidation completed on January 14, 2020.

The accompanying notes are an integral part of these Condensed Interim Consolidated Financial Statements.

INCA ONE GOLD CORP.

Condensed Interim Consolidated Statements of Cash Flows
(Unaudited - Expressed in US Dollars)

	Six Months Ended October 31,	
	2020	2019
Cash flows provided by (used in):	\$	\$
Operating activities:		
Net loss for the period	(305,785)	(2,876,927)
Items not involving cash:		
Depreciation	550,951	731,701
Share-based payments	23,584	40,044
Accretion expense	9,189	8,175
Accretion of asset retirement and reclamation obligations	28,859	24,710
Interest expense	172,402	203,826
Unrealized foreign exchange	(63,121)	(74,364)
Loss on disposition of property plant and equipment	43,569	2,980
Accretion of contractual liabilities payable to Equinox	251,964	328,704
Loss in fair value adjustment of derivative financial liability	-	149,519
Gain on restructuring of contractual liabilities payable to Equinox	(1,536,114)	-
Changes in non-cash operating working capital:		
Receivables	(395,957)	2,356,637
Prepaid expenses and deposits	(299,929)	135,998
Inventory	(1,734,617)	(728,439)
Accounts payable and accrued liabilities	406,516	568,063
Deferred revenue	(1,297,403)	(862,540)
Net cash provided by operating activities	(4,145,893)	8,087
Financing activities:		
Proceeds from issuance of shares (exercised warrants and options)	1,486,497	-
Payment of contractual liabilities payable to Equinox	-	(1,000,000)
Payment of secured debenture	(300,000)	-
Interest paid	(122,293)	(88,916)
Net cash provided by (used in) financing activities	1,064,204	(1,088,916)
Investing activities:		
Purchase of property, plant and equipment (net of disposition)	(246,630)	(349,064)
Proceeds on sale of property plant and equipment	93,220	4,898
Net cash provided by (used in) investing activities	(153,410)	(344,166)
Increase (decrease) in cash and cash equivalents	(3,235,099)	(1,424,995)
Effect of exchange rates on cash held in foreign currencies	1,548	2,173
Cash and cash equivalents, beginning of the period	3,745,675	1,820,101
Cash and cash equivalents, end of the period	512,124	397,279

Supplemental disclosure with respect to cash flows (note 17)

The accompanying notes are an integral part of these Condensed Interim Consolidated Financial Statements

INCA ONE GOLD CORP.

Notes to the Condensed Interim Consolidated Financial Statements
For the Three and Six Months Ended October 31, 2020 and 2019
(Unaudited - 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 and operating 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 S.A.C. ("Chala One") and EMC Green Group S.A. ("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 doré.

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

These Condensed Interim 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 six months ended October 31, 2020, the Company had comprehensive loss of \$0.7 million, a deficit of \$29.4 million and working capital of \$2.7 million. These conditions indicate 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.

On March 11, 2020, the World Health Organization declared COVID 19 as a global pandemic. In order to avoid further spread of the outbreak, several measures have been adopted by the governments worldwide which have caused disruptions with different impacts in the economies, social practices and distribution channels of each one of the countries. At the date of issuance of these Condensed Interim Consolidated Financial Statements there is no clear understanding about the extent or further impact of COVID 19; the Company is constantly evaluating and actively taking measures to mitigate any potential impact in its operations.

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 Condensed Interim 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

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Notes to the Condensed Interim Consolidated Financial Statements
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NOTE 1 – NATURE OF OPERATIONS AND GOING CONCERN (continued)

realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

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

These Condensed Interim 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 Condensed Interim 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 December 30, 2020.

(b) Basis of consolidation

The Condensed Interim 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.	Canada	100%
Anthem United (Holdings) Inc.	Canada	100%
Oro Proceso Co. S.A.C.	Peru	100%
EMC Green Group S.A.C.	Peru	90.14%
Koricancha Joint Venture	Peru	90.14%

(c) Changes in accounting policies and disclosures

There were no new standards effective May 1, 2020 that impacted these condensed interim consolidated financial statements or are expected to have a material effect in the future.

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Notes to the Condensed Interim Consolidated Financial Statements
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NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (continued)**(d) Significant accounting judgements and estimates**

The preparation of financial statements in conformity with IFRS requires the Company to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. Management believes the estimates and assumptions used in these condensed consolidated interim financial statements are reasonable; however, actual results could differ from those estimates and could impact future results of operations and cash flows. The Company's significant accounting judgments and estimates were presented in note 2 of the audited annual consolidated financial statements for the years ended April 30, 2020 and 2019.

The Company considered the impact of the COVID-19 pandemic on the significant judgments and estimates made in these condensed interim consolidated financial statements and determined that the effects of COVID-19 did not have a material impact on the estimates and judgments applied.

(e) Foreign Currency Translation

The Company's foreign currency transaction methodology was presented in note 2 of the audited annual consolidated financial statements for the years ended April 30, 2020 and 2019.

(f) Non-controlling Interest

The Non-controlling Interest are recorded in accordance with the methodology presented in note 2 of the audited annual consolidated financial statements for the years ended April 30, 2020 and 2019.

NOTE 3 – RECEIVABLES

	October 31, 2020	April 30, 2020
	\$	\$
GST recoverable (Canada)	19,114	23,386
IGV recoverable (Peru)	1,423,608	1,036,685
Other receivable	919	10,173
	1,443,641	1,070,244

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Notes to the Condensed Interim Consolidated Financial Statements
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(Unaudited - Expressed in US Dollars)

NOTE 4 – PREPAID EXPENSES AND DEPOSITS

	October 31, 2020	April 30, 2020
	\$	\$
Deposits with mineral suppliers	109,576	7,313
Other deposits and advances	420,352	131,386
Prepaid taxes	610,691	776,796
Prepaid expenses	207,678	125,601
	1,348,297	1,041,096

NOTE 5 – INVENTORY

	October 31, 2020	April 30, 2020
	\$	\$
Ore stockpiles and gold in process	4,287,907	1,244,139
Finished goods – gold doré bars	2,161,577	3,502,925
Materials and supplies	373,704	341,507
	6,823,188	5,088,571

NOTE 6 – LONG TERM RECEIVABLE

As result of the Acquisition of Anthem United Inc. (“Anthem”) from Equinox Gold Corp. (“Equinox”), the Company acquired the right to claim refunds of prior years’ general sales taxes (“Historical IGV”) related to the construction of the Kori One Plant 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.

During the year ended April 30, 2020, the Company collected approximately \$2.4 million of the historical IGV. The collectability of the balance of approximately \$1.8 million of this Historical IGV is uncertain and therefore has been reflected at its estimated fair value.

As at October 31, 2020, 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.

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Notes to the Condensed Interim Consolidated Financial Statements
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(Unaudited - Expressed in US Dollars)

NOTE 7 – PROPERTY, PLANT AND EQUIPMENT

	Plant	Computers	Furniture and Equipment	Total
	\$	\$	\$	\$
Costs:				
Balance, April 30, 2019	14,998,870	162,575	92,352	15,253,797
Additions	353,412	1,723	992	356,127
IGV/VAT to receivables	(24,411)	-	-	(24,411)
Change in ARO reserve	(40,967)	-	-	(40,967)
Disposals/write-off	(84,480)	(1,084)	-	(85,564)
Balance, April 30, 2020	15,202,425	163,214	93,343	15,458,982
Additions	246,630	-	-	246,630
Disposals/write-off	(136,935)	-	-	(136,935)
Balance, October 31, 2020	15,312,120	163,214	93,343	15,568,677
Accumulated Depreciation:				
Balance, April 30, 2019	2,815,129	67,007	60,232	2,942,368
Depreciation	1,249,552	42,355	36,632	1,324,539
Disposals/write-off	(23,160)	-	-	(23,160)
Balance, April 30, 2020	4,041,521	109,362	92,864	4,243,747
Depreciation	531,827	18,645	479	550,951
Balance, October 31, 2020	4,573,348	128,007	93,343	4,794,698
Net Book Value:				
April 30, 2020	11,160,904	53,852	479	11,215,235
October 31, 2020	10,738,772	35,207	-	10,773,979

NOTE 8 – ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	October 31, 2020	April 30, 2020
	\$	\$
Trade accounts payable and accruals	3,433,643	2,973,867
Management, consulting and professional fees payable	37,763	64,245
Accrued interest	85,413	48,587
	3,556,819	3,086,699

INCA ONE GOLD CORP.

Notes to the Condensed Interim Consolidated Financial Statements
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NOTE 9 – CONTRACTUAL LIABILITIES PAYABLE TO EQUINOX

Effective July 31, 2020, the Company restructured its contractual liabilities payable to Equinox which resulted from the acquisition of the 100% ownership of Anthem United Inc. (“Anthem”), a company which owns 90.14% of the interest in the 350 TPD Koricancha ore processing facility in Peru (“Kori One”).

The result of the restructuring was the amendment to the due dates for the installment payments, as follows:

Installments	Face value as at July 31, 2020	Original due dates	Amended Due Dates
Promissory Note			
First installment	CAD 1,451,939	August 20, 2019	August 20, 2023
Second installment	CAD 2,500,000	August 20, 2020	August 20, 2024
Cash installment	CAD 1,500,000	August 20, 2020	August 20, 2022
Third installment	CAD 2,500,000	August 20, 2021	August 20, 2025
Working capital loan payable	USD 697,620	August 20, 2021	August 20, 2023

In accordance with IFRS 9 (paragraph 3.3.1), the Company has assessed that the amendment of the due dates qualifies as an extinguishment, which causes the derecognition of \$6.3 million of current contractual liabilities and the recognition of \$4.8 million as a new non-current contractual liabilities measured at the date of the transaction; the balance of \$1.5 million has been classified as restructuring gain and recognized in the Condensed Interim Consolidated Statement of Operations and Comprehensive Income.

The following table is a reconciliation of the movement related to these contractual liabilities:

	April 30, 2020	OCI ^(a)	Accretion adjustment	Payment (note 12(c))	Extinguishment of liability	New liability recognized	October 31, 2020
	\$	\$	\$	\$	\$	\$	\$
Current Contractual Liabilities							
<u>Promissory Notes Payable</u>							
In cash	1,040,344	39,844	29,528	-	(1,109,716)	-	-
In cash or shares	3,334,201	126,833	49,805	(575,773)	(2,935,066)	-	-
<u>Historical IGTV</u>							
Payable in cash	198,285	-	-	-	-	22,446	220,731
Total Current	4,572,830	166,677	79,333	(575,773)	(4,044,782)	22,446	220,731

(a) Other Comprehensive Income

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NOTE 9 – CONTRACTUAL LIABILITIES PAYABLE TO EQUINOX (continued)

	April 30, 2020	OCI ^(a)	Accretion adjustmen t	Paymen t (note 12(c))	Extinguishmen t of liability	New liability recognized	October 31, 2020
	\$	\$	\$	\$	\$	\$	\$
Non-Current Contractual Liabilities							
<u>Promissory Notes Payable</u>							
In cash	-	6,223	21,517	-	-	931,742	959,480
In cash or shares	1,554,266	50,147	122,382	-	(1,628,680)	3,295,691	3,393,806
<u>Working capital Payable</u>							
In cash	603,297	-	28,732	-	(620,087)	530,002	541,944
Total Non-Current	2,157,563	56,370	172,631	-	(2,248,767)	4,757,435	4,895,230

As at October 31, 2020, the restructured non-interest bearing promissory note with Equinox has a face value of CAD\$7.95 million with the following details:

Face Value as at inception	Payments	Face Value as at October 31, 2020	due date	Payable in:	Estimated Fair value ^(b) as at October 31, 2020
CAD	CAD	CAD			USD
1,500,000	-	1,500,000	August 20, 2022	Cash	959,480
2,500,000	(1,048,061)	1,451,939	August 20, 2023	Cash or shares ^(a)	847,449
2,500,000	-	2,500,000	August 20, 2024	Cash or shares ^(a)	1,331,448
2,500,000	-	2,500,000	August 20, 2025	Cash or shares ^(a)	1,214,909
9,000,000	(1,048,061)	7,951,939			4,353,286

(a) As per the share purchase agreement with Equinox, Inca One has the discretion to pay in cash or shares based on the higher of the preceding 20-day volume weighted average price of Inca One shares and CAD\$0.65, subject to Equinox's ownership of Inca One Shares not exceeding 19.99% of the outstanding Inca One Shares (the "Equinox Ownership Limit").

(b) The fair value has been estimated considering a discount rate of 9.59%

The acquisition of Anthem also has a provision to pay in cash to Equinox, an amount equal to 50% of Historical IGV recoveries. As at October 31, 2020, the fair value of the balance payable to Equinox is approximately \$0.2 million and is classified as a current liability.

Additionally, the Company must pay in cash to Equinox, 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 20, 2023. As at October 31, 2020, the fair value of this payment has been estimated at \$0.5 million considering a discount rate of 9.59% and is classified as a non-current liability.

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Notes to the Condensed Interim Consolidated Financial Statements
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(Unaudited - Expressed in US Dollars)

NOTE 10 – SECURED DEBENTURES AND NOTES PAYABLE

	October 31, 2020	April 30, 2020
	\$	\$
Current Liabilities		
CAD Secured Debenture (CAD\$ 1,600,000) ⁽²⁾	1,183,889	-
USD Secured Debenture ⁽¹⁾	-	300,000
Total Current Secured Debentures and notes payable	1,183,889	300,000
Non-current Liabilities		
CAD Secured Debenture (CAD\$ 1,600,000) ⁽²⁾	-	1,124,620
USD Notes Payable ⁽³⁾	930,000	930,000
Total Non-current Secured Debentures and notes payable	930,000	2,054,620

As at October 31, 2020, the Company had issued the following secured debentures:

- 1) On September 1, 2016, the Company issued a \$0.3 million debenture (the “USD Secured Debenture”) with an initial maturity date on September 1, 2018, which (on September 7, 2018) was extended for an additional 24 months to August 31, 2020. The debenture paid interest at a rate of 11% per annum and had general security over the assets of the Company, second in priority to the CAD Secured Debenture (defined below). On August 31, 2020, the Company paid in full all of the principal and accrued interest.
- 2) 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 1,802,048 shares of the Company (18,020,484 shares prior to share consolidation - note 12(b)), and for the remaining balance of CAD\$1.6 million, the Company issued a new Secured Debenture with maturity date of September 1, 2021, which 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 October 31, 2020.
- 3) On March 16, 2020 the Company reached an agreement to restructure a derivative financial liability, for which it had an obligation to deliver 742 ounces of gold to several related parties (the “Creditors”) of the Company. The value of the gold deliverable under the Gold Agreements was approximately \$1.1 million based on the price of gold at the date of the Gold Agreements and was payable on demand. The Creditors agreed to restructure the Gold Agreements (the "Loan Restructuring") in exchange for aggregate notes payable (the “Notes”) in the amount of \$0.93 million, representing a reduction in the liabilities of the Company of approximately \$0.17 million. The Notes are repayable at any time at the Company’s option and are secured by general security agreements. The Notes have a three-year term and bear interest at an annual rate of 10%. Accrued interest of \$0.06 million has been included in accounts payable at October 31, 2020.

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NOTE 11 – 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.

	October 31, 2020	April 30, 2020
	\$	\$
Beginning of year	1,088,094	1,085,647
Accretion	28,859	43,414
Change in estimate	-	(40,967)
	1,116,953	1,088,094

As at October 31, 2020, 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 (April 30, 2020 \$0.7 million and \$0.8 million respectively) and are projected to be disbursed over 2026 and 2037 respectively. A 5.4% (April 30, 2020 5.4%) discount rate and a 1.88% (April 30, 2020 1.88%) inflation rate were used to calculate the present value of these provisions.

NOTE 12 – SHARE CAPITAL AND EQUITY RESERVES**(a) Authorized**

Unlimited number of voting common shares without par value.

(b) Issued Share Capital

On January 14, 2020, the Company consolidated its share capital on a one-for-ten 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 October 31, 2020, there were 34,336,677 shares issued and outstanding (April 30, 2020 – 27,774,080).

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NOTE 12 – SHARE CAPITAL AND EQUITY RESERVES (continued)**(c) Share Issuances**

During the six months ended October 31, 2020, 5,375,264 common shares were issued for proceeds of \$1.5 million on the exercise of 4,915,264 warrants at an average price of CAD\$0.38 per share and \$0.1 million on the exercise of 460,000 stock option at an average of CAD\$0.33 per share.

On July 31, 2020, the Company issued 1,187,333 common shares at CAD\$0.65 as partial payment of its note payable to Equinox (note 9).

(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 period and is presented on a post consolidated basis (note 12(b)):

	Share-based Options (note 12(c)) #	Weighted Average Exercise Price (note 12(c)) CAD\$
Balance, April 30, 2019	2,291,286	0.66
Granted	1,465,000	0.32
Exercised	(1,531,286)	0.73
Balance, April 30, 2020	2,225,000	0.39
Granted	200,000	0.30
Exercised	(460,000)	0.33
Balance, October 31, 2020	1,965,000	0.42

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NOTE 12 – SHARE CAPITAL AND EQUITY RESERVES (continued)

The following table summarizes the share-based options outstanding, presented on a post consolidated basis, as at October 31, 2020:

Share-based Options #	Exercise Price CAD\$	Expiry Date	Vesting Provisions
610,000	0.50	December 20, 2020	Vested
230,000	0.50	February 5, 2021	Vested
200,000	0.50	July 23, 2021	Vested
120,000	0.50	November 7, 2021	Unvested
605,000	0.19	March 30, 2022	Vested
50,000	1.00	August 25, 2022	Vested
150,000	0.50	August 1, 2023	Unvested
1,965,000			

As at October 31, 2020, the weighted average remaining contractual life of the share-based options was 0.91 years (April 30, 2020 – 1.37 years).

During the three and six months ended October 31, 2020, the Company recognized share-based payments of Nil and \$0.02 million respectively (2019 - \$0.02 million and \$0.04 million respectively) for share-based options granted and vested during the period.

On July 23, 2020, pursuant to the Company's share-based option plan, 200,000 incentive share based options were granted. The share-based options have an exercise price of CAD\$0.50 and vested immediately. The options are exercisable until July 23, 2021.

The fair value of share-based options granted during the three and six months ended October 31, 2020 was estimated using the Black-Scholes options pricing model using a risk free rate between of 0.55% (October 31, 2019 – average of 1.16%), a volatility of 92.01% (October 31, 2019 – average of 57.33%) and an expected life of 1.0 year (October 31, 2019 – average of 1.72 years).

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NOTE 12 – SHARE CAPITAL AND EQUITY RESERVES (continued)**(e) Warrants**

The status of the share purchase warrants outstanding, presented on a post consolidated basis (note 12(b)), is as follows:

	Warrants #	Weighted Average Exercise Price CAD\$
Balance April 30, 2019	8,481,031	2.43
Granted	1,388,889	0.18
Expired/Cancelled	(3,708,662)	4.10
Balance April 30, 2020	6,161,258	0.43
Granted	-	-
Exercised	(4,915,264)	0.38
Expired/Cancelled	(87,701)	0.40
Balance, October 31, 2020	1,158,293	1.00

The following table summarizes the share purchase warrants outstanding, presented on a post consolidated basis (note 12(b)), as at October 31, 2020:

Warrants #	Exercise Price \$	Expiry Date
65,701	12.60	December 22, 2020
59,999	1.00	January 31, 2021
106,667	1.00	September 1, 2021
925,926	0.18	March 16, 2023
1,158,293		

As at October 31, 2020, the weighted average remaining contractual life of the warrants was 2.01 years (April 30, 2020 – 0.57 years).

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NOTE 13 – RELATED PARTY TRANSACTIONS**(a) Related Party Transactions**

Management and consulting fees are and were paid to companies controlled by the CEO and VP Operations & New Projects. The Company incurred charges to directors and officers or to companies associated with these individuals during the three and six months ended October 31, 2020 and 2019 as follows:

	Three Months Ended October 31,		Six Months Ended October 31,	
	2020	2019	2020	2019
			\$	\$
Management, salaries and consulting fees	109,715	98,034	204,554	197,174
Director fees	29,379	7,228	36,445	14,380
Business development	115,000	-	115,000	-
Share-based payments	-	7,534	-	25,469
	254,094	112,796	355,999	237,023

(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, 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 and VP Operations & New Projects and by the issue of options. The compensation for key management personnel paid as management were for the three and six months ended October 31, 2020 and 2019 as follows:

	Three Months Ended October 31,		Six Months Ended October 31,	
	2020	2019	2020	2019
			\$	\$
Management fees	65,089	60,324	122,739	121,754
Salaries	44,626	37,710	81,815	75,420
Business development	22,000	-	22,000	-
Share-based payments	-	6,932	-	19,185
	131,715	104,966	226,554	216,359

(c) Related Party Balances

All related party balances payable, including for business expenses reimbursements, annual bonuses approved by the board of directors, and for services rendered as at October 31, 2020 are non-interest bearing and payable on demand, and are comprised of \$0.4 million (April 30, 2020 - \$0.3 million) payable to the CEO and a company controlled by the CEO, \$0.4 million (April 30, 2020 - \$0.3 million) payable to the CFO and \$0.4 million payable (April 30, 2020 – \$0.3 million payable) to the Directors or companies controlled by the Directors.

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NOTE 14 – COMMITMENTS

In addition to the commitments in connection with the Company's financings (note 10 and note 12), 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\$3,768 and termination date on July 31, 2023.

As at October 31, 2020 the Company had commitments to sell approximately 1,184 ounces of gold doré to third parties, which was settled subsequent to October 31, 2020 through the delivery of gold. At October 31, 2020 the fair value of these commitments is \$2.18 million. Additionally, the Company received advances of \$0.25 million to be offset against future sales of gold doré. Both amounts, totaling \$2.43 million (April 30, 2019 - \$1.8 million) have been included as current deferred revenues in the condensed interim consolidated statement of financial position.

A summary of liabilities and future operating commitments at October 31, 2020 are as follows:

	Total	Within One Year	One to Five Years	Greater than Five Years
Maturity analysis of financial liabilities	\$	\$	\$	
Accounts payable and accrued liabilities	3,556,819	3,556,819	-	-
Secured debentures and notes payable	2,113,889	1,183,889	930,000	-
Contractual liabilities payable to Equinox	5,115,961	220,731	4,895,230	-
	10,786,669	4,961,439	5,825,230	-
Commitments				
Office lease rental	131,503	68,289	63,214	
Gold sale deferred revenue	2,429,097	2,429,097	-	
Asset retirement and reclamation obligations	1,116,953	-	-	1,116,953
	3,677,553	2,497,386	63,214	1,116,953
	14,464,222	7,458,825	5,888,444	1,116,953

Contingent Debenture

In September 2016 the Company completed a comprehensive capital restructuring by issuing 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 October 31, 2020 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 15 – SEGMENTED INFORMATION

All of the Company's operating and capital assets are located in Peru except for \$0.5 million (April 30, 2020 - \$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:

	Three Months Ended October 31,		Six Months Ended October 31,	
	2020	2019	2020	2019
Peru segment				\$ \$
Revenue	5,017,131	10,374,957	11,575,852	15,924,423
Cost of goods	(4,622,935)	(10,819,937)	(11,061,167)	(16,801,957)
Gross margin (deficit)	394,196	(444,980)	514,685	(877,534)
Income (loss) for the period	(68,909)	(848,197)	(382,061)	(1,648,249)

During the three and six months ended October 31, 2020, the Company received 100% of its metal revenues from two customers, noting that the Company has business relationships with other customers, and is not dependent on them.

NOTE 16 – INFORMATION INCLUDED IN THE CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended October 31,		Six Months Ended October 31,	
	2020	2019	2020	2019
Cost of goods sold:				\$ \$
Ore	6,664,377	6,922,287	9,542,308	12,697,771
Salaries, benefits and other employee expenses	409,671	489,003	760,563	954,922
Production supplies	331,923	593,166	503,682	1,108,727
Transportation	102,955	147,933	143,887	276,085
Other production costs	637,242	836,964	994,510	1,517,622
Depreciation of property plant and equipment	264,578	347,620	526,200	702,452
Write-down fair value on inventory	60,401	162,844	292,437	162,844
Variation of finished goods – gold doré bars	(2,161,577)	1,566,368	1,341,348	(200,631)
Variation of ore stock piles and gold in process	(1,686,635)	(246,248)	(3,043,768)	(417,835)
Total cost of goods sold	4,622,935	10,819,937	11,061,167	16,801,957

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NOTE 16 – INFORMATION INCLUDED IN THE CONSOLIDATED STATEMENTS OF OPERATIONS (continued)

	Three Months Ended October 31,		Six Months Ended October 31,	
	2020	2019	2020	2019
Corporate and administrative expenses:				
Consulting fees	8,587	5,666	14,075	11,312
Management fees and salaries	377,271	288,181	665,097	520,691
Depreciation	13,641	4,215	24,751	12,083
Directors fees	29,492	7,228	36,445	14,380
Investor relations and regulatory fees	31,727	21,442	61,659	47,797
Advertising and corporate development	257,181	8,565	510,258	30,022
Office, rent, utilities, insurance and other	118,944	116,390	209,605	202,330
Professional fees	80,371	176,316	170,194	280,069
Share-based payments	510	19,630	23,584	40,041
Travel and accommodation	8,086	21,324	11,344	50,600
Total corporate and administrative expenses	925,810	668,957	1,727,012	1,209,325
Finance costs:				
Accretion expense	(19,169)	(16,513)	(38,048)	(32,885)
Interest costs	(80,900)	(121,655)	(172,402)	(203,826)
Foreign exchange gain (loss)	(5,819)	16,914	45,063	(23,878)
Fair value loss on derivative financial liability	-	(62,531)	-	(149,519)
Accretion of contractual liabilities payable to Equinox	(111,663)	(141,545)	(251,964)	(328,704)
Total finance and other income (expense)	(226,551)	(325,330)	(417,351)	(738,812)

NOTE 17 – SUPPLEMENTAL CASH FLOW INFORMATION

Interest and income taxes paid in cash during the six months ended October 31, 2020, were \$0.1 million (October 31, 2019 - \$0.09 million) and \$0.04 million (October 31, 2019 - \$0.03 million). Investing and financing activities that do not have a direct impact on current cash flows are excluded from the statements of cash flows.

NOTE 18 – SUBSEQUENT EVENTS**Warrants and stock options exercised**

Subsequent to October 31, 2020, a total of 762,602 options were exercised at CAD\$0.50 for total proceeds of \$0.4 million and 163,850 warrants were exercised at CAD\$0.18 for total proceed of \$0.03 million.