



INCA ONE GOLD CORP.

Consolidated Financial Statements
For the Years Ended April 30, 2021, and 2020
(Expressed in US Dollars)

Independent auditor's report

Grant Thornton LLP
Suite 1600,
333 Seymour Street
Vancouver, BC
V6B 0A4
T +1 604 687 2711
F +1 604 685 6569

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, 2021 and 2020, the consolidated statements of operations and comprehensive loss, 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, 2021 and 2020, 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 \$4,141,556 for the year ended April 30, 2021. As at April 30, 2021, the Company had an accumulated deficit of \$32,288,452. 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements.



We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Grant Thornton LLP

Chartered Professional Accountants

Vancouver, Canada
August 20, 2021

INCA ONE GOLD CORP.

Consolidated Statements of Financial Position
(Expressed in US Dollars)

	Note	April 30, 2021	April 30, 2020
		\$	\$
Assets			
Current:			
Cash		1,963,574	3,745,675
Restricted cash	4	175,000	-
Receivables	3	980,001	1,070,244
Derivative financial asset	4	50,940	-
Prepaid expenses and deposits	5	798,613	1,041,096
Inventory	6	4,663,349	5,088,571
Total current assets		8,631,477	10,945,586
Long term receivable	7	318,930	347,574
Property, plant and equipment	8	10,578,896	11,215,235
Total assets		19,529,303	22,508,395
Liabilities			
Current:			
Accounts payable and accrued liabilities	9	2,777,453	3,086,699
Contractual liabilities payable to Equinox	10	193,177	4,572,830
Loans payable	11	1,557,365	300,000
Deferred revenue	16	480,000	3,726,500
Gold loan	12	2,711,652	-
Total current liabilities		7,719,647	11,686,029
Contractual liabilities payable to Equinox	10	5,507,143	2,157,563
Loans payable	11	973,351	2,054,620
Asset retirement and reclamation obligations	13	1,152,653	1,088,094
Total liabilities		15,352,794	16,986,306
Shareholders' Equity			
Share capital	14	31,012,161	26,998,505
Equity reserves	14	5,216,367	6,434,047
Accumulated other comprehensive income		(992,689)	(99,704)
Deficit		(32,288,452)	(29,042,695)
Shareholders' equity attributable to Inca One		2,947,387	4,290,153
Non-controlling interest		1,229,122	1,231,936
Total shareholders' equity		4,176,509	5,522,089
Total liabilities and shareholders' equity		19,529,303	22,508,395

Nature of operations and going concern (note 1)

Subsequent events (note 23)

Commitments (note 16)

Approved on behalf of the Board of Directors on August 20, 2021

"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 Loss
(Expressed in US Dollars)

	Notes	Year Ended April 30	
		2021	2020
		\$	\$
Revenue		30,391,226	31,392,930
Cost of goods sold			
Cost of operations	20	(28,962,417)	(30,294,476)
Depreciation	20	(1,106,637)	(1,297,083)
Total cost of goods sold		(30,069,054)	(31,591,559)
Gross operating margin (deficit)		322,172	(198,629)
Corporate and administrative expenses	20	(3,583,104)	(2,622,951)
Loss from operations		(3,260,932)	(2,821,580)
Impairments net of reversal of prior year impairments	20	7,117	(142,658)
Loss in disposition of property, plant and equipment		(46,684)	(17,625)
Finance costs	20	(1,186,793)	(1,303,182)
Business development		(297,393)	(95,072)
Restructuring gain net	10	1,536,114	143,644
Net loss for the year		(3,248,571)	(4,236,473)
Other comprehensive income:			
Foreign currency translation adjustment		(892,985)	221,559
Comprehensive loss for the year		(4,141,556)	(4,014,914)
Net loss and comprehensive loss attributable to:			
Inca One Gold Corp.'s shareholders		(4,138,742)	(3,923,266)
Non-controlling interest		(2,814)	(91,648)
		(4,141,556)	(4,014,914)
Weighted average shares outstanding			
Basic		33,406,410	26,553,637
Diluted		33,406,410	26,533,637
Earnings (loss) per share			
Basic		(0.10)	(0.16)
Diluted		(0.10)	(0.16)

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)

	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 income (loss) for the year	-	-	-	(91,648)	221,559	(4,144,825)	(4,014,914)
Shares issued pursuant to agreement with Equinox	425,068	201,603	-	-	-	-	201,603
Shares issued for debt settlement	1,058,020	143,959	-	-	-	-	143,959
Warrants issued for debt settlement	-	-	97,178	-	-	-	97,178
Share-based payments	-	-	110,786	-	-	-	110,786
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 year	-	-	-	(2,814)	(892,985)	(3,245,757)	(4,141,556)
Shares issued pursuant to agreement with Equinox	1,187,333	575,773	-	-	-	-	575,773
Warrants exercised (note 14 (c))	5,079,114	2,835,647	(1,438,164)	-	-	-	1,397,483
Options exercised (note 14(c))	1,463,056	602,236	(97,382)	-	-	-	504,854
Share-based payments (note 14 (d))	-	-	317,866	-	-	-	317,866
Balance April 30, 2021	35,503,583	31,012,161	5,216,367	1,229,122	(992,689)	(32,288,452)	4,176,509

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

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,	
	2021	2020
Cash flows provided by (used in):	\$	\$
Operating activities:		
Net loss for the year	(3,248,571)	(4,236,473)
Decrease in restricted cash	(175,000)	-
Items not involving cash:		
Depreciation	1,155,307	1,324,539
Share-based payments	317,866	110,786
Accretion expense	20,622	17,488
Accretion of asset retirement and reclamation obligations	64,559	43,414
Interest expense	443,420	394,164
Unrealized foreign exchange	73,476	(6,085)
Loss on disposition of property plant and equipment	46,684	17,625
Impairments net of reversal of prior year impairments	(7,117)	31,339
Accretion of contractual liabilities payable to Equinox	490,337	600,634
Loss in fair value adjustment of derivatives	160,712	253,347
Gain on debt restructuring	(1,536,114)	(143,644)
Changes in non-cash operating working capital:		
Receivables	34,171	2,771,305
Prepaid expenses and deposits	262,013	643,095
Inventory	425,222	(1,010,026)
Accounts payable and accrued liabilities	(526,148)	808,156
Deferred revenue	(3,246,500)	1,955,317
Net cash provided by (used in) operating activities	(5,245,061)	3,574,981
Financing activities:		
Proceeds from gold loan	2,500,000	-
Proceeds from issuance of shares (exercised warrants and options)	1,902,337	-
Payment of contractual liabilities payable to Equinox	(50,000)	(1,000,000)
Payment of secured debenture	(300,000)	-
Proceeds from loans	305,366	-
Interest paid	(343,353)	(311,482)
Net cash provided by (used in) financing activities	4,014,350	(1,311,482)
Investing activities:		
Purchase of property, plant and equipment (net of disposition)	(640,203)	(356,127)
Proceeds on sale of property plant and equipment	93,220	13,440
Net cash used in investing activities	(546,983)	(342,687)
Increase (decrease) in cash	(1,777,694)	1,920,812
Effect of exchange rates on cash held in foreign currencies	(4,407)	4,762
Cash, beginning of the year	3,745,675	1,820,101
Cash, end of the year	1,963,574	3,745,675

Supplemental disclosure with respect to cash flows (note 22)

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, 2021 and 2020
(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 "INCA", on the OTCQB under the symbol "INCAF", 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 operating and 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 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 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, 2021, the Company had comprehensive loss of \$4.1 million, a deficit of \$32.3 million and working capital of \$0.9 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.

During the last year, COVID 19 has been a matter of major concern for the Peruvian government, which has enacted different measures with the intention of mitigating the impact on the health, population and the economy of the country. As part of these measures the mining activity was declared "essential" for the Peruvian economy, which allowed the Company to establish health and safety protocols that granted the continuation of the operations with some restrictions. The Company is continually evaluating and actively taking measures to reduce the impact of any potential outbreak in its facilities or mining areas, however at the date of the issuance of these consolidated financial statements still there is no clear understanding about the further impact of COVID 19 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 mineral 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, 2021 and 2020
(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 20, 2021.

(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.	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%

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.

(c) Changes in accounting policies and disclosures

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

- (1) IAS 1 – Presentation of Financial Statements - The amendment clarifies the guidance on whether a liability should be classified as either current or non-current. The amendments clarify that:
 - (i) The classification of liabilities as current or non-current should only be based on rights that are in place "at the end of the reporting period"

INCA ONE GOLD CORP.

Notes to the Consolidated Financial Statements
For the Years Ended April 30, 2021 and 2020
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NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (continued)

- (ii) That classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability; and
- (iii) Clarifies that settlement includes transfers to the counterparty of cash, equity instruments, other assets or services that result in extinguishment of the liability.

This amendment is effective for annual periods beginning on or after January 1, 2023. Earlier application is permitted. The Company determined that there is no impact in the adoption of this amendment.

- (2) IAS 16 - Property Plant and Equipment – The amendment to the standard prohibits the deduction from the cost of any proceeds from selling items produced while bringing an asset to its location or condition necessary for it to be capable of operating in the manner intended by management; such proceeds as well as their related costs should be recognized in profit or loss. This amendment is effective for annual periods beginning on or after January 1, 2022. Earlier application is permitted.

The Company has assessed that there is no impact in the adoption of this amendment.

(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 consolidated financial statements are reasonable; however, actual results could differ from those estimates and could impact future results of operations and cash flows.

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:

(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).

INCA ONE GOLD CORP.

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

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

Likewise, Management also assessed the impact of the modification of term for its contractual liabilities with Equinox (note 10) concluding that the transaction should be treated as an extinguishment.

(iv) Gold Loan

Management, performed a qualitative assessment regarding its pre-payment facility (note 12) and determined that is under the scope of IFRS 9. The facility is considered a financial liability with an embedded derivative. The Company has elected to fair value the gold loan at fair value through profit and loss.

(v) Contingent debenture

Management has performed an assessment of its daily production capacity against the contingent debenture criteria (note 16) 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.

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.

INCA ONE GOLD CORP.

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

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.

(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) 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.

(v) 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.

INCA ONE GOLD CORP.

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

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.

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.

(vi) 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 expenditures 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.

(vii) 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.

INCA ONE GOLD CORP.

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

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (continued)*(viii) 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.

The Company considered the impact of the COVID-19 pandemic on the significant judgments and estimates made in these 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*(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.

The functional currency of Inca One Gold Corp. is the Canadian dollar and the functional currency of all of its subsidiaries 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.
- The resulting exchange differences are recognized in other comprehensive income.

INCA ONE GOLD CORP.

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NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (continued)**(f) Cash**

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

(g) 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.

(h) 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:

Plant	5 to 30 years straight line basis
Computers	3 years declining-balance basis
Furniture and office equipment	5 years declining-balance basis

(i) 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.

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.

INCA ONE GOLD CORP.

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NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

(j) 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. Other borrowing costs are recognized as an expense in the period incurred.

(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. Changes in estimates or circumstances include changes in legal or regulatory requirements, increased obligations arising from plant capabilities expansions, changes to cost estimates, changes to the inflation rate, discount rate and changes to the risk-free interest rates.

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 cost 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.

INCA ONE GOLD CORP.

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NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 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; any payment received before these conditions are met is considered as deferred revenue and is recognized in the consolidated statement of financial position as part of its short term liabilities.

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NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (continued)**(o) Earnings (loss) per Share**

The Company calculates basic Earnings (loss) per share by dividing the net earnings (loss) attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the relevant period. Diluted earnings 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.

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 amortized cost using the effective interest method. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized 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).

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NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (continued)

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 recognized in profit or loss. Other net gains and losses are recognized 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 interest or dividend income, are recognized in profit or loss.

Financial liabilities

The Company's financial liabilities include accounts payable and accrued liabilities (except wages and benefits payable), contractual liabilities payable to Equinox, loans payable that are classified at amortized cost and a gold loan classified at fair value through profit or loss.

Fair value measurement

Assets and liabilities measured at amortized cost for which the fair value is disclosed and assets and liabilities at fair value are classified using a fair value hierarchy which 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

INCA ONE GOLD CORP.

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NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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) 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 – RECEIVABLES

	April 30, 2021	April 30, 2020
	\$	\$
GST recoverable (Canada)	24,253	23,386
IGV recoverable (Peru)	955,748	1,036,685
Other receivable	-	10,173
	980,001	1,070,244

NOTE 4 – DERIVATIVE FINANCIAL ASSETS

Derivative financial assets consist of the Company's investment in marketable securities, which comprise 15 contracts to buy a total 1,500 ounces of gold at \$1,735 per ounce with settlement dates between June 21, 2021 and August 21, 2021. As at April 30, 2021 the Company has recorded these contracts at fair value using the market spot prices at this date, as result, a \$0.05 million gain has been recognized as fair value gain in derivatives in the consolidated statement of operations and comprehensive loss. Subsequent to year end, the Company sold the contracts for proceeds of \$0.16 million

In connection with its derivative financial assets the Company had \$0.2 million in a margin account, which as at April 30, 2021 have been classified as restricted cash flow in its consolidated statement of financial position.

NOTE 5 – PREPAID EXPENSES AND DEPOSITS

	April 30, 2021	April 30, 2020
	\$	\$
Deposits with mineral suppliers	-	7,313
Other deposits and advances	427,517	131,386
Prepaid taxes	264,913	776,796
Prepaid expenses	106,183	125,601
	798,613	1,041,096

NOTE 6 – INVENTORY

	April 30, 2021	April 30, 2020
	\$	\$
Ore stockpiles and gold in process	3,754,492	1,244,139
Finished goods – gold doré bars	517,750	3,502,925
Materials and supplies	391,107	341,507
	4,663,349	5,088,571

INCA ONE GOLD CORP.

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NOTE 6 – INVENTORY (continued)

As at April 30, 2021, the Company assessed the value of its mineral in stockpiles and tanks as well as its finished products, as result a NRV impairment of \$0.05 million (April 30, 2020 – \$0.07 million) has been recorded as part of the cost of the goods sold in the consolidated statement of operations and comprehensive loss.

NOTE 7 – 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 April 30, 2021, 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% (April 30, 2020 – 11%), and a duration of approximately 14 years (April 30, 2020 – 18 years) for its estimation. The Company is in the process of evaluating the collectability of this Historical IGV.

NOTE 8 – 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	353,413	1,723	991	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	658,475	3,940	-	662,415
Reclassification	(69,125)	41,360	27,765	-
Disposals/write-off	(146,575)	-	-	(146,575)
Balance, April 30, 2021	15,645,200	208,514	121,108	15,974,822

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NOTE 8 – PROPERTY, PLANT AND EQUIPMENT (continued)**Accumulated Depreciation:**

Balance, April 30, 2019	2,815,129	67,007	60,232	2,942,368
Depreciation	1,249,552	42,355	32,632	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	1,106,600	38,892	9,815	1,155,307
Disposals	(3,128)	-	-	(3,128)
Balance, April 30, 2021	5,144,993	148,254	102,679	5,395,926
Net Book Value:				
April 30, 2020	11,160,904	53,852	479	11,215,235
April 30, 2021	10,500,207	60,260	18,429	10,578,896

NOTE 9 – ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	April 30, 2021	April 30, 2020
	\$	\$
Trade accounts payable and accruals	2,679,523	2,973,867
Management, consulting and professional fees payable	-	64,245
Accrued interest	97,930	48,587
	2,777,453	3,086,699

NOTE 10 – 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 Kori One ore processing facility in Peru (“Kori One Plant”).

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

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NOTE 10 – CONTRACTUAL LIABILITIES PAYABLE TO EQUINOX (continued)

In accordance with IFRS 9, 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 consolidated statement of operations and comprehensive loss.

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

	April 30, 2020	OCI ^(a)	Accretion adjustment	Payment (note 14(c))	Extinguishment of liability	New liability recognized	April 30, 2021
	\$	\$	\$	\$	\$	\$	\$
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 IGV</u>							
Payable in cash	198,285	-	-	(50,000)	-	44,892	193,177
Total Current	4,572,830	166,677	79,333	(625,773)	(4,044,782)	44,892	193,177

(a) Other Comprehensive Income

	April 30, 2020	OCI ^(a)	Accretion adjustment	Payment (note 14(c))	Extinguishment of liability	New liability recognized	April 30, 2021
	\$	\$	\$	\$	\$	\$	\$
Non-Current Contractual Liabilities							
<u>Promissory Notes Payable</u>							
In cash	-	89,305	67,859	-	-	931,742	1,088,906
In cash or shares	1,554,266	340,603	289,663	-	(1,628,680)	3,295,691	3,851,543
<u>Working capital Payable</u>							
In cash	603,297	-	53,482	-	(620,087)	530,002	566,694
Total Non-Current	2,157,563	429,908	411,004	-	(2,248,767)	4,757,435	5,507,143

As at April 30, 2021, the restructured non-interest bearing promissory notes with Equinox has a face value of CAD\$7.95 million with the following details:

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NOTE 10 – CONTRACTUAL LIABILITIES PAYABLE TO EQUINOX (continued)

Face Value as at inception	Payments	Face Value as at April 30, 2021	due date	Payable in:	Estimated Fair value ^(b) as at April 30, 2021
CAD	CAD	CAD			USD
1,500,000	-	1,500,000	August 20, 2022	Cash	1,088,906
2,500,000	(1,048,061)	1,451,939	August 20, 2023	Cash or shares ^(a)	961,761
2,500,000	-	2,500,000	August 20, 2024	Cash or shares ^(a)	1,511,048
2,500,000	-	2,500,000	August 20, 2025	Cash or shares ^(a)	1,378,734
9,000,000	(1,048,061)	7,951,939			4,940,449

(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 April 30, 2021, 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 April 30, 2021, the fair value of this payment has been estimated at \$0.6 million considering a discount rate of 9.59% and is classified as a non-current liability.

NOTE 11 – LOANS PAYABLE

	April 30, 2021	April 30, 2020
Current Liabilities	\$	\$
Promissory note ⁽¹⁾⁽²⁾	262,015	-
CAD Secured Debenture (CAD\$ 1,600,000) ⁽⁴⁾	1,295,350	-
USD Secured Debenture ⁽³⁾	-	300,000
Total Current promissory note and credit facility	1,557,365	300,000
Non-current Liabilities		
Promissory note ⁽²⁾	43,351	-
CAD Secured Debenture (CAD\$ 1,600,000) ⁽⁴⁾	-	1,124,620
USD Notes Payable ⁽⁵⁾	930,000	930,000
Total Non-current promissory note	973,351	2,054,620

As at April 30, 2021, the Company had the following loans payable:

- 1) On December 10, 2020, the Company received \$0.35 million in exchange for a promissory note. The promissory note is unsecured, has a six month term and pays monthly interest at a rate of 11% per annum with principal being paid in equal portions during the last three months of the term. As at

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NOTE 11 – LOANS PAYABLE (continued)

April 30, 2021 the outstanding amount for this promissory note is \$0.2 million and has been classified as current liability.

- 2) During August 2020, the Company received \$0.09 million in exchange for a promissory note. The promissory note is unsecured, has a three year term and pays interest at a rate of 11% per annum. The Company is required to make monthly payments of principal plus interest. As at April 30, 2021, the Company had paid \$0.02 million of the principal, leaving a total of \$0.07 million of which \$0.03 million has been classified as current liability and the balance of \$0.04 million as non-current liability.
- 3) 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.
- 4) 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 14(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 April 30, 2021.
- 5) 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 April 30, 2021.

NOTE 12 – GOLD LOAN

On March 15, 2021, the Company arranged a \$2.5 million gold pre-payment facility (the “Facility”). The Company drew down and received the funds from the Facility on March 26, 2021 (the “Advance Date”). The Facility matures 135 days after the Advance Date and is payable in gold bullion. A total of 1,534 ounces of gold is payable in three equal payments on June 9, 2021, July 9, 2021 and on August 9, 2021. In the event of default by the Company, the lender has the right to convert any amounts outstanding into shares of Inca

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NOTE 12 – GOLD LOAN (continued)

One at C\$0.43 per share. Subsequent to year end, the Company delivered all three payments and closed the Facility.

The Facility is considered under IFRS 9 – Financial Instruments and has been determined to be a financial liability with an embedded derivative, the Company has measured the entire facility at fair value using the gold futures price on the dates of delivery. As a result, the Company has recorded a fair value loss of \$0.2 million in the Consolidated Statement of Operations and Comprehensive Income.

NOTE 13 – 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, 2021	April 30, 2020
	\$	\$
Beginning of year	1,088,094	1,085,647
Accretion	64,559	43,414
Change in estimate	-	(40,967)
	1,152,653	1,088,094

As at April 30, 2021, 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 6.15% (April 30, 2020 5.4%) discount rate (Peruvian government bond rate) and a 2.15% (April 30, 2020 1.88%) inflation rate were used to calculate the present value of these provisions.

NOTE 14 – 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 April 30, 2021, there were 35,503,583 shares issued and outstanding (April 30, 2020 – 27,774,080).

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NOTE 14 – SHARE CAPITAL AND EQUITY RESERVES (continued)**(c) Share Issuances**

Share capital transactions for the year ended April 30, 2021 were:

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 10).

During the year ended April 30, 2021, 6,542,170 common shares were issued for proceeds of \$1.4 million on the exercise of 5,079,114 warrants at an average price of CAD\$0.37 per share and \$0.5 million on the exercise of 1,463,056 stock option at an average of CAD\$0.45 per share.

Share capital transactions for the year ended April 30, 2020 were:

The Company issued 160,733 shares on August 21, 2019 and 264,335 on April 28, 2020 as partial payment of CAD\$2.5 million which was due on August 21, 2019.

On March 16, 2020, the Company issued Shares to the following creditors in settlement of the Company's indebtedness:

- 528,986 shares at CAD\$0.20 per common share, issued to certain directors and officers of the company for consulting fees and expenses paid on behalf of the Company for a total value of CAD\$0.1 million; and
- 529,034 shares at CAD\$0.20 per common share, issued to certain directors, officers and employees of the Company for director fees and executive and employee bonuses for a total value of CAD\$0.1 million.

(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 14(b)):

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NOTE 14 – SHARE CAPITAL AND EQUITY RESERVES (continued)

	Share-based Options (note 14(c)) #	Weighted Average Exercise Price (note 14(c)) CAD\$
Balance, April 30, 2019	2,291,286	0.66
Granted	1,465,000	0.32
Expired/Cancelled	(1,531,286)	0.73
Balance, April 30, 2020	2,225,000	0.39
Granted	2,375,000	0.50
Exercised ⁽¹⁾	(1,463,056)	0.45
Expired	(77,398)	0.50
Balance, April 30, 2021	3,059,546	0.48

(1) As at April 30, 2021, the weighted average price of the shares at the exercise date was CAD\$0.45

The following table summarizes the share-based options outstanding, presented on a post consolidated basis (note 14(b)), as at April 30, 2021:

Share-based Options #	Exercise Price CAD\$	Expiry Date	Vesting Provisions
200,000	0.50	July 23, 2021	Vested
20,000	0.50	November 7, 2021	Unvested
605,000	0.19	March 30, 2022	Vested
50,000	1.00	August 25, 2022	Vested
75,000	0.50	August 1, 2023	Unvested
1,584,546	0.55	December 18, 2022	Vested
350,000	0.55	December 18, 2024	Unvested
175,000	0.50	March 5, 2025	Unvested
3,059,546 ⁽¹⁾			

(1) As at April 30, 2021, the total number of exercisable options is 2,590,796 share-based options

As at April 30, 2021, the weighted average remaining contractual life of the share-based options was 1.76 years (April 30, 2020 – 1.37 years).

During the year ended April 30, 2021, the Company recognized share-based payments of \$0.3 million (April 30, 2020 \$0.1 million) for share-based options granted and vested during the period.

The fair value of share-based options granted during the year ended April 30, 2021 was estimated using the Black-Scholes options pricing model using a risk free rate between 0.55% and 0.35% (April 30, 2020 – 1.00% to 1.35%), a volatility of between 96.32% and 92.01% (April 30, 2020 – 58.14% to 84.92%) and an expected life of between 1.0 and 2.75 year (April 30, 2020 – 1.0 to 2.5 years).

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NOTE 14 – SHARE CAPITAL AND EQUITY RESERVES (continued)**(e) Warrants**

The status of the share purchase warrants outstanding, presented on a post consolidated basis (note 14(b)), is as follows:

	Warrants #	Weighted Average Exercise Price CAD\$
Balance April 30, 2019	8,481,031	2.43
Granted ⁽¹⁾	1,388,889	0.18
Expired/Cancelled	(3,708,662)	4.10
Balance April 30, 2020	6,161,258	0.43
Exercised	(5,079,114)	0.37
Expired/Cancelled	(213,401)	4.32
Balance, April 30, 2021	868,743	0.28

(1) The fair value of the share purchase warrants was estimated using Black-Scholes pricing model using a risk free rate of 1.0%, volatility of 76.61% and expected life of 3 years

The following table summarizes the share purchase warrants outstanding, presented on a post consolidated basis (note 14(b)), as at April 30, 2021:

Warrants	Exercise Price	Expiry Date
#	\$	
106,667	1.00	September 1, 2021
762,076	0.18	March 16, 2023
868,743		

As at April 30, 2021, the weighted average remaining contractual life of the warrants was 1.69 years (April 30, 2020 – 0.57 years).

NOTE 15 – 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 year ended April 30, 2021 and 2020 as follows:

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NOTE 15 – RELATED PARTY TRANSACTIONS (continued)

	Year Ended April 30,	
	2021	2020
	\$	\$
Management, salaries and consulting fees	573,077	386,506
Director fees	51,956	28,432
Business development	148,991	-
Share-based payments	248,567	71,243
	1,022,591	486,181

(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 year ended April 30, 2021 and 2020 as follows:

	Year Ended April 30,	
	2021	2020
	\$	\$
Management fees	336,219	236,861
Salaries	236,858	149,645
Business development	22,000	-
Share-based payments	180,776	46,128
	775,853	432,634

(c) Related Party Balances

All related party balances payable, including for business expenses reimbursements, annual bonuses are approved by the board of directors, and for services rendered as at April 30, 2021 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 \$0.05 million payable (April 30, 2020 – \$0.3 million payable) to the Directors or companies controlled by the Directors.

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NOTE 16 – COMMITMENTS

In addition to the commitments in connection with the Company’s financings (note 10, note 11 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\$3,824 and termination date on July 31, 2023.

As at April 30, 2021, the Company had a commitment to sell approximately 287 ounces of gold doré (April 30, 2020 - 2,278 ounces of gold doré) to third parties, which was settled subsequent to April 30, 2021 through the delivery of gold. At April 30, 2021 the Company received advances of \$0.5 million (April 30, 2020 – \$3.7 million) in relation to this commitment and have been included as current deferred revenues in the consolidated statement of financial position.

A summary of liabilities and future operating commitments at April 30, 2021 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	2,777,453	2,777,453	-	-
Contractual liabilities payable to Equinox	5,700,320	193,177	5,507,143	-
Loans payable	2,530,716	1,557,365	973,351	-
Gold loan	2,711,652	2,711,652	-	-
	13,720,141	7,239,647	6,480,494	-
Commitments				
Office lease rental	98,832	49,882	48,950	-
Gold sale deferred revenue	480,000	480,000	-	-
Asset retirement and reclamation obligations	1,152,653	-	-	1,152,653
	1,731,485	529,882	48,950	1,152,653
	15,451,626	7,769,529	6,529,444	1,152,653

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 April 30, 2021 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 17 – SEGMENTED INFORMATION

All of the Company's operating and capital assets are located in Peru except for \$0.7 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:

	Year Ended April 30,	
	2021	2020
Peru segment	\$	\$
Revenue	30,347,186	31,392,930
Cost of goods	(30,021,285)	(31,591,559)
Gross margin (deficit)	325,901	(198,629)
Income (loss) for the year	(1,286,839)	(2,037,909)

During the year ended April 30, 2021, 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 18 – FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**(a) Fair Value of Financial Instruments**

As at April 30, 2021, the Company's financial instruments consist of cash, receivables, derivative financial assets, long term receivables, accounts payable and accrued liabilities, contractual liabilities payable to Equinox, loans payable and gold loan.

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 (note 2(r)).

As at April 30, 2021 and 2020, 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 derivative asset and the gold loan have been assessed on the fair value hierarchy described above and is classified as Level 1.

(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:

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NOTE 18 – FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

(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, 2021, the Company had cash of \$2.1 million (April 30, 2020 - \$3.7 million) and current working capital of \$0.9 million (April 30, 2020 – working capital deficit of \$0.7 million) with total liabilities of \$15 million (April 30, 2020 - \$17 million).

A summary of the Company's future operating commitments is presented in note 16.

(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, 2021, 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:

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NOTE 18 – FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

	April 30, 2021	April 30, 2020
	\$	\$
CAD dollar:		
Cash	7,530	37,900
Receivables	24,253	23,386
Accounts payable and accrued liabilities	(541,006)	(439,474)
Secured debentures	(1,295,350)	(1,124,620)
Contractual liabilities payable to Equinox	(4,940,504)	(5,928,811)
Net assets (liabilities)	(6,745,077)	(7,431,619)
Sol:		
Cash	77,425	185,920
Receivables	1,051,824	859,798
Accounts payable and accrued liabilities	(221,412)	(601,000)
Net assets (liabilities)	907,837	444,718

Assuming all other variables constant, an increase or a decrease of 10% of the Canadian dollar against the US dollar, as of April 30, 2021 would have changed the Company's net loss by approximately \$0.7 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, 2021 would have changed the Company's net loss by approximately \$0.1 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 asset and its gold loan balances and future gold price expectations as it relates to gold-bearing mineral purchases and sales revenues. The Company continuously monitors precious metal trading prices as they are included in projections prepared to determine its future strategy.

NOTE 19 – 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, plant operations and to maintain the

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NOTE 19 – CAPITAL MANAGEMENT (continued)

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's current capital structure consists of loans payable of \$2.5 million (April 30, 2020 - \$2.3 million), promissory notes payable to Equinox of \$5.5 million (April 30, 2020 - \$6.5 million), a gold loan of \$2.7 million (April 30, 2020 - \$nil) and shareholders' equity of \$2.9 million (April 30, 2020 - \$4.3 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.

NOTE 20 – INFORMATION INCLUDED IN THE CONSOLIDATED STATEMENTS OF OPERATIONS

	Year Ended April 30,	
	2021	2020
Cost of goods sold:	\$	\$
Ore	22,193,987	24,119,319
Salaries, benefits and other employee expenses	1,840,361	1,661,902
Production supplies	1,341,817	2,017,324
Transportation	326,639	474,555
Other production costs	2,729,965	2,849,621
Depreciation of property plant and equipment	1,106,637	1,297,083
Write-down in fair value of inventory	54,826	70,222
Variation of finished goods – gold doré bars	2,985,175	(2,141,914)
Variation of ore stock piles and gold in process	(2,510,353)	1,243,447
Total cost of goods sold	30,069,054	31,591,559

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NOTE 20 – INFORMATION INCLUDED IN THE CONSOLIDATED STATEMENTS OF OPERATIONS (continued)

	Year Ended April 30,	
	2021	2020
Corporate and administrative expenses:	\$	\$
Consulting fees	21,012	31,180
Management fees and salaries	1,440,814	1,373,857
Depreciation	48,670	27,456
Directors fees	51,956	28,432
Investor relations and regulatory fees	172,900	129,914
Advertising and corporate development	731,764	40,378
Office, rent, utilities, insurance and other	352,425	317,974
Professional fees	445,194	457,724
Share-based payments	317,866	110,786
Terminated transaction cost	-	13,908
Travel and accommodation	503	91,342
Total corporate and administrative expenses	3,583,104	2,622,951
Prior year impairment reversal net of impairment:		
Impairment of property plant and equipment	-	(31,339)
Impairment of advances to miners	7,117	(111,319)
Total prior year impairment reversal net of impairment	7,117	(142,658)
Finance costs:		
Accretion expense	(85,181)	(60,902)
Interest costs	(443,420)	(394,164)
Foreign exchange gain	21,501	5,865
Fair value loss (net of gain) on financial instruments	(160,712)	(253,347)
Accretion of contractual liabilities payable to Equinox	(490,337)	(599,553)
Fair value adjustment on long term receivable	(28,644)	(1,081)
Total finance costs and other income (expenses)	(1,186,793)	(1,303,182)

NOTE 21 – INCOME TAXES**(a) Income tax expense (recovery)**

	Years ended April 30,	
	2021	2020
	\$	\$
Deferred tax expense (recovery)		
Origination and reversal of temporary differences	(521,170)	(358,031)
Change in unrecognized deductible temporary differences	521,170	358,031
Total income tax expense (recovery)	-	-

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NOTE 21 – INCOME TAXES (continued)

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,	
	2021	2020
	\$	\$
Net loss before income taxes for the year	(3,248,571)	(4,236,473)
Statutory income tax rate	27%	27%
Expected income tax	(877,114)	(1,143,848)
Increase (decrease) resulting from		
Impact of different foreign statutory tax rates	(37,608)	(52,332)
Non-deductible amounts	197,682	447,200
Impact on change in foreign exchange rate	195,870	390,949
Change in unrecognized deductible temporary differences	521,170	358,031
Income tax expense (recovery)	-	-

(b) Recognized deferred tax assets and liabilities

	Years ended April 30,	
	2021	2020
	\$	\$
Deferred tax assets are attributable to the following:		
Loss carryforwards	1,540,612	1,119,917
Asset retirement and reclamation provision	106,661	-
Set-off of tax	-	(1,119,917)
Net deferred tax asset	1,644,273	-
Deferred tax liabilities are attributable to the following:		
Property, plant and equipment	(1,135,990)	(1,119,917)
Set-off of tax	(508,283)	1,119,917
Net deferred tax liabilities	(1,644,273)	-
Net deferred tax	-	-

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NOTE 21 – INCOME TAXES (continued)**(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,	
	2021	2019
	\$	\$
Loss carry forwards	28,173,932	25,571,627
Deductible temporary differences	(596,635)	1,425,315
	27,577,297	26,996,942

The Company has tax losses for Peruvian purposes of approximately \$7.8 million (2020 - \$11.6 million) 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 \$22.3 million (2020 - \$16.59 million) in Canada which expire over 2026 through 2041 which have not been recognized in these financial statements.

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

NOTE 22 – SUPPLEMENTAL CASH FLOW INFORMATION

Interest and income taxes paid in cash during the year ended April 30, 2021, were \$0.3 million (April 30, 2020 - \$0.28 million) and \$0.07 million (April 30, 2020 - \$0.05 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 23 – SUBSEQUENT EVENTS**Non-brokered private placement**

On May 26, 2021 the Company arranged a non-brokered private placement for gross proceeds of CAD \$0.6 million with the issuance of 1,533,645 units at a subscription price of CAD\$ 0.40 per unit. Each unit comprised one common share of the Company and one transferable common share purchase warrant, which will entitle the holder to purchase an additional share of the Company at an exercise price of CAD \$0.60 for a period of 36 months from the closing date.

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NOTE 23 – SUBSEQUENT EVENTS (continued)

Gold Prepayment Facility

In August 2021, the Company arranged a \$9 million gold prepayment facility (“New Facility”) from OCIM.

The New Facility signed on August 6, 2021, will be available to the Company in two tranches. The first tranche is for approximately \$6 million and is payable with 4,181 ounces of gold bullion in 16 equal, monthly payments of 261.3 ounces. The first payment is due 90 days after receipt of the funds, on November 4, 2021.

Net proceeds of the New Facility’s first tranche received by the Company on August 6, 2021, were for approximately \$5.95 million, of which \$4.6 million will be used to purchase gold mill feed, and \$1.35 million will be used for the repayment of a secured debenture. The New Facility is secured by a Canadian general security agreement and will have registered security over the Chala One plant and equipment in favor of OCIM.

A second tranche can extend the New Facility for an additional \$3.0 million at the request of the Company and the discretion of OCIM (the “Drawdown Option”). This Drawdown Option will be payable in 18 equal monthly payments of gold bullion, with the first payment due 30 days after receipt of the Drawdown Option.