



INCA ONE GOLD CORP.

Condensed Interim Consolidated Financial Statements
For the Three and Six Months Ended October 31, 2023, and 2022
(Unaudited - Expressed in US Dollars)

NOTICE TO READER

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

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

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

INCA ONE GOLD CORP.

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

	Note	October 31, 2023	April 30, 2023
		\$	\$
Assets			
Current:			
Cash		947,696	761,542
Receivables	3	2,861,534	2,977,070
Prepaid expenses and deposits	4	880,775	1,164,369
Inventory	5	6,412,697	5,949,862
Total current assets		11,102,702	10,852,843
Long term receivable	6	285,232	296,303
Property, plant and equipment	7	9,026,301	9,589,852
Right of use assets	9	703,457	198,932
Total assets		21,117,692	20,937,930
Liabilities			
Current:			
Accounts payable and accrued liabilities	8	4,967,567	4,107,411
Contractual liabilities payable to Equinox	10	4,167,826	2,450,069
Loans payable	11	2,092,771	2,156,111
Deferred revenue		1,959,000	1,488,000
Gold loan	12	7,385,332	7,953,755
Current portion of lease liabilities	9	298,698	56,532
Total current liabilities		20,871,194	18,211,878
Accounts payable and accrued liabilities		79,061	93,074
Contractual liabilities payable to Equinox	10	1,535,327	3,140,319
Loans payable	11	924,584	944,536
Asset retirement and reclamation obligations	13	1,979,961	1,915,366
Deferred income tax		441,513	441,513
Lease liabilities	9	372,599	99,323
Total liabilities		26,204,239	24,846,009
Shareholders' Equity			
Share capital	14	32,552,516	32,537,441
Equity reserves	14	5,485,989	5,482,275
Convertible debentures – equity component	11	12,895	12,895
Accumulated other comprehensive income		(163,478)	(324,673)
Deficit		(44,208,026)	(42,846,001)
Shareholders' equity (deficiency) attributable to Inca One		(6,320,104)	(5,138,063)
Non-controlling interest		1,233,557	1,229,984
Total shareholders' equity		(5,086,547)	(3,908,079)
Total liabilities and shareholders' equity		21,117,692	20,937,930

Nature of operations and going concern (note 1)

Commitments (note 16)

Approved on behalf of the Board of Directors on December 8, 2023

“Bruce Bragagnolo”

Director

“Edward Kelly”

Director

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

INCA ONE GOLD CORP.

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

	Notes	Three Months Ended October 31,		Six Months Ended October 31,	
		2023	2022	2023	2022
		\$	\$	\$	\$
Revenue		9,699,798	9,385,695	21,224,126	21,103,805
Cost of goods sold					
Cost of operations	18	(8,865,656)	(8,710,637)	(19,334,140)	(19,412,892)
Depreciation	18	(310,343)	(301,327)	(613,417)	(602,169)
Total cost of goods sold		(9,175,999)	(9,011,964)	(19,947,557)	(20,015,061)
Gross operating margin		523,799	373,731	1,276,569	1,088,744
Corporate and administrative expenses	18	(768,517)	(843,131)	(1,479,843)	(1,678,382)
Gain (Loss) from operations		(244,718)	(469,400)	(203,274)	(589,638)
Impairments net of reversal of prior year im		-	-	-	7,000
Finance costs	18	(801,827)	(571,089)	(1,155,178)	(1,492,703)
Net loss for the period		(1,046,545)	(1,040,489)	(1,358,452)	(2,075,341)
Other comprehensive income:					
Foreign currency translation adjustment		372,682	434,655	161,195	443,805
Comprehensive loss for the period		(673,863)	(605,834)	(1,197,257)	(1,631,536)
Net loss and comprehensive loss attributable to:					
Inca One Gold Corp.'s shareholders		(674,241)	(610,967)	(1,200,830)	(1,644,784)
Non-controlling interest		378	5,133	3,573	13,248
		(673,863)	(605,834)	(1,197,257)	(1,631,536)
Weighted average shares outstanding					
Basic		40,700,589	39,252,152	40,661,296	39,237,242
Diluted		40,700,589	39,252,152	40,661,296	39,237,242
Loss per share					
Basic		(0.03)	(0.03)	(0.03)	(0.05)
Diluted		(0.03)	(0.03)	(0.03)	(0.05)

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

INCA ONE GOLD CORP.

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

	Common shares	Share capital	Equity reserves	Convertible debenture – equity component	Non-controlling interest	Accumulated other comprehensive (loss) income	Deficit	Total shareholders' equity
	#	\$	\$	\$	\$	\$	\$	\$
Balance, April 30, 2022	39,200,670	32,194,972	5,435,660	-	1,220,375	(697,831)	(37,131,873)	1,021,303
Comprehensive income (loss) for the period	-	-	-	-	13,248	443,805	(2,088,589)	(1,631,536)
Warrants exercised (note 14 (e))	51,482	10,740	(3,602)	-	-	-	-	7,138
Share-based payments (note 14 (d))	-	-	18,161	-	-	-	-	18,161
Balance October 31, 2022	39,252,152	32,205,712	5,450,219	-	1,233,623	(254,026)	(39,220,462)	(584,934)
Comprehensive income (loss) for the period	-	-	-	-	(3,639)	(70,647)	(3,625,539)	(3,699,825)
Convertible debentures – equity component (note 12 (d))	-	-	-	12,895	-	-	-	12,895
Shares issued pursuant to agreement with Equinox	281,843	134,556	-	-	-	-	-	134,556
Shares issued for debt settlement (note 14 (c))	466,000	73,281	-	-	-	-	-	73,281
Warrants exercised	610,594	123,892	(42,722)	-	-	-	-	81,170
Share-based payments	-	-	74,778	-	-	-	-	74,778
Balance, April 30, 2023	40,610,589	32,537,441	5,482,275	12,895	1,229,984	(324,673)	(42,846,001)	(3,908,079)
Comprehensive income (loss) for the period	-	-	-	-	3,573	161,195	(1,362,025)	(1,197,257)
Options exercised (note 14 (e))	90,000	15,075	(2,802)	-	-	-	-	12,273
Share-based payments (note 14 (d))	-	-	6,516	-	-	-	-	6,516
Balance October 31, 2023	40,700,589	32,552,516	5,485,989	12,895	1,233,557	(163,478)	(44,208,026)	(5,086,547)

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

INCA ONE GOLD CORP.

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

	Six Months Ended October 31,	
	2023	2022
Cash flows provided by (used in):	\$	\$
Operating activities:		
Net loss for the period	(1,358,452)	(2,075,341)
Items not involving cash:		
Depreciation	633,305	613,378
Depreciation of right of use assets	78,515	40,372
Share-based payments	6,516	18,161
Accretion of asset retirement and reclamation obligations	64,595	44,907
Interest expense	496,592	305,375
Unrealized foreign exchange	(38,113)	192,373
Fair value adjustment on long term receivable	(11,375)	(22,504)
Accretion of contractual liabilities payable to Equinox	194,027	240,061
Change in fair value of derivatives	301,971	704,790
Changes in non-cash operating working capital:		
Receivables	159,636	1,034,418
Prepaid expenses and deposits	283,594	(368,537)
Inventory	(462,835)	266,074
Accounts payable and accrued liabilities	714,284	(1,504,365)
Deferred revenue	471,000	4,044,900
Net cash provided by operating activities	1,533,260	3,534,062
Financing activities:		
Proceeds from issuance of shares (including exercised warrants and options)	12,273	7,138
Proceeds from loans (net of repayments)	(43,388)	427,159
Payments of Gold Loans	(870,394)	(2,632,746)
Decrease in restricted cash	-	(260,000)
Interest paid	(363,410)	(249,415)
Net cash used in financing activities	(1,264,919)	(2,707,864)
Investing activities:		
Purchase of property, plant and equipment	(57,371)	(70,042)
Net cash used in investing activities	(57,371)	(70,042)
Increase (decrease) in cash	210,970	756,156
Effect of exchange rates on cash held in foreign currencies	(24,816)	(8,103)
Cash, beginning of the year	761,542	1,565,378
Cash, end of the period	947,696	2,313,431

Supplemental disclosure with respect to cash flows (note 19)

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

INCA ONE GOLD CORP.

Notes to the Condensed Interim Consolidated Financial Statements
For the Three and Six Months Ended October 31, 2023 and 2022
(Unaudited - Expressed in US Dollars)

NOTE 1 – NATURE OF OPERATIONS AND GOING CONCERN

Inca One Gold Corp. (the "Company") was incorporated under the laws of Canada on November 9, 2005 and was continued under the British Columbia Business Corporations Act on November 26, 2010. On September 17, 2014, the Company changed its name from Inca One Resources Corp. to Inca One Gold Corp. The Company's shares are traded on the TSX Venture Exchange (the "TSX-V") under the symbol "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 of processing capacity. The Company's business plan is to source high grade gold mill feed from legally recognized Peruvian artisanal and small scale miners, purchase and process the material, and export gold doré.

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

These condensed interim consolidated financial statements are prepared on a going concern basis, which contemplates that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. For the six months ended October 31, 2023, the Company had comprehensive loss of \$1.2 million, a deficit of \$44.2 million and working capital deficit of \$7.3 million. These conditions indicate a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. Management intends to fund operating and administration costs and debt and debt service costs over the year with the proceeds from gold doré sales at the Company's gold ore processing facilities in Peru and where required, from debt and equity financing and proceeds from option and warrant exercises.

The Company's ability to continue as a going concern is dependent upon its ability to generate net income and positive cash flows from its mineral processing operations and its ability to raise equity capital or debt sufficient to meet current and future obligations. These condensed interim consolidated financial statements do not reflect the adjustments to the carrying values and classifications of assets and liabilities that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

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Notes to the Condensed Interim Consolidated Financial Statements
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NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES**(a) Basis of presentation**

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

These condensed interim consolidated financial statements have been prepared using the significant accounting policies and measurement bases summarized below and were approved by the board of directors for issue on December 8, 2023.

(b) Basis of consolidation

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

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

(c) Changes in accounting policies and disclosures

There were no new standards effective May 1, 2023 that impacted these condensed interim consolidated financial statements or are expected to have a material effect in the future.

(d) Significant accounting judgements and estimates

The preparation of financial statements in conformity with IFRS requires the Company to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. Management believes the estimates and assumptions used in these condensed interim consolidated financial statements are reasonable; however, actual results could differ from those estimates and could impact future results of operations and cash flows. The Company’s significant accounting judgments and estimates were presented in note 2 of the audited annual consolidated financial statements for the years ended April 30, 2023 and 2022.

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(Unaudited - Expressed in US Dollars)

NOTE 3 – RECEIVABLES

	October 31, 2023	April 30, 2023
	\$	\$
GST recoverable (Canada)	5,327	9,334
IGV recoverable (Peru)	2,832,180	2,958,791
Other	24,027	8,945
	2,861,534	2,977,070

NOTE 4 – PREPAID EXPENSES AND DEPOSITS

	October 31, 2023	April 30, 2023
	\$	\$
Other deposits and advances	96,413	108,959
Prepaid taxes	356,039	693,020
Prepaid expenses	428,323	362,390
	880,775	1,164,369

NOTE 5 – INVENTORY

	October 31, 2023	April 30, 2023
	\$	\$
Ore stockpiles and gold in process	3,120,393	3,270,726
Finished goods – gold doré bars	2,851,048	2,253,003
Materials and supplies	441,256	426,133
	6,412,697	5,949,862

As at October 31, 2023 and April 30, 2023, the Company recorded the value of its mineral in stockpiles, tanks and finished products at cost.

The amount of inventory recognized as expense for the three and six months ended October 31, 2023 was \$7.8 million and \$14.8 million respectively (October 31, 2022 - \$6.1 million and \$14.4 million respectively)

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

NOTE 6 – LONG TERM RECEIVABLE

	October 31, 2023	April 30, 2023
	\$	\$
Beginning of year ⁽¹⁾	296,303	292,074
Transferred to IGV recoverable (Peru)	(22,446)	(44,892)
Change in estimate ⁽²⁾	11,375	49,121
	285,232	296,303

⁽¹⁾ Estimated fair value of the 50% of the right to claim refunds of prior years' general sales taxes ("Historical IGV") recognized as part of the acquisition of Anthem United Inc, from Equinox Gold Corp.

⁽²⁾ The Company used a discount rate of 11% (April 30, 2023 – 11%) and a duration of approximately 11 years (April 30, 2023 – 11.8 years)

NOTE 7 – PROPERTY, PLANT AND EQUIPMENT

	Plant	Computers	Furniture and Equipment	Total
	\$	\$	\$	\$
Costs:				
Balance, April 30, 2022	16,353,034	209,037	121,404	16,683,475
Additions	370,924	-	-	370,924
Change in ARO reserve	420,974	-	-	420,974
Reclassification	(88,518)	102,193	(13,675)	-
Balance, April 30, 2023	17,056,414	311,230	107,729	17,475,373
Additions	69,754	-	-	69,754
Reclassification	(86,456)	28,397	58,059	-
Balance, October 31, 2023	17,039,712	339,627	165,788	17,545,127
Accumulated Depreciation:				
Balance, April 30, 2022	6,292,291	165,761	113,567	6,571,619
Depreciation	1,255,474	45,427	13,001	1,313,902
Reclassification	27,045	-	(27,045)	-
Balance, April 30, 2023	7,574,810	211,188	99,523	7,885,521
Depreciation	510,649	89,106	33,550	633,305
Reclassification	82,508	(56,411)	(26,097)	-
Balance, October 31, 2023	8,167,967	243,883	106,976	8,518,826
Net Book Value:				
April 30, 2023	9,481,604	100,042	8,206	9,589,852
October 31, 2023	8,871,745	95,744	58,812	9,026,301

INCA ONE GOLD CORP.

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

NOTE 8 – ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	October 31, 2023	April 30, 2023
	\$	\$
Trade accounts payable and accruals ^(a)	4,776,051	4,004,470
Accrued interest	191,516	102,941
	4,967,567	4,107,411

^(a) Includes tax liabilities of which \$0.02 million has been classified as current and \$0.1 million has been classified as non-current liabilities.

NOTE 9 – LEASES

The Company has leases for the land of its Chala One plant and for administrative offices in Lima and Vancouver, which have initial terms between 3 to 30 years. Certain leases include an option to renew the lease after the end of the contract term.

Right-of-use assets

	Land \$	Buildings \$	Vehicles \$	Total \$
Costs:				
Balance, April 30, 2022	139,520	197,519	-	337,039
Additions	2,795	3,528	-	6,323
Balance, April 30, 2023	142,315	201,047	-	343,362
Additions	-	-	583,040	583,040
Balance, October 31, 2023	142,315	201,047	583,040	926,402

	Land \$	Buildings \$	Vehicles \$	Total \$
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Accumulated Depreciation:

Balance, April 30, 2022	1,453	61,594	-	63,047
Depreciation	4,512	76,871	-	81,383
Balance, April 30, 2023	5,965	138,465	-	144,430
Depreciation	2,434	30,111	45,970	78,515
Balance, October 31, 2023	8,399	168,576	45,970	222,945

Net Book Value:

April 30, 2023	136,350	62,582	-	198,932
October 31, 2023	133,916	32,471	537,070	703,457

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Notes to the Condensed Interim Consolidated Financial Statements
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NOTE 9 – LEASES (continued)Lease liabilities

	October 31, 2023	April 30, 2023
	\$	\$
Beginning of year	155,855	226,682
New lease Liability	583,040	3,773
Payment of lease liabilities	(67,598)	(74,600)
	671,297	155,855

The following table presents future lease payments:

	\$
Within one year	298,698
Within more than one to five years	290,012
After five years	82,587
Balance as at October 31, 2023	671,297

NOTE 10 – CONTRACTUAL LIABILITIES PAYABLE TO EQUINOX

As result of the Acquisition of Anthem, the Company entered into non-interest bearing promissory notes with Equinox which as at October 31, 2023, had a face value of CAD\$7.06 million (April 30, 2023, CAD\$ 7.06 million) with the following details:

Face Value as at inception	Payments	Face Value as at October 31, 2023	due date	Payable in:	Carrying value (c) as at October 31, 2023
CAD\$	CAD\$	CAD\$			USDS
1,500,000	-	1,500,000	Deferred Indefinitely ^(a)	Cash	1,081,393
2,500,000	(1,944,207)	555,793	August 20, 2023	Cash or shares ^(b)	400,687
2,500,000	-	2,500,000	August 20, 2024	Cash or shares ^(b)	1,682,663
2,500,000	-	2,500,000	August 20, 2025	Cash or shares ^(b)	1,535,327
9,000,000	(1,944,207)	7,055,793			4,700,070

(a) On August 18, 2023 the Company agreed with Equinox to defer this cash payment (which was due on August 20, 2022) indefinitely.

(b) 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").

(c) The carrying value has been estimated considering a discount rate of 9.59%.

The acquisition of Anthem also has a provision to pay in cash to Equinox, an amount equal to 50% of Historical IGV recoveries. As at October 31, 2023, the estimated balance payable to Equinox is approximately \$0.31 million and is classified as a current liability.

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NOTE 10 – CONTRACTUAL LIABILITIES PAYABLE TO EQUINOX (continued)

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. On August 18, 2023 the Company agreed with Equinox the deferral of this payment initially due on August 20, 2023 to August 20, 2024 and the accrual of a 13% annual interest rate from the date of this agreement. Accrued interest of \$0.02 million has been included in accounts payable at October 31, 2023.

The following table is a reconciliation of the movement related to these contractual liabilities as at October 31, 2023:

	April 30, 2023	OCI ^(a)	Accretion adjustments	New liability recognized	Reclass.	October 31, 2023
	\$	\$	\$	\$	\$	\$
Current Contractual Liabilities						
<u>Promissory Notes Payable</u>						
In cash	1,104,728	(23,335)	-	-	-	1,081,393
In cash or shares	385,124	(51,423)	50,839	-	1,698,810	2,083,350
<u>Working Capital Payable</u>						
In cash	677,256	-	20,420	-	-	697,676
<u>Historical IGV</u>						
Payable in cash	282,961	-	-	22,446	-	305,407
Total Current	2,450,069	(74,758)	71,259	22,446	1,698,810	4,167,826
Non- Current Contractual Liabilities						
<u>Promissory Notes Payable</u>						
In cash or shares	3,140,319	(28,950)	122,768	-	(1,698,810)	1,535,327

(a) Other Comprehensive Income

NOTE 11 – LOANS PAYABLE

	October 31, 2023	April 30, 2023
Current Liabilities		
Promissory note ^(a)	1,348,097	1,411,437
USD Contingent Debenture ^(b)	744,674	744,674
Total Current loans payable	2,092,771	2,156,111
Non-current Liabilities		
CAD Unsecured Convertible debenture ^(c)	924,584	944,536

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

NOTE 11 – LOANS PAYABLE (continued)

As at October 31, 2023, the Company had the following loans payable:

- (a) The Company received \$1.3 million from different lenders in exchange for 45 to 60 day promissory notes with an annual interest rate of 18%.
- (b) In September 2016, the Company completed a comprehensive capital restructuring which included issuing contingent debentures (the “Contingent Debentures”), which have an annual interest rate of 12% payable quarterly and had a 12 months term of maturity. During October 2023, the Company agreed the extension of the term to October 31, 2024. Accrued interest of \$0.03 million has been included in accounts payable at October 31, 2023.
- (c) On April 17, 2023 the Company completed an unsecured convertible debenture financing for gross proceeds of CAD\$ 1.3 million; of which CAD\$ 0.25 million and CAD\$ 0.49 million were subscribed by the CEO and CFO respectively. Each unit has a price of CAD\$ 1,000 and a maturity term of 36 months following to the date of issuance. The principal amount of each convertible debenture is convertible into units of the Company at a conversion price of CAD\$ 0.17 per Unit at the option of the holder of a Convertible Debenture at any time prior to the close of business on the Maturity Date.

Each Unit is comprised of one common share in the capital of the Company and one Common Share purchase warrant. Each Warrant entitles the holder thereof to purchase one Common Share at a price of \$0.25 per Common Share for a period of twenty-four (24) months from the date of issuance thereof, subject to applicable policies of the TSX Venture Exchange.

Each Convertible Debenture bears interest at a rate of 12% per annum payable quarterly in arrears. All interest accrued on the Convertible Debentures will be payable in cash or Common Shares at the election of the Debenture Holder, following written notice by a holder of a Convertible Debenture to the Company, provided that the Debenture Holder provides written notice to the Company no less than ten (10) trading days prior to the applicable interest payment, at a price equal to the Market Price (as defined in the policies of the TSXV) of the Common Shares on the TSXV on the applicable interest payment date.

In accordance with IFRS 9, each convertible debenture is separated into its liability and equity components. The fair value of the liability component at the time of issue was calculated as the discounted cash flows for the convertible debenture assuming a 12.42% as discount rate which was the estimated rate for a debenture without a conversion feature. The fair value of the equity component (conversion feature) was determined at the time of issue as the difference between the face value of the convertible debenture and the fair value of the liability component as result an amount of \$0.01 million has been recorded as part of shareholder equity.

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NOTE 12 – GOLD LOAN

On August 6, 2021, the Company arranged an initial \$9 million gold pre-payment facility (the “Facility”) which was drawn in two tranches of \$6 and \$3 million respectively with an additional tranche of \$1.5 million agreed on April 25, 2022. As result the Company committed to deliver a total of 7,103 ounces, of which 3,714 ounces have been delivered as of October 31, 2023.

On October 14, 2022 and March 30, 2023 respectively, the payment dates for the Facility were restructured to extend the term of the Facility to November 30, 2023. In exchange for the extensions, the Company agreed to pay an additional 961 ounces, of which 600 ounces have been delivered as of October 31, 2023.

The Facility was considered under the scope of IFRS 9 – Financial Instruments and was determined to be a financial liability with an embedded derivative, the Company elected to measure the entire instrument at fair value which has been calculated as the discounted cash flow of the expected gold deliveries considering the future price of gold on each delivery date as quoted in the active futures markets and an annual discount rate of 14.47%.

The Facility is secured by a Canadian general security agreement and has a registered lien as security over the Chala One Plant.

The following table reconciles the movement of the Facility as at October 31, 2023:

	April 30, 2023	Fair value loss		Delivery	October 31, 2023
		Unrealized	Realized		
	\$	\$	\$	\$	\$
Current					
March 30, 2023	7,953,755	273,829	28,142	(870,394)	7,385,332

Subsequent to October 31, 2023, the Company agreed to further extend the Facility. In exchange for the extension, the Company agreed to pay an additional 225 ounces. The additional ounces will be paid in monthly tranches of 75 ounces and the final payment for the Facility will now be 3,749 ounces due on February 29, 2024.

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.

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NOTE 13 – ASSET RETIREMENT AND RECLAMATION PROVISION (continued)

	October 31, 2023	April 30, 2023
	\$	\$
Beginning of year	1,915,366	1,391,454
Accretion	64,595	102,938
Change in estimate	-	420,974
	1,979,961	1,915,366

As at October 31, 2023, 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 \$0.8 million and \$1.0 million respectively (April 30, 2023 – \$0.8 million and \$1.0 million respectively) and are projected to be disbursed over 2036 and 2042 respectively. A 6.90% (April 30, 2023 – 6.90%) discount rate (Peruvian government bond rate) and an average of 5.90% (April 30, 2023 – 5.90%) inflation rate was 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

At October 31, 2023, there were 40,700,589 shares issued and outstanding (April 30, 2023 – 40,610,589).

(c) Share Issuances

During the six months ended October 31, 2023, 90,000 common shares were issued for proceeds of \$0.01 million on the exercise of same number of stock options at CAD\$0.18 per share.

(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.

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NOTE 14 – SHARE CAPITAL AND EQUITY RESERVES (continued)

The following table is a reconciliation of the movement in share-based options for the period:

	Share-based Options #	Weighted Average Exercise Price CAD\$
Balance, April 30, 2022	3,528,546	0.48
Granted	1,960,000	0.18
Expired/cancelled	(1,709,546)	0.55
Balance, April 30, 2023	3,779,000	0.29
Exercised	(90,000)	0.18
Expired/cancelled	(37,500)	0.50
Balance, October 31, 2023	3,651,500	0.29

The following table summarizes the share-based options outstanding as at October 31, 2023:

Share-based Options #	Exercise Price CAD\$	Expiry Date	Vesting Provisions
915,000	0.37	March 2, 2024	Vested
300,000	0.55	December 18, 2024	Unvested
1,810,000	0.18	December 20, 2024	Vested
50,000	0.22	January 17, 2025	Vested
10,000	0.19	February 15, 2025	Vested
155,900	0.50	March 5, 2025	Unvested
75,000	0.38	June 30, 2025	Unvested
150,000	0.37	March 2, 2026	Unvested
185,600	0.37	April 21, 2026	Unvested
3,651,500 ⁽¹⁾			

(1) As at October 31, 2023, the total number of exercisable options is 3,339,950 share-based options

As at October 31, 2023, the weighted average remaining contractual life of the share-based options was 1.08 years (April 30, 2023 – 1.57 years).

During the three and six months ended October 31, 2023, the Company recognized share-based payments of \$0.01 million and \$0.01 million respectively (three and six months ended October 31, 2022 - \$0.01 million and \$0.02 respectively) for share-based options vested during the period.

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

The following table is a reconciliation of the movement in warrants for the period:

	Warrants #	Weighted Average Exercise Price CAD\$
Balance April 30, 2022	2,195,721	0.47
Exercised	(662,076)	0.18
Balance, April 30, and October 31, 2023	1,533,645	0.41

The following table summarizes the share purchase warrants as at October 31, 2023:

Warrants #	Exercise Price CAD\$	Expiry Date
995,364	0.30	May 26, 2024
538,281	0.60	May 26, 2024
1,533,645		

As at October 31, 2023, the weighted average remaining contractual life of the warrants was 0.57 years (April 30, 2023 – 1.07 years).

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NOTE 15 – RELATED PARTY TRANSACTIONS**(a) Related Party Transactions**

Management and consulting fees were paid to companies controlled by the CEO and VP Operations & New Projects. The Company incurred charges to directors and officers or to companies associated with these individuals during the three months ended October 31, 2023 and 2022 as follows:

	Three Months Ended		Six Months Ended	
	October 31,		October 31,	
	2023	2022	2023	2022
	\$	\$	\$	\$
Management, salaries and consulting fees	168,330	178,563	263,981	363,166
Director fees	6,998	7,142	14,117	14,526
	175,328	185,705	278,098	377,692

(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 for the three and six months ended October 31, 2023 and 2022 as follows:

	Three Months Ended		Six Months Ended	
	October 31,		October 31,	
	2023	2022	2023	2022
	\$	\$	\$	\$
Management fees	57,198	103,382	115,382	210,261
Salaries	111,132	75,181	148,599	152,905
	168,330	178,563	263,981	363,166

(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 October 31, 2023 are non-interest bearing and payable on demand, with the exception of CAD convertible debentures and USD contingent debenture (note 11 (b) and (c)). Those balances include \$0.6 million (April 30, 2023 - \$0.6 million) payable to the CEO and a company controlled by the CEO and \$0.6 million (April 30, 2023 - \$0.6 million) payable to the CFO.

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NOTE 16 – COMMITMENTS

As at October 31, 2023, the Company had a commitment to sell approximately 1,573 ounces of gold doré (April 30, 2023 - 786 ounces of gold doré) to a third party, which was settled subsequent to October 31, 2023; the fair value of this commitment is \$1.96 million (April 30, 2023 - \$1.49 million) and have been classified as current deferred revenues in the condensed interim consolidated statement of financial position.

A summary of liabilities and future operating commitments at October 31, 2023 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	5,046,628	4,967,567	79,061	-
Contractual liabilities payable to Equinox	5,703,153	4,167,826	1,535,327	-
Loans payable	3,017,355	2,092,771	924,584	-
Gold loan	7,385,332	7,385,332	-	-
Lease liabilities	671,297	298,698	290,012	82,587
	21,823,765	18,912,194	2,828,984	82,587
Commitments				
Gold sale deferred revenue	1,959,000	1,959,000	-	-
Asset retirement and reclamation obligations	1,979,961	-	-	1,979,961
	3,938,961	1,959,000	-	1,979,961
	25,762,726	20,871,194	2,828,984	2,062,548

NOTE 17 – SEGMENTED INFORMATION

All of the Company's operating and capital assets are located in Peru except for \$0.7 million (April 30, 2023 - \$1.0 million) of cash and other current assets which are held in Canada.

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

	Three Months Ended October 31,		Six Months Ended October 31,	
	2023	2022	2023	2022
Peru segment	\$	\$	\$	\$
Revenue	9,680,404	9,365,053	21,189,266	21,064,003
Cost of goods	(9,158,507)	(8,991,936)	(19,915,855)	(19,975,982)
Gross margin	521,897	373,117	1,273,411	1,088,021
Gain (loss) for the period	(502,707)	(251,543)	(376,784)	94,013

During the three and six months ended October 31, 2023, 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.

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NOTE 18 – INFORMATION INCLUDED IN THE CONDENSED INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended		Six Months Ended	
	October 31,		October 31,	
	2023	2022	2023	2022
Cost of goods sold:	\$	\$	\$	\$
Ore	6,972,408	6,091,231	14,799,509	14,379,092
Salaries, benefits and other employee expenses	661,064	672,872	1,390,692	1,431,547
Production supplies	669,807	665,796	1,351,549	1,455,176
Transportation	211,081	143,423	462,067	198,291
Other production costs	826,749	801,456	1,778,036	1,676,299
Depreciation of property plant and equipment	310,343	301,327	613,417	602,169
Variation of finished goods – gold doré bars	(947,452)	(1,848,543)	(598,045)	(2,816,879)
Variation of ore stock piles and gold in process	471,999	2,184,402	150,332	3,089,366
Total cost of goods sold	9,175,999	9,011,964	19,947,557	20,015,061

	Three Months Ended		Six Months Ended	
	October 31,		October 31,	
	2023	2022	2023	2022
	\$	\$	\$	\$
Corporate and administrative expenses:				
Consulting fees	10,531	2,753	23,658	4,640
Management fees and salaries	398,171	401,748	812,797	835,127
Depreciation	10,539	5,724	19,888	11,209
Depreciation – right of use assets	58,010	20,366	78,515	40,372
Directors fees	6,998	7,142	14,117	14,526
Investor relations and regulatory fees	35,068	34,843	57,838	76,723
Advertising and corporate development	-	-	14,987	3,564
Office, rent, utilities, insurance and other	119,708	211,509	225,287	389,865
Professional fees	81,604	132,659	156,898	248,543
Share-based payments	3,221	8,572	6,516	18,161
Travel and accommodation	44,667	17,815	69,342	35,652
Total corporate and administrative expenses	768,517	843,131	1,479,843	1,678,382

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NOTE 18 – INFORMATION INCLUDED IN THE CONDENSED INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS (continued)

	Three Months Ended October 31,		Six Months Ended October 31,	
	2023	2022	2023	2022
	\$	\$	\$	\$
Finance costs:				
Accretion expense ^(a)	(32,298)	(22,454)	(64,595)	(44,907)
Interest costs	(251,741)	(162,611)	(496,592)	(305,375)
Foreign exchange gain (loss)	(232,375)	(180,986)	(109,368)	(220,074)
Fair value loss on financial instruments	(204,299)	(112,640)	(301,971)	(704,790)
Accretion of contractual liabilities payable to Equinox	(80,155)	(106,432)	(194,027)	(240,061)
Change in value on long term receivable	(959)	14,034	11,375	22,504
Total finance costs	(801,827)	(571,089)	(1,155,178)	(1,492,703)

(a) Asset retirement and reclamation provision

NOTE 19 – SUPPLEMENTAL CASH FLOW INFORMATION

Interest and income taxes paid in cash during the six months ended October 31, 2023, were \$0.24 million (October 31, 2022 - \$0.2 million) and \$0.36 million (October 31, 2022 - \$0.2 million) respectively. Investing and financing activities that do not have a direct impact on current cash flows are excluded from the statements of cash flows.