INCA ONE GOLD CORP.

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

NOTICE TO READER

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

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

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

.

INCA ONE GOLD CORP.

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

	Note	July 31, 2020	April 30, 2020
		$	$
Assets			
Current:			
Cash		**3,095,611**	3,745,675
Receivables	**3**	**684,633**	1,070,244
Prepaid expenses and deposits	**4**	**1,235,911**	1,041,096
Inventory	**5**	**2,937,454**	5,088,571
		7,953,609	10,945,586
Long term receivable	**6**	**347,574**	347,574
Property, plant and equipment	**7**	**10,971,373**	11,215,235
Total assets		**19,272,556**	22,508,395
Liabilities			
Current:			
Accounts payable and accrued liabilities	**8**	**2,456,138**	3,086,699
Contractual liabilities payable to Equinox	**9**	**209,508**	4,572,830
Secured debentures and notes payables	**10**	**300,000**	300,000
Deferred revenue	**14**	**500,000**	3,726,500
		3,465,646	11,686,029
Contractual liabilities payable to Equinox	**9**	**4,757,435**	2,157,563
Secured debentures and notes payable	**10**	**2,101,611**	2,054,620
Asset retirement and reclamation obligations	**11**	**1,102,524**	1,088,094
Total liabilities		**11,427,216**	16,986,306
Shareholders' Equity			
Share capital	**12**	**30,413,138**	26,998,505
Equity reserves	**12**	**5,012,125**	6,434,047
Accumulated other comprehensive income		**(435,399)**	(99,704)
Deficit		**(28,375,973)**	(29,042,695)
Shareholders' equity attributable to Inca One		**6,613,891**	4,290,153
Non-controlling interest		**1,231,449**	1,231,936
Total shareholders' equity		**7,845,340**	5,522,089
Total liabilities and shareholders' equity		**19,272,556**	22,508,395

Nature of operations and going concern (note 1)
Subsequent event (note 10 and 18)
Commitments (note 14)

Approved on behalf of the Board of Directors on September 28, 2020

"Bruce Bragagnolo"	*"Edward Kelly"*
Director	Director

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

INCA ONE GOLD CORP.

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

	Notes	Three Months Ended July 31, 2020	2019
		$	$
Revenue		**6,558,721**	5,549,466
Cost of goods sold			
Cost of operations	**16**	**(6,176,609)**	(5,622,471)
Depreciation	**16**	**(261,623)**	(359,549)
Total cost of goods sold		**(6,438,232)**	(5,982,020)
Gross operating margin (deficit)		**120,489**	(432,554)
Corporate and administrative expenses	**16**	**(801,202)**	(540,368)
Loss from operations		**(680,713)**	(972,922)
Finance costs	**16**	**(189,166)**	(416,462)
Business development		**-**	(49,918)
Restructuring gain net	**9**	**1,536,114**	-
Net income (loss) of the period		**666,235**	(1,439,302)
Other comprehensive income:			
Foreign currency translation adjustment		**(335,695)**	(146,160)
Comprehensive income (loss) for the period		**330,540**	(1,585,462)
Net income (loss) and comprehensive income (loss) attributable to:			
Inca One Gold Corp.'s shareholders		**331,027**	(1,551,199)
Non-controlling interest		**(487)**	(34,263)
		330,540	(1,585,462)
Weighted average shares outstanding			
Basic		**29,145,259**	26,290,992
Diluted		**32,329,148**	26,290,992
Earnings (loss) per share			
Basic		**0.02**	(0.05)
Diluted		**0.02**	(0.05)

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

INCA ONE GOLD CORP.

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

	Common shares (i)	Share capital	Equity reserves	Non-controlling interest	Accumulated other comprehensive (loss) income	Deficit	Total shareholders' equity
	#	$	$	$	$	$	$
Balance, April 30, 2019	**26,290,992**	**26,652,943**	**6,226,083**	1,323,584	**(321,263)**	**(24,897,870)**	**8,983,477**
Comprehensive loss for the period	-	-	-	(34,263)	(146,160)	(1,405,039)	(1,585,462)
Share-based payments (note 12 (d))	-	-	20,414	-	-	-	20,414
Balance, July 31, 2019	**26,290,992**	**26,652,943**	**6,246,497**	**1,289,321**	**(467,423)**	**(26,302,909)**	**7,418,429**
Comprehensive income (loss) for the period	-	-	-	(57,385)	367,719	(2,739,786)	(2,429,452)
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	-	-	90,372	-	-	-	90,372
Balance, April 30, 2020	**27,774,080**	**26,998,505**	**6,434,047**	**1,231,936**	**(99,704)**	**(29,042,695)**	**5,522,089**
Comprehensive income (loss) for the period	-	-	-	(487)	(335,695)	666,722	330,540
Shares issued pursuant to agreement with Equinox	1,187,333	575,773	-	-	-	-	575,773
Warrants exercised (note 12 (c))	4,452,301	2,734,183	(1,442,492)	-	-	-	1,311,691
Options exercised (note 12(c))	300,000	104,677	(22,503)	-	-	-	82,174
Share-based payments (note 12 (d))	-	-	23,073	-	-	-	23,073
Balance July 31, 2020	**33,713,714**	**30,413,138**	**5,012,125**	**1,231,449**	**(435,399)**	**(28,375,973)**	**7,845,340**

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

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

INCA ONE GOLD CORP.

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

	Three Months Ended July 31,	
	2020	**2019**
Cash flows provided by (used in):	**$**	$
Operating activities:		
Net loss for the period	**666,235**	(1,439,302)
Items not involving cash:		
Depreciation	**272,733**	368,776
Share-based payments	**23,073**	20,414
Accretion expense	**4,449**	4,016
Accretion of asset retirement and reclamation obligations	**14,430**	12,356
Interest expense	**82,502**	82,171
Unrealized foreign exchange	**50,882**	13,082
Loss on disposition of property plant and equipment	**-**	2,980
Accretion of contractual liabilities payable to Equinox	**140,301**	187,159
Loss in fair value adjustment of derivative financial liability	**-**	86,988
Gain on restructuring of contractual liabilities payable to Equinox	**(1,536,114)**	-
Changes in non-cash operating working capital:		
Receivables	**396,834**	2,290,615
Prepaid expenses and deposits	**(194,815)**	48,348
Inventory	**2,151,117**	(1,935,331)
Accounts payable and accrued liabilities	**(780,099)**	146,032
Deferred revenue	**(3,226,500)**	1,088,059
Net cash provided by operating activities	**(1,934,972)**	976,363
Financing activities:		
Proceeds from issuance of shares (exercised warrants and options)	**1,393,865**	-
Interest paid	**(58,359)**	(44,401)
Net cash provided by (used in) financing activities	**1,335,506**	(44,401)
Investing activities:		
Purchase of property, plant and equipment (net of disposition)	**(28,871)**	(246,774)
Net cash provided by (used in) investing activities	**(28,871)**	(246,774)
Increase (decrease) in cash and cash equivalents	**(628,337)**	685,188
Effect of exchange rates on cash held in foreign currencies	**(21,727)**	(260)
Cash and cash equivalents, beginning of the period	**3,745,675**	1,820,101
Cash and cash equivalents, end of the period	**3,095,611**	2,505,029

Supplemental disclosure with respect to cash flows (note 17)

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

NOTE 1 – NATURE OF OPERATIONS AND GOING CONCERN

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

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

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

These Condensed Interim Consolidated Financial Statements are prepared on a going concern basis, which contemplates that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. For the three months ended July 31, 2020, the Company had comprehensive income of $0.3 million, a deficit of $28.3 million and working capital of $4.5 million. These conditions indicate uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. Management intends to fund operating and administration costs and debt and debt service costs over the year with the proceeds from gold doré sales at the Company's gold ore processing facilities in Peru and where required, from debt and equity financing and proceeds from option and warrant exercises.

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

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

These Condensed Interim Consolidated Financial Statements do not reflect the adjustments to the carrying values and classifications of assets and liabilities that would be necessary if the Company were unable to

NOTE 1 – NATURE OF OPERATIONS AND GOING CONCERN (continued)

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

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of presentation

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

These Condensed Interim Consolidated Financial Statements have been prepared using the significant accounting policies and measurement bases summarized below and were approved by the board of directors for issue on August 20, 2020.

(b) Basis of consolidation

The Condensed Interim Consolidated Financial Statements are presented in US dollars unless otherwise noted and include the accounts of the Company and its subsidiaries listed below:

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

(c) Changes in accounting policies and disclosures

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

(Unaudited - Expressed in US Dollars)

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Significant accounting judgements and estimates

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

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

(e) Foreign Currency Translation

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

(f) Non-controlling Interest

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

NOTE 3 – RECEIVABLES

	July 31, 2020	April 30, 2020
	$	$
GST recoverable (Canada)	**22,929**	23,386
IGV recoverable (Peru)	**656,085**	1,036,685
Other receivable	**5,619**	10,173
	684,633	1,070,244

(Unaudited - Expressed in US Dollars)

NOTE 4 – PREPAID EXPENSES AND DEPOSITS

	July 31, 2020	April 30, 2020
	$	$
Deposits with mineral suppliers	**72,954**	7,313
Other deposits and advances	**290,086**	131,386
Prepaid taxes	**623,055**	776,796
Prepaid expenses	**249,816**	125,601
	1,235,911	1,041,096

NOTE 5 – INVENTORY

	July 31, 2020	April 30, 2020
	$	$
Ore stockpiles and gold in process	**2,601,272**	1,244,139
Finished goods – gold doré bars	**-**	3,502,925
Materials and supplies	**336,182**	341,507
	2,937,454	5,088,571

NOTE 6 – LONG TERM RECEIVABLE

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

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

As at July 31, 2020, the Company estimated $0.3 million as the fair value of the 50% expected cash flows related to the Historical IGV which has been classified as long term receivable. The Company used a discount rate of 11%, and a duration of approximately 17 years for its estimation. The Company is in the process of evaluating the collectability of this Historical IGV.

(Unaudited - Expressed in US Dollars)

NOTE 7 – PROPERTY, PLANT AND EQUIPMENT

	Plant	Computers	Furniture and Equipment	Total
	$	**$**	**$**	**$**
Costs:				
Balance, April 30, 2019	**14,998,870**	**162,575**	**92,352**	**15,253,797**
Additions	353,412	1,723	992	356,127
IGV/VAT to receivables	(24,411)	-	-	(24,411)
Change in ARO reserve	(40,697)	-	-	(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	28,871	-	-	28,871
Balance, July 31, 2020	**15,231,296**	**163,214**	**93,343**	**15,487,853**
Accumulated Depreciation:				
Balance, April 30, 2019	**2,815,129**	**67,007**	**60,232**	**2,942,368**
Depreciation	1,249,552	42,355	36,632	1,324,539
Disposals/write-off	(23,160)	-	-	(23,160)
Balance, April 30, 2020	**4,041,521**	**109,362**	**92,864**	**4,243,747**
Depreciation	262,757	9,497	479	272,733
Balance, July 31, 2020	**4,304,278**	**118,859**	**93,343**	**4,516,480**
Net Book Value:				
April 30, 2020	11,160,904	53,852	479	11,215,235
July 31, 2020	**10,927,018**	**44,355**	**-**	**10,971,373**

NOTE 8 – ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	July 31, 2020	April 30, 2020
	$	$
Trade accounts payable and accruals	**2,336,087**	2,973,867
Management, consulting and professional fees payable	**49,909**	64,245
Accrued interest	**70,142**	48,587
	2,456,138	3,086,699

(Unaudited - Expressed in US Dollars)

NOTE 9 – CONTRACTUAL LIABILITIES PAYABLE TO EQUINOX

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

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

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

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

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

	April 30, 2020	OCI[a]	Accretion adjustment	Payment (note 12(c))	Extinguishment of liability	New liability recognized	**July 31, 2020**
	$	$	$	$	$	$	**$**
Current Contractual Liabilities							
Promissory Notes Payable							
In cash	1,040,344	29,508	29,528	-	(1,099,380)	-	**-**
In cash or shares	3,334,201	117,639	49,805	(575,773)	(2,925,872)	-	**-**
Historical IGV							
Payable in cash	198,285	-	-	-	-	11,223	**209,508**
Total Current	4,572,830	166,677	79,333	(575,773)	(4,044,782)	11,233	**209,508**

(a) Other Comprehensive Income

(Unaudited - Expressed in US Dollars)

NOTE 9 – CONTRACTUAL LIABILITIES PAYABLE TO EQUINOX (continued)

Non-Current Contractual Liabilities							
Promissory Notes Payable							
In cash	-	-	-	-	-	931,742	**931,472**
In cash or shares	1,554,266	49,766	44,178		(1,648,210)	3,295,691	**3,295,691**
Working capital Payable							
In cash	603,297	-	16,790	-	(620,087)	530,002	**530,002**
Total Non-Current	2,157,563	49,766	60,968	-	(2,268,297)	4,757,435	**4,757,435**

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

Face Value as at inception	Payments	Face Value as at July 31, 2020	due date	Payable in:	**Estimated Fair value [b] as at July 31, 2020**
CAD	CAD	CAD			**USD**
1,500,000	-	1,500,000	August 20, 2022	Cash	**931,742**
2,500,000	(1,048,061)	1,451,939	August 20, 2023	Cash or shares [a]	**822,949**
2,500,000	-	2,500,000	August 20, 2024	Cash or shares [a]	**1,292,956**
2,500,000	-	2,500,000	August 20, 2025	Cash or shares [a]	**1,179,786**
9,000,000	(1,048,061)	7,951,939			**4,227,433**

(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 July 31, 2020, the fair value of the balance payable to Equinox is approximately $0.2 million and is classified as a current liability.

Additionally, the Company must pay in cash to Equinox, the difference between the amount of working capital at August 21, 2018 and $3.0 million. Anthem's working capital at such date was $3.7 million and therefore the estimated amount payable would be $0.7 million payable on August 20, 2023. As at July 31, 2020, the fair value of this payment has been estimated at $0.5 million considering a discount rate of 9.59% and is classified as a non-current liability.

(Unaudited - Expressed in US Dollars)

NOTE 10 – SECURED DEBENTURES AND NOTES PAYABLE

	July 31, 2020	April 30, 2020
	$	$
Current Liabilities		
USD Secured Debenture (1)	**300,000**	300,000
Total Current Secured Debentures and notes payable	**300,000**	300,000
Non-current Liabilities		
CAD Secured Debenture (CAD$ 1,600,000) (2)	**1,171,611**	1,124,620
USD Notes Payable(3)	**930,000**	930,000
Total Non-current Secured Debentures and notes payable	**2,101,611**	2,054,620

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

1) On September 1, 2016, the Company issued a $0.3 million debenture with an initial maturity date September 1, 2018, which (on September 7, 2018) was subsequently extended for an additional 24 months period and is payable on August 31, 2020. The debenture bears interest at a rate of 11% per annum, and has general security over the assets of the Company (the "USD Secured Debenture") second in priority to the CAD Secured Debenture (defined below). Principal is due on maturity, and the Company is required to make six equal quarterly interest payments beginning May 31, 2019. Accrued interest of $0.01 million has been included in accounts payable at July 31, 2020.

   Subsequent to July 31, 2020 (August 31, 2020), the Company paid in full the principal and accrued interest.

2) On March 29, 2018 the Company reached an agreement with certain debt holders to restructure a total of CAD$2.7 million of its debt for a combination of shares, warrants and a new debt. Under the terms of the agreements CAD$1.1 million was converted into 1,802,048 shares of the Company (18,020,484 shares prior to share consolidation - note 12(b)), and for the remaining balance of CAD$1.6 million, the Company issued a new Secured Debenture with maturity date of September 1, 2021, which bears interest at a rate of 11% per annum and has priority security over the assets of the Company (the "CAD Secured Debenture"). Principal is due on maturity, and the Company is required to make quarterly interest payments beginning September 1, 2018. Accrued interest of CAD$0.03 million (equivalent to $0.02 million) has been included in accounts payable at July 31, 2020.

3) On March 16, 2020 the Company reached an agreement to restructure its 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 $0.03 million has been included in accounts payable at July 31, 2020.

(Unaudited - Expressed in US Dollars)

NOTE 11 – ASSET RETIREMENT AND RECLAMATION PROVISION

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

	July 31, 2020	April 30, 2020
	$	$
Beginning of year	**1,088,094**	1,085,647
Accretion	**14,430**	43,414
Change in estimate	**-**	(40,967)
	1,102,524	1,088,094

As at July 31, 2020, the estimated undiscounted cash flow required to settle the asset retirement obligation for both the "Chala Plant" and "Kori One Plant" and their related tailings ponds is approximately $0.7 million and $0.8 million respectively (April 30, 2020 $0.7 million and $0.8 million respectively) and are projected to be disbursed over 2026 and 2037 respectively. A 5.4% (April 30, 2020 5.4%) discount rate and a 1.88% (April 30, 2020 1.88%) inflation rate were used to calculate the present value of these provisions.

NOTE 12 – SHARE CAPITAL AND EQUITY RESERVES

(a) Authorized

Unlimited number of voting common shares without par value.

(b) Issued Share Capital

On January 14, 2020, the Company consolidated its share capital on a one-for-ten basis. For the purpose of these financial statements the capital and per share amounts have been restated to present the post consolidated share capital. At July 31, 2020, there were 33,713,714 shares issued and outstanding (April 30, 2020 – 27,774,080).

(Unaudited - Expressed in US Dollars)

NOTE 12 – SHARE CAPITAL AND EQUITY RESERVES (continued)

(c) Share Issuances

Share capital transactions for the three months ended July 31, 2020 were:

- During the three months ended July 31, 2020, 4,752,301 common shares were issued for proceeds of $1.3 million on the exercise of 4,452,301 warrants at CAD$0.40 per share and $0.1 million on the exercise of 300,000 stock option at an average of CAD$0.37 per share.

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

(d) Share-based Options

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

The following table is a reconciliation of the movement in share-based options for the period and is presented on a post consolidated basis (note 12(b)):

	Share-based Options (note 12(c)) #	Weighted Average Exercise Price (note 12(c)) CAD$
Balance, April 30, 2019	2,291,286	0.66
Granted	1,465,000	0.32
Exercised	(1,531,286)	0.73
Balance, April 30, 2020	2,225,000	**0.39**
Granted	200,000	0.30
Exercised	(300,000)	0.37
Balance, July 31, 2020	2,125,000	0.40

(Unaudited - Expressed in US Dollars)

NOTE 12 – SHARE CAPITAL AND EQUITY RESERVES (continued)

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

Share-based Options #	Exercise Price CAD$	Expiry Date	Vesting Provisions
610,000	0.50	December 20, 2020	Vested
250,000	0.50	February 5, 2021	Vested
200,000	0.50	July 23, 2021	Vested
130,000	0.50	November 7, 2021	Unvested
735,000	0.19	March 30, 2022	Vested
50,000	1.00	August 25, 2022	Vested
150,000	0.50	August 1, 2023	Unvested
2,125,000			

As at July 31, 2020, the weighted average remaining contractual life of the share-based options was 1.18 years (April 30, 2020 – 1.37 years).

During the three months ended July 31, 2020, the Company recognized share-based payments of $23,073 (July 31, 2019 - $20,414) for share-based options granted and vested during the period.

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

The fair value of share-based options granted during the three months ended July 31, 2020 was estimated using the Black-Scholes options pricing model using a risk free rate between of 0.55% (July 31, 2019 – 1.35%), a volatility of 92.01% (July 31, 2019 – 58.14%) and an expected life of 1.0 year (July 31, 2019 – average of 2.5 years).

The weighted average fair value of share-based options granted during the three months ended July 31, 2020 was CAD$0.15 (July 31, 2019 - CAD$0.01) per option.

(Unaudited - Expressed in US Dollars)

NOTE 12 – SHARE CAPITAL AND EQUITY RESERVES (continued)

(e) Warrants

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

	Warrants #	Weighted Average Exercise Price CAD$
Balance April 30, 2019	8,481,031	2.43
Granted	1,388,889	0.18
Expired/Cancelled	(3,708,662)	4.10
Balance April 30, 2020	6,161,258	0.43
Granted	-	-
Exercised	(4,452,301)	0.40
Expired/Cancelled	(87,701)	0.40
Balance, July 31, 2020	**1,621,256**	**0.77**

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

Warrants	Exercise Price	Expiry Date
#	$	
65,701	12.60	December 22, 2020
59,999	1.00	January 31,2021
106,667	1.00	September 1, 2021
1,388,889	0.18	March 16, 2023
1,621,256		

As at July 31, 2020, the weighted average remaining contractual life of the warrants was 2.44 years (April 30, 2020 – 0.57 years).

(Unaudited - Expressed in US Dollars)

NOTE 13 – RELATED PARTY TRANSACTIONS

(a) Related Party Transactions

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

	Three Months Ended July 31, 2020	2019
	$	$
Management, salaries and consulting fees	**93,319**	99,075
Director fees	**6,953**	7,152
Share-based payments	-	17,935
	100,272	124,162

(b) Compensation of Key Management Personnel

The Company's key management personnel have authority and responsibility for planning, directing and controlling the activities of the Company and includes the Directors, CEO, CFO, and VP Operations & New Projects. Compensation in respect of services provided by key management consists of consulting and management fees paid to companies controlled by the CEO and VP Operations & New Projects and by the issue of options. The compensation for key management personnel paid as management were for the three months ended July 31, 2020 and 2019 as follows:

	Three Months Ended July 31, 2020	2019
	$	$
Management fees	**56,726**	61,430
Salaries	**36,593**	37,645
Share-based payments	-	12,253
	93,119	111,328

(c) Related Party Balances

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

(Unaudited - Expressed in US Dollars)

NOTE 14 – COMMITMENTS

In addition to the commitments in connection with the Company's financings (note 10 and note 12), the Company has:

- a three-year rent agreement for its corporate office in Lima, Peru, with a monthly payment of $3,574 and termination date on July 31, 2021, and
- a five-year rent agreement for its corporate office in Vancouver, Canada with a monthly payment of CAD$3,768 and termination date on July 31, 2023.

As at July 31, 2020 the Company had received advances of $0.50 million (April 30, 2020 - $3.7 million) to be offset against future sales of gold doré; these amounts have been included as deferred revenues in the condensed interim consolidated statement of financial position.

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

	Total	Within One Year	One to Five Years	Greater than Five Years
Maturity analysis of financial liabilities	$	$	$	
Accounts payable and accrued liabilities	**2,500,901**	2,500,901	-	-
Secured debentures and notes payable	**2,401,611**	300,000	2,101,611	-
Contractual liabilities payable to Equinox	**4,966,943**	209,508	3,577,649	1,179,786
	9,869,455	3,010,409	5,679,260	1,179,786
Commitments				
Office lease rental	**150,561**	78,779	71,782	
Gold sale deferred revenue	**500,000**	500,000	-	
Asset retirement and reclamation obligations	**1,102,524**	-	-	1,102,524
	1,753,085	578,779	71,782	1,102,524
	11,622,540	3,589,188	5,751,042	2,283,310

<u>Contingent Debenture</u>

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 July 31, 2020 the value of the contingent debenture was $nil. However, the first milestone of 300 tonnes per day mineral processing capacity in Peru was achieved as result of the acquisition of Anthem.

(Unaudited - Expressed in US Dollars)

NOTE 15 – SEGMENTED INFORMATION

All of the Company's operating and capital assets are located in Peru except for $2.4 million (April 30, 2020 - $0.4 million) of cash and other current assets which are held in Canada.

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

	Three Months Ended July 31, **2020**	2019
Peru segment	**$**	$
Revenue	6,558,721	5,549,466
Cost of goods	(6,312,202)	(5,982,020)
Gross margin (deficit)	120,489	(432,554)
Income (loss) for the period	(265,226)	(389,491)

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

NOTE 16 – INFORMATION INCLUDED IN THE CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended July 31, **2020**	2019
Cost of sales:	**$**	$
Ore	**4,673,498**	4,087,110
Salaries, benefits and other employee expenses	**261,474**	416,205
Production supplies	**289,185**	375,919
Transportation	**83,276**	76,797
Other production costs	**637,140**	666,440
Depreciation of property plant and equipment	**261,623**	359,549
Write-down fair value on inventory	**232,036**	-
Total cost of sales	**6,438,232**	5,982,020

(Unaudited - Expressed in US Dollars)

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

	Three Months Ended July 31,	
	2020	2019
Corporate and administrative expenses:		
Consulting fees	**5,488**	5,646
Management fees and salaries	**287,826**	232,510
Depreciation	**11,110**	7,868
Directors fees	**6,953**	7,152
Investor relations and regulatory fees	**29,932**	21,457
Advertising and corporate development	**253,077**	26,355
Office, rent, utilities, insurance and other	**90,662**	85,937
Professional fees	**89,823**	103,753
Share-based payments	**23,073**	20,414
Travel and accommodation	**3,258**	29,276
Total corporate and administrative expenses	**801,202**	540,368
Finance costs:		
Accretion expense	**(18,879)**	(16,372)
Loss in disposition of property, plant and equipment	**-**	(2,980)
Reverse of prior year impairments	**1,634**	-
Interest costs	**(82,502)**	(82,171)
Foreign exchange gain (loss)	**50,882**	(40,792)
Fair value loss on derivative financial liability	**-**	(86,988)
Accretion of contractual liabilities payable to Equinox	**(140,301)**	(187,159)
Total finance and other income (expense)	**(189,166)**	(416,462)

NOTE 17 – SUPPLEMENTAL CASH FLOW INFORMATION

Interest and income taxes paid in cash during the three months ended July 31, 2020, were $0.05 million (July 31, 2019 - $0.04 million) and $0.02 million (July 31, 2019 - $0.01 million). Investing and financing activities that do not have a direct impact on current cash flows are excluded from the statements of cash flows.

NOTE 18 – SUBSEQUENT EVENTS

(a) Warrants and stock options exercised

During August 2020 a total of 462,963 warrants were exercised at CAD$0.18 for total proceeds of $0.08 million. Similarly, 80,000 stock options were exercised at CAD$0.19 for total proceed of $0.02 million