INCA ONE GOLD CORP.

Consolidated Financial Statements
For the Years Ended April 30, 2022, and 2021
(Expressed in US Dollars)

Grant Thornton

Independent Auditor's Report

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To the shareholders of
Inca One Gold Corp.

Opinion

We have audited the consolidated financial statements of Inca One Gold Corp. (the "Company"), which comprise the consolidated statements of financial position as at April 30, 2022 and 2021, and 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, 2022 and 2021, 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 $4,557,310 for the year ended April 30, 2022. As at April 30, 2022, the Company had an accumulated deficit of $37,131,873. 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

Vancouver, Canada
July 29, 2022

Chartered Professional Accountants

INCA ONE GOLD CORP.

Consolidated Statements of Financial Position
(Expressed in US Dollars)

	Note	**April 30, 2022**	**April 30, 2021**
		$	$
Assets			
Current:			
Cash		**1,565,378**	1,963,574
Restricted cash	**4**	**284,547**	175,000
Receivables	**3**	**3,216,672**	980,001
Derivative financial asset	**4**	**528,320**	50,940
Prepaid expenses and deposits	**5**	**1,291,106**	798,613
Inventory	**6**	**8,174,011**	4,663,349
Total current assets		**15,060,034**	8,631,477
Long term receivable	**7**	**292,074**	318,930
Property, plant and equipment	**8**	**10,111,856**	10,578,896
Right of use assets	**10**	**273,992**	-
Total assets		**25,737,956**	19,529,303
Liabilities			
Current:			
Accounts payable and accrued liabilities	**9**	**4,829,497**	2,777,453
Contractual liabilities payable to Equinox	**11**	**1,384,129**	193,177
Loans payable	**12**	**2,173,301**	1,557,365
Deferred revenue	**17**	**840,000**	480,000
Current portion of gold loan	**13**	**8,712,330**	2,711,652
Current portion of lease liabilities	**10**	**81,092**	-
Total current liabilities		**18,020,349**	7,719,647
Accounts payable and accrued liabilities	**9**	**90,609**	-
Contractual liabilities payable to Equinox	**11**	**4,115,881**	5,507,143
Loans payable	**12**	**11,459**	973,351
Gold loan	**13**	**516,518**	-
Asset retirement and reclamation obligations	**14**	**1,391,454**	1,152,653
Deferred income tax	**22**	**424,793**	-
Lease liabilities	**10**	**145,590**	-
Total liabilities		**24,716,653**	15,352,794
Shareholders' Equity			
Share capital	**15**	**32,194,972**	31,012,161
Equity reserves	**15**	**5,435,660**	5,216,367
Accumulated other comprehensive income		**(697,831)**	(992,689)
Deficit		**(37,131,873)**	(32,288,452)
Shareholders' equity (deficiency) attributable to Inca One		**(199,072)**	2,947,387
Non-controlling interest		**1,220,375**	1,229,122
Total shareholders' equity		**1,021,303**	4,176,509
Total liabilities and shareholders' equity		**25,737,956**	19,529,303

Nature of operations and going concern (note 1)
Subsequent events (note 11)
Commitments (note 17)

Approved on behalf of the Board of Directors on July 29, 2022

"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, 2022	2021
		$	$
Revenue		**47,146,334**	30,391,226
Cost of goods sold			
Cost of operations	**21**	**(43,781,106)**	(28,962,417)
Depreciation	**21**	**(1,154,041)**	(1,106,637)
Total cost of goods sold		**(44,935,147)**	(30,069,054)
Gross operating margin		**2,211,187**	322,172
Corporate and administrative expenses	**21**	**(3,645,882)**	(3,583,104)
Loss from operations		**(1,434,695)**	(3,260,932)
Impairments net of reversal of prior year impairments		**-**	7,117
Loss in disposition of property plant and equipment		**-**	(46,684)
Finance costs	**21**	**(2,213,370)**	(1,186,793)
Business development		**-**	(297,393)
Recognition of contingent debenture	**12**	**(779,310)**	-
Restructuring gain net	**11**	**-**	1,536,114
Net loss before income taxes		**(4,427,375)**	(3,248,571)
Deferred income tax expense	**22**	**(424,793)**	-
Net loss for the year		**(4,852,168)**	(3,248,571)
Other comprehensive income:			
Foreign currency translation adjustment		**294,858**	(892,985)
Comprehensive loss for the year		**(4,557,310)**	(4,141,556)
Net loss and comprehensive loss attributable to:			
Inca One Gold Corp.'s shareholders		**(4,548,563)**	(4,138,742)
Non-controlling interest		**(8,747)**	(2,814)
		(4,557,310)	(4,141,556)
Weighted average shares outstanding			
Basic		**38,316,840**	33,406,410
Diluted		**38,316,840**	33,406,410
Earnings (loss) per share			
Basic		**(0.13)**	(0.10)
Diluted		**(0.13)**	(0.10)

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	Share capital	Equity reserves	Non-controlling interest	Accumulated other comprehensive (loss) income	Deficit	Total shareholders' equity
	#	$	$	$	$	$	$
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 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	5,079,114	2,835,647	(1,438,164)	-	-	-	1,397,483
Options exercised	1,463,056	602,236	(97,382)	-	-	-	504,854
Share-based payments	-	-	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**
Comprehensive income (loss) for the year	-	-	-	(8,747)	294,858	(4,843,421)	(4,557,310)
Issuance of shares on private placement, net of share issue costs (note 15 (c))	1,533,645	337,891	165,941	-	-	-	503,832
Shares issued pursuant to agreement with Equinox	1,096,842	557,768	-	-	-	-	557,768
Warrants exercised	100,000	21,225	(6,997)	-	-	-	14,228
Options exercised	966,600	265,927	(57,950)	-	-	-	207,977
Share-based payments (note 15 (d))	-	-	118,299	-	-	-	118,299
Balance April 30, 2022	**39,200,670**	**32,194,972**	**5,435,660**	**1,220,375**	**(697,831)**	**(37,131,873)**	**1,021,303**

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)

	Year Ended April 30, **2022**	**2021**
Cash flows provided by (used in):	**$**	$
Operating activities:		
Net loss for the year	**(4,852,168)**	(3,248,571)
Items not involving cash:		
Depreciation	**1,175,693**	1,155,307
Depreciation of right of use assets	**63,047**	-
Share-based payments	**118,299**	317,866
Accretion expense	**6,904**	20,622
Accretion of asset retirement and reclamation obligations	**77,900**	64,559
Interest expense	**472,316**	443,420
Unrealized foreign exchange	**(2,166)**	73,476
Loss on disposition of property plant and equipment	-	46,684
Fair value adjustment on long term receivable	**(18,353)**	(7,117)
Accretion of contractual liabilities payable to Equinox	**516,947**	490,337
Income tax provision	**424,793**	-
Loss in fair value adjustment of derivatives	**1,128,159**	160,712
Gain on debt restructuring	-	(1,536,114)
Recognition of contingent debenture	**779,310**	-
Changes in non-cash operating working capital:		
Receivables	**(2,072,742)**	34,171
Prepaid expenses and deposits	**129,339**	262,013
Inventory	**(3,510,662)**	425,222
Accounts payable and accrued liabilities	**2,015,567**	(526,148)
Deferred revenue	**360,000**	(3,246,500)
Net cash provided by (used in) operating activities	**(3,187,817)**	(5,070,061)
Financing activities:		
Proceeds from issuance of shares (including exercised warrants and options)	**726,036**	1,902,337
Proceeds from liquidation of derivative financial assets	**323,749**	-
Proceeds from loans (net of payments)	**238,085**	305,366
Proceeds from Gold Loans (net of repayment)	**3,964,569**	2,500,000
Payment of contractual liabilities payable to Equinox	**-**	(50,000)
Payment of notes payable	**(68,000)**	-
Payment of secured debenture (note 12)	**(1,279,836)**	(300,000)
Increase in restricted cash	**(109,547)**	(175,000)
Interest paid	**(476,778)**	(343,353)
Net cash provided by financing activities	**3,318,278**	3,839,350
Investing activities:		
Purchase of property, plant and equipment (net of disposition)	**(532,841)**	(640,203)
Proceeds on sale of property plant and equipment	-	93,220
Net cash used in investing activities	**(532,841)**	(546,983)
Decrease in cash	**(402,380)**	(1,777,694)
Effect of exchange rates on cash held in foreign currencies	**4,184**	(4,407)
Cash, beginning of the year	**1,963,574**	3,745,675
Cash, end of the year	**1,565,378**	1,963,574

Supplemental disclosure with respect to cash flows (note 23)

The accompanying notes are an integral part of these 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 "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, 2022, the Company had comprehensive loss of $4.6 million, a deficit of $37.1 million and working capital deficit of $3.0 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.

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.

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 July 29, 2022.

(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%

(c) Changes in accounting policies and disclosures

There were no new standards effective May 1, 2021 that impacted these 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 consolidated financial statements are reasonable; however, actual results could differ from those estimates and could impact future results of operations and cash flows.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (continued)

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).

(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 11) concluding that the transaction should be treated as an extinguishment.

(iv) Functional currency

The functional currency for each of the Company's subsidiaries is the currency of the primary economic environment in which the entity operates. Determination of functional currency involves certain judgements to determine the primary economic environment of an entity. The Company re-evaluates the functional currency of its entities when there is a change in events and conditions which previously determined the primary economic environment of an entity.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (continued)

(v) Gold Loan

Management performed a qualitative assessment regarding its pre-payment facility (note 13) 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.

(vi) Contingent debenture

Management has performed an assessment of its daily production capacity against the contingent debenture criteria in assessing whether or not a liability exists. As a result of current production levels the Company recognized the liability in its consolidated financial statements (note 12 (c)).

<u>Significant estimates and assumptions</u>

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

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

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

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

(ii) Fair value measurement

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

(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.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (continued)

(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) Right of use assets/lease liability

Management uses estimation in determining the incremental borrowing rate used to measure the lease liability, specific to the asset, underlying currency and geographic location

(vi) Inventory

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

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

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

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.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (continued)

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 levels, gold prices, and the ultimate estimated recovery for material in process. There can be no assurance that actual results will not differ significantly from estimates used in the determination of the carrying value of inventories.

(vii) Asset retirement and reclamation obligations

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

These uncertainties may result in future actual 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.

(viii) Deferred taxes

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

(ix) Contingencies

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

(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.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

(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.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (continued)

(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 and equipment	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.

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.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (continued)

(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) Leases

Upon lease commencement, the Company recognizes a right-of-use asset, which is initially measured at the amount of the lease liability plus any direct costs incurred, which is then amortized over the life of the lease on a straight-line basis. The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted at the rate implicit in the lease; if the implicit lease rate cannot be determined, the incremental borrowing rate is used. Payments against the lease are then offset against the lease liability. The lease liability and right-of-use asset are subsequently remeasured to reflect changes to the terms of the lease. Assets and liabilities are recognized for all leases unless the lease term is twelve months or less or the underlying asset has a low value.

(m) Share Capital

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

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

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

(n) 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.

(o) 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.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) 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.

(q) 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.

(r) 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, restricted cash and receivables (excluding sales taxes receivable and advances to suppliers).

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 of loss. The Company's financial assets at fair value through profit or loss includes its derivative financial assets.

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 though 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.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (continued)

The assessment of expected credit losses reflects reasonable and justifiable information about past events, current circumstances and forecasts of events and economic conditions and takes

into account the factors specific to the accounts receivable, the general condition of the economy and a current as well as expected appreciation of the conditions prevailing at the balance sheet date, including the time value of the money, if any.

(s) 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.

(t) Non-controlling Interest

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

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

(Expressed in US Dollars)

NOTE 3 – RECEIVABLES

	April 30, 2022	April 30, 2021
	$	$
GST recoverable (Canada)	**12,567**	24,253
IGV recoverable (Peru)	**3,199,814**	955,748
Other	**4,291**	-
	3,216,672	980,001

NOTE 4 – DERIVATIVE FINANCIAL ASSETS

	April 30, 2022	April 30, 2021
	$	$
Beginning of year	**50,940**	-
Fair value gain (loss)	**801,129**	50,940
Disposition of assets	**(323,749)**	-
	528,320	50,940

Derivative financial assets consist of the Company's investment in 44 contracts to buy a total of 4,400 ounces of gold at prices between $1,790.00 to 1,918.40 with settlement dates between June 2022 to February 2023. The Company has recorded these contracts at fair value using the future price of the gold quoted in active markets as at April 30, 2022, as result, a $0.80 million gain has been recognized as fair value gain in derivatives in the consolidated statements of operations and comprehensive loss.

In connection with its derivative financial assets the Company had $0.28 million (April 30, 2021 - $0.18 million) in a margin account, which as at April 30, 2022 have been classified as restricted cash in its consolidated statements of financial position.

NOTE 5 – PREPAID EXPENSES AND DEPOSITS

	April 30, 2022	April 30, 2021
	$	$
Other deposits and advances	**133,277**	427,517
Prepaid taxes	**469,863**	264,913
Prepaid expenses	**71,796**	106,183
Deferred financing cost (note 13)	**616,170**	-
	1,291,106	798,613

(Expressed in US Dollars)

NOTE 6 – INVENTORY

	April 30, 2022	April 30, 2021
	$	$
Ore stockpiles and gold in process	**5,698,215**	3,754,492
Finished goods – gold doré bars	**1,957,820**	517,750
Materials and supplies	**517,976**	391,107
	8,174,011	4,663,349

As at April 30, 2022, the Company recorded the value of its mineral in stockpiles, tanks and finished products at its cost (April 30, 2021 – the Company recorded a net realizable value impairment of $0.05 million).

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 of which $1.8 million still remains to be collected. 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.

As at April 30, 2022 the Company assessed that the collectability of the Historical IGV balance is uncertain and therefore has been reflected at its estimated fair value of $0.3 million (April 30, 2021 $0.3 million) and has been classified as a long-term receivable. The Company used a discount rate of 11% (April 30, 2021 – 11%), and a duration of approximately 12.5 years (April 30, 2021 – 14 years) for its estimation.

NOTE 8 – PROPERTY, PLANT AND EQUIPMENT

	Plant	Computers	Furniture and Equipment	Total
	$	**$**	**$**	**$**
Costs:				
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**
Additions	546,933	523	296	547,752
Change in ARO reserve	160,901	-	-	160,901
Balance, April 30, 2022	**16,353,034**	**209,037**	**121,404**	**16,683,475**

(Expressed in US Dollars)

NOTE 8 – PROPERTY, PLANT AND EQUIPMENT (continued)

	Plant	Computers	Furniture and Equipment	Total
	$	**$**	**$**	**$**
Accumulated Depreciation:				
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**
Depreciation	1,147,298	17,507	10,888	1,175,693
Balance, April 30, 2022	**6,292,291**	**165,761**	**113,567**	**6,571,619**
Net Book Value:				
April 30, 2021	10,500,207	60,260	18,429	10,578,896
April 30, 2022	**10,060,743**	**43,276**	**7,837**	**10,111,856**

NOTE 9 – ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	April 30, 2022	April 30, 2021
	$	$
Trade accounts payable and accruals [(a)]	**4,784,182**	2,679,523
Accrued interest	**45,315**	97,930
	4,829,497	2,777,453

(a) Includes tax liabilities of which $0.05 million has been classified as current and $0.09 million has been classified as non-current liabilities

NOTE 10 – 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	Total
Cost	**$**	**$**	**$**
Initial recognition	18,804	76,186	94,990
Additions	120,716	121,333	242,049
Balance, April 30, 2022	**139,520**	**197,519**	**337,039**
Accumulated Depreciation			
Depreciation	1,453	61,594	63,047
Net Book Value as at April 30, 2022	**138,067**	**135,925**	**273,992**

(Expressed in US Dollars)

NOTE 10 – LEASES (continued)

Lease liabilities

	$
Initial recognition	**94,900**
New lease Liability	**242,090**
Payment of lease liabilities	**(110,308)**
Balance as at April 30, 2022	**226,682**

The following table presents future lease payments:

	$
Within one year	**81,092**
Within two to five years	**71,991**
After five years	**73,599**
Balance as at April 30, 2022	**226,682**

NOTE 11 – 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 a 90.14% 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

Subsequent to April 30, 2022, the Company agreed with Equinox to defer the cash payment of CAD$1.5 million and due on August 20, 2022, indefinitely.

(Expressed in US Dollars)

NOTE 11 – CONTRACTUAL LIABILITIES PAYABLE TO EQUINOX (continued)

In accordance with IFRS 9, the Company assessed that the amendment of the due dates qualified as an extinguishment, which caused 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 was classified as restructuring gain and recognized in the consolidated statements of operations and comprehensive loss.

The following table is a reconciliation of the movement related to these contractual liabilities as at April 30, 2021:

	April 30, 2020	OCI[(a)]	Accretion adjustments	Payments (note 15(c))	Extinguishment of liability	New liability recognized	April 30, 2021
	$	$	$	$	$	$	**$**
Current Contractual Liabilities							
Promissory Notes Payable							
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)	-	**-**
Historical IGV							
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 15(c))	Extinguishment of liability	New liability recognized	April 30, 2021
	$	**$**	**$**	**$**	**$**	**$**	**$**
Non-Current Contractual Liabilities							
Promissory Notes Payable							
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**
Working capital Payable							
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**

(Expressed in US Dollars)

NOTE 11 – CONTRACTUAL LIABILITIES PAYABLE TO EQUINOX (continued)

The following table is a reconciliation of the movement related to these contractual liabilities as at April 30, 2022:

	April 30, 2021	OCI[a]	Accretion adjustments	Payments (note 15 (c))	Transfer non-current to current	New liability recognized	April 30, 2022
	$	$	$	$	$	$	$
Current Contractual Liabilities							
Promissory Notes Payable							
In cash	-	(16,280)	69,216	-	1,093,124	-	**1,146,060**
Historical IGV							
Payable in cash	193,177	-	-	-	-	44,892	**238,069**
Total Current	193,177	(16,280)	69,216	-	1,093,124	44,892	**1,384,129**
Non-Current Contractual Liabilities							
Promissory Notes Payable							
In cash	1,088,906	(27,915)	32,133	-	(1,093,124)	-	**-**
In cash or shares	3,851,543	(160,186)	362,779	(557,768)	-	-	**3,496,368**
Working Capital Payable							
In cash	566,694	-	52,819	-	-	-	**619,513**
Total Non-current	5,507,143	(188,101)	447,731	(557,768)	(1,093,124)	-	**4,115,881**

(a) Other Comprehensive Income

As at April 30, 2022, the restructured non-interest bearing promissory notes with Equinox had a face value of CAD$7.24 million with the following details:

Face Value as at inception	Payments	Face Value as at April 30, 2022	due date	Payable in:	**Estimated Fair value [b] as at April 30, 2022**
CAD$	CAD$	CAD$			**USD$**
1,500,000	-	1,500,000	August 20, 2022	Cash	**1,146,060**
2,500,000	(1,761,009)	738,991	August 20, 2023	Cash or shares [a]	**454,903**
2,500,000	-	2,500,000	August 20, 2024	Cash or shares [a]	**1,590,360**
2,500,000	-	2,500,000	August 20, 2025	Cash or shares [a]	**1,451,159**
9,000,000	(1,761,009)	7,238,991			**4,642,482**

(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%

(Expressed in US Dollars)

NOTE 11 – CONTRACTUAL LIABILITIES PAYABLE TO EQUINOX (continued)

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, 2022, 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, 2022, 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 12 – LOANS PAYABLE

	April 30, 2022	April 30, 2021
Current Liabilities	**$**	$
Promissory note [(a) (b)]	**531,991**	262,015
USD Notes Payable [(e)]	**862,000**	-
USD Contingent Debenture [(c)]	**779,310**	-
CAD Secured Debenture (CAD$ 1,600,000) [(d)]	**-**	1,295,350
Total Current promissory note and credit facility	**2,173,301**	1,557,365
Non-current Liabilities		
Promissory note [(a)]	**11,459**	43,351
USD Notes Payable[(e)]	**-**	930,000
Total Non-current promissory note	**11,459**	973,351

As at April 30, 2022, the Company had the following loans payable:

(a) 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, 2022, the Company had paid $0.05 million of the principal, leaving a total of $0.04 million of which $0.03 million has been classified as current liability and the balance of $0.01 million as non-current liability.

(b) During April 2022, the Company received $0.50 million in exchange for a 60 day promissory note with an annual interest rate of 15%. The promissory note is secured by a commercial general security agreement.

(c) In September 2016, the Company completed a comprehensive capital restructuring which included issuing contingent debentures (the "Contingent Debentures") totaling $0.78 million. The Contingent Debentures were recognized as a current liability and as an expense on October 31, 2021, after the Company achieved two production milestones including (i) 300 TPD mineral processing capacity in Peru, and (ii) three consecutive months of 200 tonnes per day average daily production.

NOTE 12 – LOANS PAYABLE (continued)

The Contingent Debenture has an annual interest rate of 12% payable quarterly and a 12 months term of maturity. Accrued interest of $0.02 million has been included in accounts payable at April 30, 2022.

(d) On March 29, 2018, the Company issued a Secured Debenture ("CAD Secured Debenture") for CAD$1.6 million due on September 1, 2021, which had an interest rate of 11% per annum and had priority security over the assets of the Chala One Plant. On August 6, 2021, the Company paid in full, its CAD Secured Debenture and the corresponding interest (note 13).

(e) 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%. During May 2021, the Company made principal payments of $0.07 million to the Creditors. Accrued interest of $0.01 million has been included in accounts payable at April 30, 2022.

NOTE 13 – GOLD LOAN

Gold Loan transactions for the year ended April 30, 2022 were as follows:

On July 31, 2021, the Company completed the delivery of the 1,534 ounces of gold that were committed pursuant to the $2.5 million gold loan pre-payment agreement (the "Gold Loan") executed on March 15, 2021, The Gold Loan was considered under the scope of IFRS 9 – Financial Instruments and was determined to be a financial liability with an embedded derivative, the Company measured the entire facility at fair value resulting in a total fair value loss of $0.3 million of which $0.1 million was attributable to the year ended April 30, 2022 and have been included in the consolidated statements of operations and comprehensive income.

On August 6, 2021, the Company arranged a $9 million gold pre-payment facility (the "Facility"), available in two tranches. The facility is secured by a Canadian general security agreement and also has a registered security agreement over the Chala One Plant.

First Tranche
The first tranche ("Tranche 1") of $6 million was drawn down on the same date as the Facility and is payable with 4,181 ounces gold in 16 equal, monthly payments of gold bullion of 261.3 ounces with the first payment due 90 days after receipt of funds. As at April 30, 2022, the Company had delivered seven payments of gold bullion, or approximately 1,829 ounces, with a balance of approximately 2,352 ounces remaining to be delivered.

(Expressed in US Dollars)

NOTE 13 – GOLD LOAN (continued)

Second Tranche

The second tranche ("Tranche 2") of $3 million was drew down ("advance") on December 8, 2021, and is payable with 2,017 ounces of gold in 12 equal, monthly payments of gold bullion of 168.1 ounces with first payment due 120 days after the advance. As at April 30, 2022, the Company had delivered one payment of gold bullion, or approximately 168 ounces, with a balance of approximately 1,849 ounces remaining to be delivered.

Third Tranche

On April 25, 2022, the Company agreed to amend the Facility and drew down an additional $1.5 million (third tranche or "Tranche 3") on April 29, 2022. The loan is payable in three equal payments of gold bullion of 301.8 ounces, being the payments due 180 days, 270 days and 368 days after the respective release of the funds.

The flowing table reconciles the movement of the Gold Loans as at April 30, 2022:

	April 30, 2021	Additions	Fair value loss (gain)		Delivery	Reclassify non-current to current	**April 30, 2022**
			Unrealized	Realized			
		$	$	$		$	**$**
Current							
March 15, 2021[(a)]	2,711,652	-	-	100,653	(2,812,305)	-	**-**
Tranche 1	-	4,673,396	428,223	485,987	(3,396,651)	2,091,821	**4,282,776**
Tranche 2	-	2,227,082	268,232	53,454	(319,307)	1,120,736	**3,350,197**
Tranche 3	-	1,079,357	-	-	-	-	**1,079,357**
Total Current	2,711,652	7,979,835	696,455	640,094	(6,528,264)	3,212,557	**8,712,330**
Non-current							
Tranche 1	-	1,979,617	112,204	-	-	(2,091,821)	**-**
Tranche 2	-	1,049,173	71,563	-	-	(1,120,736)	**-**
Tranche 3	-	516,518	-	-	-	-	**516,518**
Total Non-current	-	3,545,308	183,767	-	-	(3,212,557)	**516,518**

(a) As at April 30, 2021, there was only on Gold Loan, with a value that approximated its fair value

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 measured each tranche at fair value which were calculated as the discounted cash flow of the expected gold deliveries considering the future price of the gold which approximates to each delivery date quoted in active markets and an annual discount rate of 12.67%.

In connection with these transactions, the Company recorded deferred financing costs of $0.94 million which were calculated as the difference between the fair value and the face value of the liability at recognition and will be accreted for the duration of the Facility.

(Expressed in US Dollars)

NOTE 13 – GOLD LOAN (continued)

The flowing table reconciles the movement of the deferred financing cost as at April 30, 2022:

	$
Balance as at April 30, 2021	-
Additions:	
Deferred financing costs Tranche 1	**653,013**
Deferred financing costs Tranche 2	**276,255**
Deferred financing costs Tranche 3	**95,875**
Accretion (1)	**(408,973)**
Balance as at April 30, 2022	**616,170**

(1) Amount has been included in the consolidated statements of operations and comprehensive loss and classified as fair value loss on financial instruments

NOTE 14 – 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, 2022	April 30, 2021
	$	$
Beginning of year	**1,152,653**	1,088,094
Accretion	**77,900**	64,559
Change in estimate	**160,901**	-
	1,391,454	1,152,653

As at April 30, 2022, 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, 2021 – $0.7 million and $0.8 million respectively) and are projected to be disbursed over 2036 and 2042 respectively. A 6.90% (April 30, 2021 – 6.15%) discount rate (Peruvian government bond rate) and an average of 5.78% (April 30, 2021 – 2.15%) inflation rate was used to calculate the present value of these provisions.

NOTE 15 – SHARE CAPITAL AND EQUITY RESERVES

(a) Authorized

Unlimited number of voting common shares without par value.

(b) Issued Share Capital

At April 30, 2022, there were 39,200,670 shares issued and outstanding (April 30, 2021 – 35,503,583).

(c) Share Issuances

Share capital transactions for the year ended April 30, 2022 were:

On May 26, 2021, the Company closed a private placement and issued 1,533,645 units ("the Units") for net proceeds of $0.5 million. Each unit is comprised of one common share and one transferable common share purchase warrant. The total value of the warrants contained in the units issued is $165,941, with the remainder allocated to common shares. The fair value of this warrants was estimated using the Black-Scholes options pricing model using a risk free rate between 0.25%, a volatility of 76.28% and an expected life of 3 years

On December 8, 2021 and April 29, 2022 the Company issued 900,315 and 196,527 common shares respectively at CAD$0.65 as partial payment of its note payable to Equinox (note 11).

During the year ended April 30, 2022, 1,066,600 common shares were issued for proceeds of $0.22 million on the exercise of 966,600 stock options at an average price of CAD$0.27 per share and 100,000 warrants at CAD$0.18 per share.

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

In addition to the $0.05 million payment in cash of the historical IGV payable to equinox, 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.

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.

(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.

(Expressed in US Dollars)

NOTE 15 – SHARE CAPITAL AND EQUITY RESERVES

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

	Share-based Options (note 15(c)) #	Weighted Average Exercise Price (note 15(c)) CAD$
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**
Granted	2,080,600	0.38
Exercised (1)	(966,600)	0.27
Expired/cancelled	(645,000)	0.43
Balance, April 30, 2022	**3,528,546**	**0.48**

(1) For the year ended April 30, 2022, the weighted average trading price for the options exercised was CAD$0.37 per option (April 30, 2021 – CAD$0.58)

The following table summarizes the share-based options outstanding as at April 30, 2022:

Share-based Options #	Exercise Price CAD$	Expiry Date	Vesting Provisions
50,000	1.00	August 25, 2022	Vested
37,500	0.50	August 1, 2023	Unvested
1,584,546	0.55	December 18, 2022	Vested
915,000	0.37	March 2, 2024	Vested
350,000	0.55	December 18, 2024	Unvested
155,900	0.50	March 5, 2025	Unvested
75,000	0.38	June 30, 2025	Unvested
175,000	0.37	March 2, 2026	Unvested
185,600	0.37	April 21, 2026	Unvested
3,528,546 (1)			

(1) As at April 30, 2022, the total number of exercisable options is 2,416,596 share-based options

As at April 30, 2022, the weighted average remaining contractual life of the share-based options was 1.64 years (April 30, 2021 – 1.76 years).

During the year ended April 30, 2022, the Company recognized share-based payments of $0.12 million (April 30, 2021 - $0.3 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, 2022 was estimated using the Black-Scholes options pricing model using a risk free rate between of 0.25% and 1.25% (April 30, 2021 – between 0.35% to 0.55%), a volatility of between 46.84% and 76.28% (April 30, 2021 – between 92.01% to 96.32%), an expected life of between 0.58 and 3.0 year (April 30, 2021 – between 1.0 and 2.75 years) and a forfeiture rate of nil% (April 30, 2021 - nil%).

(Expressed in US Dollars)

NOTE 15 – 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, 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**
Issued(1)	1,533,645	0.60
Exercised	(100,000)	0.18
Expired/Cancelled	(106,667)	1.00
Balance, April 30, 2022	**2,195,721**	**0.47**

(1) The fair value of the share purchase warrants was estimated using Black-Scholes pricing model using a risk free rate of 0.25%, volatility of 76.28% and expected life of 3 years

The following table summarizes the share purchase warrants as at April 30, 2022:

Warrants #	Exercise Price $	Expiry Date
662,076	0.18	March 16, 2023
1,533,645	0.60	May 26, 2024
2,195,721		

As at April 30, 2022, the weighted average remaining contractual life of the warrants was 1.71 years (April 30, 2021 – 1.69 years).

(Expressed in US Dollars)

NOTE 16 – 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 year ended April 30, 2022 and 2021 as follows:

	Year Ended April 30, **2022**	2021
	$	$
Management, salaries and consulting fees	**688,049**	573,077
Director fees	**29,823**	51,956
Professional fees	**9,261**	-
Business development	**-**	148,991
Share-based payment	**51,777**	248,567
	778,910	1,022,591

(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 year ended April 30, 2022 and 2021 as follows:

	Year Ended April 30, **2022**	2021
	$	$
Management fees	**400,286**	336,219
Salaries	**287,763**	236,858
Business development	**-**	22,000
Share-based payments	**32,701**	180,776
	720,750	775,853

(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, 2022 are non-interest bearing and payable on demand, with the exception of USD notes payable and USD contingent debenture (note 12 (e) and (c)). Those balances include $0.6 million (April 30, 2021 - $0.4 million) payable to the CEO and a company controlled by the CEO, $0.6 million (April 30, 2021 - $0.4 million) payable to the CFO and $nil million payable (April 30, 2021 – $0.05 million payable) to the Directors or companies controlled by the Directors.

(Expressed in US Dollars)

NOTE 17 – COMMITMENTS

As at April 30, 2022, the Company had a commitment to sell approximately 502 ounces of gold doré (April 30, 2021 - 287 ounces of gold doré) to a third party, which was settled subsequent to April 30, 2022. At April 30, 2022 the fair value of this commitment is $0.3 million (April 30, 2021 - $0.5 million). Additionally, the Company has received advances of $0.5 million (April 30, 2021 - $nil) to be offset against future sales of gold doré. Both amounts totaling $0.8 million (April 30, 2021 - $0.5 million) have been included in the consolidated statements of financial position and classified as deferred revenues.

A summary of liabilities and future operating commitments at April 30, 2022 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	**4,920,106**	4,829,497	90,609	-
Contractual liabilities payable to Equinox	**5,500,010**	1,384,129	4,115,881	-
Loans payable	**2,184,760**	2,173,301	11,459	-
Gold loan	**9,228,848**	8,712,330	516,518	-
Lease liabilities	**226,682**	81,092	71,991	73,599
	22,060,406	17,180,349	4,806,458	73,599
Commitments				
Gold sale deferred revenue	**840,000**	840,000	-	-
Asset retirement and reclamation obligations	**1,391,454**	-	-	1,391,454
	2,231,454	840,000	-	1,391,454
	24,291,860	18,020,349	4,806,458	1,465,053

NOTE 18 – SEGMENTED INFORMATION

All of the Company's operating and capital assets are located in Peru except for $1.5 million (April 30, 2021 - $0.7 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,	
	2022	2021
Peru segment	**$**	$
Revenue	**47,074,879**	30,347,186
Cost of goods	**(44,863,887)**	(30,021,285)
Gross margin (deficit)	**2,210,992**	325,901
Income (loss) for the year	**(2,377,898)**	(1,286,839)

During the year ended April 30, 2022, the Company received 100% of its metal revenues from three customers, noting that the Company has business relationships with other customers, and is not dependent on them.

NOTE 19 – FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

(a) Fair Value of Financial Instruments

As at April 30, 2022, the Company's financial instruments consist of cash, restricted 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(q)).

As at April 30, 2022 and 2021, 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 are classified as Level 2.

(b) Financial Instruments Risk

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

(i) Credit risk

Credit risk exposure primarily arises with respect to the Company's cash, restricted 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, 2022, the Company had cash of $1.6 million (April 30, 2021 - $2.1 million) and current working capital deficit of $3.0 million (April 30, 2021 – working capital of $0.9 million) with total liabilities of $24.7 million (April 30, 2021 - $15.4 million).

A summary of the Company's future operating commitments is presented in note 17.

NOTE 19 – FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

(iii) Market risk

a. Interest rate risk

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

At April 30, 2022, the Company is not exposed to interest rate risk as all financial liabilities have fixed rates of interest.

b. Foreign currency risk

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

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

	April 30, 2022	April 30, 2021
	$	$
CAD dollar:		
Cash	**17,459**	7,530
Receivables	**12,567**	24,253
Accounts payable and accrued liabilities	**(436,595)**	(541,006)
Secured debentures	**-**	(1,295,350)
Contractual liabilities payable to Equinox	**(4,642,483)**	(4,940,504)
Net assets (liabilities)	**(5,049,052)**	(6,745,077)
Sol:		
Cash	**30,081**	77,425
Receivables	**3,213,243**	1,051,824
Accounts payable and accrued liabilities	**(969,991)**	(221,412)
Net assets (liabilities)	**2,273,333**	907,837

NOTE 19 – FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Assuming all other variables constant, an increase or a decrease of 10% of the Canadian dollar against the US dollar, as of April 30, 2022 would have changed the Company's net loss by approximately $0.5 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, 2022 would have changed the Company's net loss by approximately $0.2 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 20 – 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 plant operations and to maintain the Company in good standing with the various regulatory authorities. In order to maintain or adjust its capital structure, the Company may issue new shares, sell assets to settle liabilities, issue debt instruments or return capital to its shareholders.

The Company's current capital structure consists of loans payable of $2.2 million (April 30, 2021 - $2.5 million), contractual liabilities payable to Equinox of $5.2 million (April 30, 2021 - $5.5 million), a gold loan of $9.2 million (April 30, 2021 - $2.7 million) and shareholders' equity deficit of $0.2 million (April 30, 2021 – shareholder equity of $2.9 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.

(Expressed in US Dollars)

NOTE 21 – INFORMATION INCLUDED IN THE CONSOLIDATED STATEMENTS OF OPERATIONS

	Year Ended April 30, **2022**	2021
Cost of goods sold:	**$**	$
Ore	**37,384,154**	22,193,987
Salaries, benefits and other employee expenses	**2,560,559**	1,840,361
Production supplies	**2,783,087**	1,341,817
Transportation	**753,659**	326,639
Other production costs	**3,683,440**	2,729,965
Depreciation of property plant and equipment	**1,154,041**	1,106,637
Write-down (recovery) in fair value of inventory	**-**	54,826
Variation of finished goods – gold doré bars	**(1,440,070)**	2,985,175
Variation of ore stock piles and gold in process	**(1,943,723)**	(2,510,353)
Total cost of goods sold	**44,935,147**	30,069,054

	Year Ended April 30, **2022**	2021
Corporate and administrative expenses:	**$**	$
Consulting fees	**1,135**	21,012
Management fees and salaries	**1,771,213**	1,440,814
Depreciation	**21,652**	48,670
Depreciation – right of use assets	**63,047**	-
Directors fees	**30,286**	51,956
Investor relations and regulatory fees	**152,891**	172,900
Advertising and corporate development	**311,984**	731,764
Office, rent, utilities, insurance and other	**593,703**	352,425
Professional fees	**559,035**	445,194
Share-based payments	**118,299**	317,866
Travel and accommodation	**22,637**	503
Total corporate and administrative expenses	**3,645,882**	3,583,104
Finance costs:		
Accretion expense	**(84,804)**	(85,181)
Interest costs	**(472,316)**	(443,420)
Foreign exchange gain (loss)	**(29,497)**	21,501
Fair value gain (loss) on financial instruments	**(1,128,159)**	(160,712)
Accretion of contractual liabilities payable to Equinox	**(516,947)**	(490,337)
Fair value adjustment on long term receivable	**18,353**	(28,644)
Total finance costs	**(2,213,370)**	(1,186,793)

(Expressed in US Dollars)

NOTE 22 – INCOME TAXES

(a) Income tax expense (recovery)

	Years ended April 30,	
	2022	2021
Deferred tax expense (recovery)	**$**	$
Origination and reversal of temporary differences	**(814,545)**	(521,170)
Change in unrecognized deductible temporary differences	**1,239,338**	521,170
Total income tax expense (recovery)	**424,793**	-

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,	
	2022	2021
	$	$
Net loss before income taxes for the year	**(4,427,375)**	(3,248,571)
Statutory income tax rate	**27%**	27%
Expected income tax	**(1,195,391)**	(877,114)
Increase (decrease) resulting from		
Impact of different foreign statutory tax rates	**(52,653)**	(37,608)
Non-deductible amounts	**456,606**	197,682
Impact on change in foreign exchange rate	**(22,120)**	195,870
Share issuance costs	**(987)**	-
Change in unrecognized deductible temporary differences	**1,239,338**	521,170
Income tax expense (recovery)	**424,793**	-

(b) Recognized deferred tax assets and liabilities

	Years ended April 30,	
	2022	2021
	$	$
Deferred tax assets are attributable to the following:		
Loss carryforwards	**415,553**	1,540,612
Asset retirement and reclamation provision	**340,936**	103,661
Set-off of tax	**-**	-
Net deferred tax asset	**756,489**	1,644,273
Deferred tax liabilities are attributable to the following:		
Property, plant and equipment	**(1,065,658)**	(1,135,990)
Set-off of tax	**(115,624)**	(508,283)
Net deferred tax liabilities	**(1,181,282)**	(1,644,273)
Net deferred tax	**(424,793)**	-

(Expressed in US Dollars)

NOTE 22 – 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, **2022**	2021
	$	$
Loss carry forwards	**28,657,049**	28,173,932
Deductible temporary differences	**816,046**	(596,635)
	29,473,095	27,577,297

The Company has tax losses for Peruvian purposes of approximately $6.5 million (2021 - $7.8 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 $22.1 million (2021 - $22.3 million) in Canada which expire over 2026 through 2042 which have not been recognized in these financial statements.

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

NOTE 23 – SUPPLEMENTAL CASH FLOW INFORMATION

Interest and income taxes paid in cash during the year ended April 30, 2022, were $0.5 million (April 30, 2021 - $0.3 million) and $0.4 million (April 30, 2021 - $0.07 million). Investing and financing activities that do not have a direct impact on current cash flows are excluded from the statements of cash flows.