INCA ONE GOLD CORP.

Condensed Interim Consolidated Financial Statements
For the Three Months Ended July 31, 2022, and 2021
(Unaudited - Expressed in US Dollars)

NOTICE TO READER

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

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

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

INCA ONE GOLD CORP.

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

	Note	July 31, 2022	April 30, 2022
		$	$
Assets			
Current:			
Cash		**220,267**	1,565,378
Restricted cash	**4**	**318,411**	284,547
Receivables	**3**	**2,608,608**	3,216,672
Derivative financial asset	**4**	**-**	528,320
Prepaid expenses and deposits	**5**	**1,241,148**	1,291,106
Inventory	**6**	**8,307,235**	8,174,011
Total current assets		**12,695,669**	15,060,034
Long term receivable	**7**	**289,321**	292,074
Property, plant and equipment	**8**	**9,863,635**	10,111,856
Right of use assets	**10**	**263,813**	273,992
Total assets		**23,112,438**	25,737,956
Liabilities			
Current:			
Accounts payable and accrued liabilities	**9**	**4,861,628**	4,829,497
Contractual liabilities payable to Equinox	**11**	**1,418,974**	1,384,129
Loans payable	**12**	**1,674,184**	2,173,301
Deferred revenue	**17**	**1,817,870**	840,000
Current portion of gold loan	**13**	**6,947,693**	8,712,330
Current portion of lease liabilities	**10**	**80,179**	81,092
Total current liabilities		**16,800,528**	18,020,349
Accounts payable and accrued liabilities	**9**	**104,389**	90,609
Contractual liabilities payable to Equinox	**11**	**4,214,777**	4,115,881
Loans payable	**12**	**2,925**	11,459
Gold loan	**13**	**-**	516,518
Asset retirement and reclamation obligations	**14**	**1,413,906**	1,391,454
Deferred income tax		**424,793**	424,793
Lease liabilities	**10**	**138,792**	145,590
Total liabilities		**23,100,110**	24,716,653
Shareholders' Equity			
Share capital	**15**	**32,205,712**	32,194,972
Equity reserves	**15**	**5,441,647**	5,435,660
Accumulated other comprehensive income		**(688,681)**	(697,831)
Deficit		**(38,174,840)**	(37,131,873)
Shareholders' equity (deficiency) attributable to Inca One		**(1,216,162)**	(199,072)
Non-controlling interest		**1,228,490**	1,220,375
Total shareholders' equity		**12,328**	1,021,303
Total liabilities and shareholders' equity		**23,112,438**	25,737,956

Nature of operations and going concern (note 1)
Subsequent events (note 13 and 15)
Commitments (note 17)

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

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

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

INCA ONE GOLD CORP.

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

	Notes	Three Months Ended July 31, 2022	2021
		$	$
Revenue		**11,718,110**	8,399,844
Cost of goods sold			
Cost of operations	**19**	**(10,702,255)**	(8,288,461)
Depreciation	**19**	**(300,842)**	(273,922)
Total cost of goods sold		**(11,003,097)**	(8,562,383)
Gross operating margin (loss)		**715,013**	(162,539)
Corporate and administrative expenses	**19**	**(835,251)**	(730,594)
Loss from operations		**(120,238)**	(893,133)
Impairments net of reversal of prior year impairments		**7,000**	-
Finance costs	**19**	**(921,614)**	(378,159)
Net loss for the period		**(1,034,852)**	(1,271,292)
Other comprehensive income:			
Foreign currency translation adjustment		**9,150**	115,900
Comprehensive loss for the period		**(1,025,702)**	(1,155,392)
Net loss and comprehensive loss attributable to:			
Inca One Gold Corp.'s shareholders		**(1,033,817)**	(1,143,096)
Non-controlling interest		**8,115**	(12.296)
		(1,025,702)	(1,155,392)
Weighted average shares outstanding			
Basic		**39,221,935**	36,692,792
Diluted		**39,221,935**	36,692,792
Earnings (loss) per share			
Basic		**(0.03)**	(0.03)
Diluted		**(0.03)**	(0.03)

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

INCA ONE GOLD CORP.

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

	Common shares	Share capital	Equity reserves	Non-controlling interest	Accumulated other comprehensive (loss) income	Deficit	Total shareholders' equity
	#	$	$	$	$	$	$
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 period	-	-	-	(12,296)	115,900	(1,258,996)	(1,155,392)
Issuance of shares on private placement, net of share issue costs	1,533,645	338,053	165,941	-	-	-	503,997
Share-based payments	-	-	58,671	-	-	-	58,671
Balance July 31, 2021	**37,037,228**	**31,350,217**	**5,440,979**	**1,216,826**	**(876,789)**	**(33,547,448)**	**3,583,785**
Comprehensive income (loss) for the period	-	-	-	3,549	178,958	(3,584,425)	(3,401,918)
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	265,762	(57,950)	-	-	-	207,812
Share-based payments	-	-	59,628	-	-	-	59,628
Balance, April 30, 2022	**39,200,670**	**32,194,972**	**5,435,660**	**1,220,375**	**(697,831)**	**(37,131,873)**	**1,021,303**
Comprehensive income (loss) for the period	-	-	-	8,115	9,150	(1,042,967)	(1,025,702)
Warrants exercised (note 15 (e))	51,482	10,740	(3,602)	-	-	-	7,138
Share-based payments (note 15 (d))	-	-	9,589	-	-	-	9,589
Balance July 31, 2022	**39,252,152**	**32,205,712**	**5,441,647**	**1,228,490**	**(688,681)**	**(38,174,840)**	**12,328**

INCA ONE GOLD CORP.

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

	Three months ended July 31, 2022	2021
Cash flows provided by (used in):	**$**	$
Operating activities:		
Net loss for the year	**(1,034,852)**	(1,271,292)
Items not involving cash:		
Depreciation	**306,327**	280,677
Depreciation of right of use assets	**20,006**	-
Share-based payments	**9,589**	58,671
Accretion expense	**-**	5,648
Accretion of asset retirement and reclamation obligations	**22,453**	17,366
Interest expense	**142,764**	143,887
Unrealized foreign exchange	**52,198**	72,333
Fair value adjustment on long term receivable	**(8,470)**	-
Accretion of contractual liabilities payable to Equinox	**133,629**	127,152
Loss (gain) in fair value adjustment of derivatives	**592,150**	(10,602)
Changes in non-cash operating working capital:		
Receivables	**565,470**	(677,579)
Prepaid expenses and deposits	**(118,826)**	(53,912)
Inventory	**(133,224)**	55,812
Accounts payable and accrued liabilities	**(3,058)**	1,009,344
Deferred revenue	**977,870**	343,000
Net cash provided by (used in) operating activities	**1,524,026**	100,505
Financing activities:		
Proceeds from issuance of shares (including exercised warrants and options)	**7,138**	503,997
Proceeds from liquidation of derivative financial assets	**-**	162,194
Proceeds from loans (net of repayments)	**(507,651)**	480,726
Proceeds from Gold Loans (net of repayment)	**(1,868,522)**	(2,812,305)
Payment of notes payable	**-**	(68,000)
Increase (decrease) in restricted cash	**(330,000)**	175,000
Interest paid	**(120,155)**	(104,153)
Net cash provided by financing activities	**(2,819,190)**	(1,662,541)
Investing activities:		
Purchase of property, plant and equipment (net of disposition)	**(48,561)**	(130,728)
Net cash used in investing activities	**(48,561)**	(130,728)
Decrease in cash	**(1,343,725)**	(1,692,764)
Effect of exchange rates on cash held in foreign currencies	**(1,386)**	(7,372)
Cash, beginning of the year	**1,565,378**	1,963,574
Cash, end of the period	**220,267**	263,438

Supplemental disclosure with respect to cash flows (note 20)

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

NOTE 1 – NATURE OF OPERATIONS AND GOING CONCERN

Inca One Gold Corp. (the "Company") was incorporated under the laws of Canada on November 9, 2005 and was continued under the British Columbia Business Corporations Act on November 26, 2010. On September 17, 2014, the Company changed its name from Inca One Resources Corp. to Inca One Gold Corp. The Company's shares are traded on the TSX Venture Exchange (the "TSX-V") under the symbol "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 condensed interim consolidated financial statements are prepared on a going concern basis, which contemplates that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. For the three months ended July 31, 2022, the Company had comprehensive loss of $1 million, a deficit of $38.2 million and working capital deficit of $4.1 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 condensed interim consolidated financial statements do not reflect the adjustments to the carrying values and classifications of assets and liabilities that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of presentation

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

These condensed interim consolidated financial statements have been prepared using the significant accounting policies and measurement bases summarized below and were approved by the board of directors for issue on September 29, 2022.

(b) Basis of consolidation

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

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

(c) Changes in accounting policies and disclosures

There were no new standards effective May 1, 2022 that impacted these condensed interim consolidated financial statements or are expected to have a material effect in the future.

(d) Significant accounting judgements and estimates

The preparation of financial statements in conformity with IFRS requires the Company to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. Management believes the estimates and assumptions used in these condensed interim consolidated financial statements are reasonable; however, actual results could differ from those estimates and could impact future results of operations and cash flows. The Company's significant accounting judgments and estimates were presented in note 2 of the audited annual consolidated financial statements for the years ended April 30, 2022 and 2021.

(Unaudited - Expressed in US Dollars)

NOTE 3 – RECEIVABLES

	July 31, 2022	April 30, 2022
	$	$
GST recoverable (Canada)	**15,457**	12,567
IGV recoverable (Peru)	**2,519,180**	3,199,814
Other	**73,971**	4,291
	2,608,608	3,216,672

NOTE 4 – DERIVATIVE FINANCIAL ASSETS

	July 31, 2022	April 30, 2022
	$	$
Beginning of year	**528,320**	50,940
Fair value gain (loss)	**(496,610)**	801,129
Disposition of assets	**(105,930)**	(323,749)
Transference from restricted cash	**74,220**	-
	-	528,320

Derivative financial assets consist of the Company's investment in 20 contracts to buy a total of 2,000 ounces of gold at prices between $1,797.00 to $1,884.70 with settlement dates between December 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 July 31, 2022, as result, a $0.5 million loss has been recognized as fair value loss in derivatives in the condensed interim consolidated statements of operations and comprehensive loss.

In connection with its derivative financial assets the Company had $0.32 million (April 30, 2022 - $0.28 million) in a margin account, which as at July 31, 2022 have been classified as restricted cash in its condensed interim consolidated statements of financial position.

NOTE 5 – PREPAID EXPENSES AND DEPOSITS

	July 31, 2022	April 30, 2022
	$	$
Other deposits and advances	**89,697**	133,277
Prepaid taxes	**553,391**	469,863
Prepaid expenses	**164,575**	71,796
Deferred financing cost (note 13)	**433,485**	616,170
	1,241,148	1,291,106

(Unaudited - Expressed in US Dollars)

NOTE 6 – INVENTORY

	July 31, 2022	April 30, 2022
	$	$
Ore stockpiles and gold in process	**4,793,251**	5,698,215
Finished goods – gold doré bars	**2,926,156**	1,957,820
Materials and supplies	**587,828**	517,976
	8,307,235	8,174,011

As at July 31, 2022, the Company recorded the value of its mineral in stockpiles, tanks and finished products at its cost (April 30, 2022 – the Company recorded its mineral at cost).

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 July 31, 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 $0.29 million (April 30, 2022 $0.32 million) and has been classified as a long-term receivable. The Company used a discount rate of 11% (April 30, 2022 – 11%), and a duration of approximately 12.2 years (April 30, 2022 – 12.5 years) for its estimation.

NOTE 8 – PROPERTY, PLANT AND EQUIPMENT

	Plant	Computers	Furniture and Equipment	Total
	$	**$**	**$**	**$**
Costs:				
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**
Additions	58,106	-	-	58,106
Balance, July 31, 2022	**16,411,140**	**209,037**	**121,404**	**16,741,581**

(Unaudited - Expressed in US Dollars)

NOTE 8 – PROPERTY, PLANT AND EQUIPMENT (continued)

	Plant	Computers	Furniture and Equipment	Total
	$	**$**	**$**	**$**
Accumulated Depreciation:				
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**
Depreciation	300,350	3,034	2,943	306,327
Balance, July 31, 2022	**6,592,641**	**168,795**	**116,510**	**6,877,946**
Net Book Value:				
April 30, 2022	10,060,743	43,276	7,837	10,111,856
July 31, 2022	**9,818,499**	**40,242**	**4,894**	**9,863,635**

NOTE 9 – ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	July 31, 2021	April 30, 2022
	$	$
Trade accounts payable and accruals [a]	**4,808,902**	4,784,182
Accrued interest	**52,726**	45,315
	4,861,628	4,829,497

[a] Includes tax liabilities of which $0.02 million has been classified as current and $0.1 million has been classified as non-current liabilities

NOTE 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
	$	**$**	**$**
Costs:			
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**
Additions	2,795	7,032	9,827
Balance, July 31, 2022	**142,315**	**204,551**	**346,866**

(Unaudited - Expressed in US Dollars)

NOTE 10 – LEASES (continued)

	Land **$**	Buildings **$**	Total **$**
Accumulated Depreciation:			
Depreciation	1,453	61,594	63,047
Balance, April 30, 2022	**1,453**	**61,594**	**63,047**
Depreciation	860	19,146	20,006
Balance, July 31, 2022	**2,313**	**80,740**	**83,053**
Net Book Value:			
April 30,2022	138,067	135,925	273,992
July 31, 2022	**140,002**	**123,811**	**263,813**

Lease liabilities

	July 31, 2022	April 30, 2022
	$	$
Beginning of year	**226,682**	-
Initial recognition	**-**	94,900
New lease Liability	**9,827**	242,090
Payment of lease liabilities	**(17,538)**	(110,308)
	218,971	226,682

The following table presents future lease payments:

	$
Within one year	**80,179**
Within two to five years	**67,065**
After five years	**71,727**
Balance as at July31, 2022	**218,971**

NOTE 11 – CONTRACTUAL LIABILITIES PAYABLE TO EQUINOX

As result of the Acquisition of Anthem, the Company entered into non-interest bearing promissory notes whit Equinox which as at July 31, 2022, had a face value of CAD$7.24 million (April 30, 2022, CAD$ 7.24 million) with the following details:

(Unaudited - Expressed in US Dollars)

NOTE 11 – CONTRACTUAL LIABILITIES PAYABLE TO EQUINOX (continued)

Face Value as at inception	Payments	Face Value as at July 31, 2022	due date	Payable in:	**Estimated Fair value [c] as at July 31, 2022**
CAD$	CAD$	CAD$			**USD$**
1,500,000	-	1,500,000	Deferred Indefinitely [a]	Cash	**1,169,682**
2,500,000	(1,761,009)	738,991	August 20, 2023	Cash or shares [b]	**477,156**
2,500,000	-	2,500,000	August 20, 2024	Cash or shares [b]	**1,623,138**
2,500,000	-	2,500,000	August 20, 2025	Cash or shares [b]	**1,481,013**
9,000,000	(1,761,009)	7,238,991			**4,750,989**

(a) On July 14, 2022 the Company agreed with Equinox to defer this cash payment (which was due on August 20, 2022) indefinitely
(b) As per the share purchase agreement with Equinox, Inca One has the discretion to pay in cash or shares based on the higher of the preceding 20-day volume weighted average price of Inca One shares and CAD$0.65, subject to Equinox's ownership of Inca One Shares not exceeding 19.99% of the outstanding Inca One Shares (the "Equinox Ownership Limit").
(c) The fair value has been estimated considering a discount rate of 9.59%

The acquisition of Anthem also has a provision to pay in cash to Equinox, an amount equal to 50% of Historical IGV recoveries. As at July 31, 2022, the fair value of the balance payable to Equinox is approximately $0.25 million and is classified as a current liability.

Additionally, the Company must pay in cash to Equinox, the difference between the amount of working capital at August 21, 2018 and $3.0 million. Anthem's working capital at such date was $3.7 million and therefore the estimated amount payable would be $0.7 million payable on August 20, 2023. As at July 31, 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.

The following table is a reconciliation of the movement related to these contractual liabilities as at July 31, 2022:

	April 30, 2022	**OCI[a]**	**Accretion adjustments**	**New liability recognized**	**July 31, 2022**
	$	$	$	$	$
Current Contractual Liabilities					
Promissory Notes Payable					
In cash	1,146,060	(2,773)	26,395	-	**1,169,682**
Historical IGV					
Payable in cash	238,069	-	-	11,223	**249,292**
Total Current	1,384,129	-	-	11,223	**1,418,974**
Non-Current Contractual Liabilities					
Promissory Notes Payable					
In cash or shares	3,496,368	(8,338)	93,277	-	**3,581,307**
Working Capital Payable					
In cash	619,513	-	13,957	-	**633,470**
Total Non-current	4,115,881	(8,338)	107,234	-	**4,214,777**

(a) Other Comprehensive Income

(Unaudited - Expressed in US Dollars)

NOTE 12 – LOANS PAYABLE

	July 31, 2022	April 30, 2022
Current Liabilities	**$**	$
Promissory note [(a)]	**32,873**	531,991
USD Notes Payable [(b)]	**862,000**	862,000
USD Contingent Debenture [(c)]	**779,310**	779,310
Total Current loans payable	**1,674,183**	2,173,301
Non-current Liabilities		
Promissory note [(a)]	**2,926**	11,459
Total Non-current loans payable	**2,926**	11,459

As at July 31, 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 July 31, 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) On March 16, 2020, the Company issued notes payable (the "Notes") in the amount of $0.93 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 $0.02 million has been included in accounts payable at July 31, 2022.

(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. The Contingent Debenture has an annual interest rate of 12% payable quarterly and a 12 months term of maturity. Accrued interest of $0.03 million has been included in accounts payable at July 31, 2022.

NOTE 13 – GOLD LOAN

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.

(Unaudited - Expressed in US Dollars)

NOTE 13 – GOLD LOAN (continued)

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 July 31, 2022, the Company had delivered nine payments of gold bullion, or approximately 2,532 ounces, with a balance of approximately 1,649 ounces remaining to be delivered.

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 July 31, 2022, the Company had delivered four payments of gold bullion, or approximately 672 ounces, with a balance of approximately 1,345 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, with first delivery due on October 26, 2022.

Subsequent to July 31, 2022, the Company and OCIM entered discussions to restructure the payment schedule for each tranche.

The following table reconciles the movement of the Gold Loans as at July 31, 2022:

	April 30, 2021	Fair value loss (gain)		Delivery	Reclassify non-current to current	**April 30, 2022**
		Unrealized	Realized			
		$	$		$	**$**
Current						
Tranche 1	4,282,776	(309,359)	116,430	(948,048)	-	**3,141,799**
Tranche 2	3,350,197	(246,505)	101,410	(918,489)	-	**2,286,613**
Tranche 3	1,079,357	(76,594)	-	-	516,518	**1,519,281**
Total Current	8,712,330	(632,458)	218,840	(1,866,537)	516,518	**6,947,693**
Non-current						
Tranche 3	516,518	-	-	-	(516,518)	**-**
Total Non-current	516,518	-	-	-	(516,518)	**-**

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%.

(Unaudited - Expressed in US Dollars)

NOTE 13 – GOLD LOAN (continued)

In connection with these transactions, the Company recorded deferred financing costs of $1.03 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.

The following table reconciles the movement of the deferred financing cost as at July 31, 2022:

	July 31, 2022	April 30, 2022
	$	$
Beginning of year	**616,170**	-
Additions:		
Deferred financing costs Tranche 1	**-**	653,013
Deferred financing costs Tranche 2	**-**	276,255
Deferred financing costs Tranche 3	**-**	95,875
Accretion (1)	**(182,685)**	(408,973)
	433,485	616,170

(1) Amount has been included in the condensed interim 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.

	July 31, 2022	April 30, 2022
	$	$
Beginning of year	**1,391,454**	1,152,653
Accretion	**22,452**	77,900
Change in estimate	**-**	160,901
	1,413,906	1,391,454

As at July 31, 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 $0.8 million and $0.8 million respectively (April 30, 2022 – $0.7 million and $0.8 million respectively) and are projected to be disbursed over 2036 and 2042 respectively. A 6.90% (April 30, 2022 – 6.90%) discount rate (Peruvian government bond rate) and an average of 5.78% (April 30, 2022 – 5.78%) inflation rate was used to calculate the present value of these provisions.

(Unaudited - Expressed in US Dollars)

NOTE 15 – SHARE CAPITAL AND EQUITY RESERVES

(a) Authorized

Unlimited number of voting common shares without par value.

(b) Issued Share Capital

At July 31, 2022, there were 39,252,152 shares issued and outstanding (April 30, 2022 – 39,200,670).

(c) Share Issuances

During the three months ended July 31, 2022, 51,482 common shares were issued for proceeds of $0.01 million on the exercise of same number of warrants at CAD$0.18 per share.

(d) Share-based Options

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

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

	Share-based Options #	Weighted Average Exercise Price CAD$
Balance, April 30, 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 and July 31, 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.

The following table summarizes the share-based options outstanding as at July 31, 2022:

(Unaudited - Expressed in US Dollars)

NOTE 15 – SHARE CAPITAL AND EQUITY RESERVES (continued)

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	Vested
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 July 31, 2022, the total number of exercisable options is 2,989,696 share-based options

As at July 31, 2022, the weighted average remaining contractual life of the share-based options was 1.38 years (April 30, 2022 – 1.64 years).

During the three months ended July 31, 2022, the Company recognized share-based payments of $0.01 million (July 31, 2021 - $0.06 million) for share-based options vested during the period.

(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, 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**
Exercised	(51,482)	0.18
Balance, July 31, 2022	**2,144,239**	**0.48**

(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 July 31, 2022:

(Unaudited - Expressed in US Dollars)

NOTE 15 – SHARE CAPITAL AND EQUITY RESERVES (continued)

Warrants	Exercise Price	Expiry Date
#	$	
610,594	0.18	March 16, 2023
1,533,645	0.60	May 26, 2024
2,144,239		

As at July 31, 2022, the weighted average remaining contractual life of the warrants was 1.48 years (April 30, 2022 – 1.71 years).

Subsequent to July 31, 2022, 995,364 of the $0.60 warrants, expiring on May 26, 2024, were repriced to $0.30.

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 three months ended July 31, 2022 and 2021 as follows:

	Three months ended July 31,	
	2022	2021
	$	$
Management, salaries and consulting fees	**184,603**	103,727
Director fees	**7,384**	7,728
	191,987	111,455

(b) Compensation of Key Management Personnel

The Company's key management personnel have authority and responsibility for planning, directing and controlling the activities of the Company and includes the Directors, CEO, CFO, and VP Operations & New Projects. Compensation in respect of services provided by key management consists of consulting and management fees paid to companies controlled by the CEO and VP Operations & New Projects and by the issue of options. The compensation for key management personnel for the three months ended July 31, 2022 and 2021 as follows:

	Three months ended July 31,	
	2022	2021
	$	$
Management fees	**106,879**	63,053
Salaries	**77,724**	40,674
	184,603	103,727

(Unaudited - Expressed in US Dollars)

NOTE 16 – RELATED PARTY TRANSACTIONS (continued)

(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 July 31, 2022 are non-interest bearing and payable on demand, with the exception of USD notes payable and USD contingent debenture (note 12 (b) and (c)). Those balances include $0.6 million (April 30, 2022 - $0.6 million) payable to the CEO and a company controlled by the CEO, $0.6 million (April 30, 2022 - $0.6 million) payable to the CFO and $nil million payable (April 30, 2022 – $nil million payable) to the Directors or companies controlled by the Directors.

NOTE 17 – COMMITMENTS

As at July 31, 2022, the Company had a commitment to sell approximately 842 ounces of gold doré (April 30, 2022 - 502 ounces of gold doré) to a third party, which was settled subsequent to this report. At July 31, 2022 the fair value of this commitment is $1.4 million (April 30, 2022 - $0.3 million). Additionally, the Company has received advances of $0.4 million (April 30, 2022 - $0.5 million) to be offset against future sales of gold doré. Both amounts totaling $1.8 million (April 30, 2022 - $0.8 million) have been included in the condensed interim consolidated statements of financial position and classified as deferred revenues.

A summary of liabilities and future operating commitments at July 31, 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	**4,966,017**	4,861,628	104,389	-
Contractual liabilities payable to Equinox	**5,633,751**	1,418,974	4,214,777	-
Loans payable	**1,677,109**	1,674,184	2,925	-
Gold loan	**6,947,693**	6,947,693	-	-
Lease liabilities	**218,971**	80,179	67,065	71,727
	19,443,541	14,982,658	4,389,156	71,727
Commitments				
Gold sale deferred revenue	**1,817,870**	1,817,870	-	-
Asset retirement and reclamation obligations	**1,413,906**	-	-	1,413,906
	3,231,776	1,817,870	-	1,413,906
	22,675,317	16,800,528	4,389,156	1,485,633

NOTE 18 – SEGMENTED INFORMATION

All of the Company's operating and capital assets are located in Peru except for $0.6 million (April 30, 2022 - $1.5 million) of cash and other current assets which are held in Canada.

(Unaudited - Expressed in US Dollars)

NOTE 18 – SEGMENTED INFORMATION (continued)

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

	Three months ended July 31,	
	2022	2021
Peru segment	**$**	$
Revenue	**11,698,950**	8,395,728
Cost of goods	**(10,984,046)**	(8,558,184)
Gross margin (deficit)	**714,904**	(162,456)
Income (loss) for the year	**325,556**	(765,175)

During the three months ended July 31, 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 – INFORMATION INCLUDED IN THE CONDENSED INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS

	Three months ended July 31,	
	2022	2021
Cost of goods sold:	**$**	$
Ore	**8,287,861**	6,105,552
Salaries, benefits and other employee expenses	**758,675**	521,677
Production supplies	**789,380**	432,864
Transportation	**54,868**	130,122
Other production costs	**874,843**	745,509
Depreciation of property plant and equipment	**300,842**	273,922
Write-down (recovery) in fair value of inventory	**-**	148,750
Variation of finished goods – gold doré bars	**(968,336)**	(421,619)
Variation of ore stock piles and gold in process	**904,964**	625,606
Total cost of goods sold	**11,003,097**	8,562,383

(Unaudited - Expressed in US Dollars)

NOTE 19 – INFORMATION INCLUDED IN THE CONDENSED INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS (continued)

	Three months ended July 31,	
	2022	2021
Corporate and administrative expenses:	**$**	$
Consulting fees	**1,887**	-
Management fees and salaries	**433,379**	333,589
Depreciation	**5,485**	6,755
Depreciation – right of use assets	**20,006**	-
Directors fees	**7,384**	7,728
Investor relations and regulatory fees	**41,880**	61,638
Advertising and corporate development	**3,564**	72,506
Office, rent, utilities, insurance and other	**178,356**	86,701
Professional fees	**115,884**	103,006
Share-based payments	**9,589**	58,671
Travel and accommodation	**17,837**	-
Total corporate and administrative expenses	**835,251**	730,594
Finance costs:		
Accretion expense	**(22,453)**	(23,014)
Interest costs	**(142,764)**	(143,887)
Foreign exchange gain (loss)	**(39,088)**	(94,708)
Fair value gain (loss) on financial instruments	**(592,150)**	10,602
Accretion of contractual liabilities payable to Equinox	**(133,629)**	(127,152)
Fair value adjustment on long term receivable	**8,470**	-
Total finance costs	**(921,614)**	(378,159)

NOTE 20 – SUPPLEMENTAL CASH FLOW INFORMATION

Interest and income taxes paid in cash during the three months ended July 31, 2022, were $0.1 million (July 31, 2021 - $0.1 million) and $0.1 million (July 31, 2021 - $0.06 million) respectively. Investing and financing activities that do not have a direct impact on current cash flows are excluded from the statements of cash flows.