Candelaria Mining Corp.

Consolidated Financial Statements
For the years ended April 30, 2021 and 2020
(amounts expressed in thousands of Canadian dollars, except where indicated)

Grant Thornton LLP
Suite 1600,333 Seymour Street
Vancouver, BC
V6B 0A4

T +1 604 687 2711
F +1 604 685 6569
www.GrantThornton.ca

Independent Auditor's Report

To the Shareholders of Candelaria Mining Corp.

Opinion

We have audited the consolidated financial statements of Candelaria Mining Corp (the "Company"), which comprise the consolidated statements of financial position as at April 30, 2021, and April 30, 2020 and the consolidated statements of loss and comprehensive loss, consolidated statements of changes in shareholders equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at April 30, 2021 and April 30, 2010, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

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 consolidation financial statements, which indicates that additional funding will be necessary to advance the Company's ongoing operations. This condition, along with the matters set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about 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 (IFRS), 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 Robert Riecken.

Grant Thornton LLP

Vancouver, Canada
August 26, 2021

Chartered Professional Accountants

Candelaria Mining Corp.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Amounts expressed in thousands of Canadian dollars, except where indicated)

	Note	April 30, 2021	April 30, 2020
Assets			
Current assets			
Cash and cash equivalents	5	$ 756	$ 35
Other receivables and prepaid expenses	4,5	104	27
Total current assets		860	62
Other receivables – non-current	4,5	1,839	2,542
Equipment	6	270	-
Deposit – non-current	6	1,087	-
Deferred charges – Debenture	8	5,261	-
Exploration and evaluation assets	7	8,965	9,473
Total assets		$ 18,282	$ 12,077
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	5	$ 1,794	$ 1,248
Caballo Blanco Acquisition Payable	5,7(b)	921	1,042
Total current liabilities		$ 2,715	$ 2,290
Debenture	8	990	-
Caballo Blanco Acquisition Payable – non-current	7(b)	400	578
Total liabilities		$ 4,105	$ 2,868
Shareholders' equity			
Share capital		51,807	45,102
Reserves		10,149	2,937
Deficit		(47,779)	(40,567)
		14,177	7,472
Non-controlling interest ("NCI")	7(a)	-	1,737
		14,177	9,209
Total liabilities and shareholders' equity		$ 18,282	$ 12,077

Nature of operations and going concern (note 1)

Approved by the Board of Directors

"Ramon Perez" Director   "Matthew Roma" Director

Candelaria Mining Corp.

CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

(Amounts expressed in thousands of Canadian dollars, except where indicated)

		Year ended April 30,	
	Notes	**2021**	**2020**
General and administration expenses			
Amortization		$ -	(7)
Exploration expense	14	(1,401)	(313)
Consulting and professional fees	11	(646)	(616)
Salary and wages		(431)	(129)
General and administration		(681)	(496)
Regulatory and filing fees		(44)	(22)
Stock-based compensation	10	(1,794)	-
Net loss before other (expense) income		(4,997)	(1,583)
Other (expenses) income, net			
Foreign exchange gain (loss)		171	(150)
Finance cost	7,8	(463)	-
Loss on shares for debt	9(c)	(87)	-
Change in provision due to timing of cash flow	7(b)	177	256
Net loss		(5,199)	(1,477)
Other comprehensive gain (loss) ("OCI")			
Items that may be reclassified to profit or loss			
Gain (loss) on translation of foreign operations		871	(2,371)
Total comprehensive loss		(4,328)	(3,848)
Net loss attributable to:			
Owners of the Company		(5,225)	(442)
NCI		26	(1,035)
Total net loss		(5,199)	(1,477)
OCI attributable to:			
Owners of the Company		871	(2,371)
NCI		-	-
Total other comprehensive gain (loss)		871	(2,371)
Total comprehensive loss attributable to:			
Owners of the Company		(4,354)	(2,813)
NCI		26	(1,035)
Total comprehensive loss		(4,328)	(3,848)
Loss per share – basic and diluted		$ (0.04)	$ (0.00)
Weighted average shares outstanding (000's) – basic and diluted		125,083	113,978
Total shares issued and outstanding (000's)		128,830	118,059

Candelaria Mining Corp.

CONSOLIDATED STATEMENTS OF CHANGE IN SHAREHOLDERS' EQUITY

(Amount expressed in thousands of Canadian dollars, except where indicated)

	Notes	Shares ('000)	Share capital	Reserves	RSU Reserves	Translation reserves	Deficit	Total equity for owners	NCI	Total equity
Balance as at April 30, 2020		**118,059**	**$ 45,102**	**$ 4,200**	**$ 1,309**	**$ (2,572)**	**$ (40,567)**	**$ 7,472**	**$ 1,737**	**$ 9,209**
Share issuance, acquisition of Minera Apolo SA de CV ("Apolo")	7(a)	7,075	3,750	-	-	-	(1,987)	1,763	(1,763)	-
Share issuance, stock options exercised	9	500	132	(57)	-	-	-	75	-	75
Warrants issuance, Debenture	8,9	-	-	6,253	-	-	-	6,253	-	6,253
Shares for debt	9	2,175	1,174	-	-	-	-	1,174	-	1,174
RSU issuance	9	1,020	1,649	-	(1,649)	-	-	-	-	-
Stock based compensation	10	-	-	1,032	762	-	-	1,794	-	1,794
Cumulative translation		-	-	-	-	871	-	871	-	871
Net loss for the year		-	-	-	-	-	(5,225)	(5,225)	26	(5,199)
As at April 30, 2021		**128,829**	**$ 51,807**	**$ 11,428**	**$ 422**	**$ (1,701)**	**$ (47,779)**	**$ 14,177**	**$ -**	**$ 14,177**

	Notes	Shares ('000)	Share capital	Reserves	RSU Reserves	Translation Reserves	Deficit	Total equity for owners	NCI	Total equity
Balance as at April 30, 2019		**113,822**	**$ 44,645**	**$ 3,607**	**$ 1,309**	**$ (201)**	**$ (40,125)**	**$ 9,235**	**$ 2,772**	**$ 12,007**
Private placement	9	4,237	457	593				1,050		1,050
Cumulative translation		-	-	-	-	(2,371)	-	(2,371)	-	(2,371)
Net loss for the year		-	-	-	-	-	(442)	(442)	(1,035)	(1,477)
As at April 30, 2020		**118,059**	**$ 45,102**	**$ 4,200**	**$ 1,309**	**$ (2,572)**	**$ (40,567)**	**$ 7,472**	**$ 1,737**	**$ 9,209**

The accompanying notes are an integral part of these consolidated financial statements.

Candelaria Mining Corp.

CONSOLIDATED STATEMENTS of CASH FLOWS

(Amount expressed in thousands of Canadian dollars, except where indicated)

		Year ended April 30,	
	Note	**2021**	**2020**
Cash used from operating activities			
Net loss for the year		$ (5,199)	$ (1,477)
Items not affecting cash			
Amortization		-	7
Unrealized foreign exchange		72	28
Loss on share issuance for debt	9(c)	87	
Change in provision due to timing of cash flow	7(b)	(177)	(256)
Stock based compensation	10	1,794	-
Finance cost – debenture	8	459	-
Change in non-cash operating working capital			
Accounts receivable and prepaid expense		738	(232)
Accounts payable and accruals		445	891
Total cash used from operating activities		(1,781)	(1,039)
Cash flow from (used in) investing activities			
Proceeds from royalty	7(a)	974	-
Expenditures – equipment	6	(270)	-
Transaction cost – acquisition of Apolo	7(a)	(16)	-
Total cash flow from investing activities		688	-
Cash flow from (used in) financing activities			
Proceeds from drawing of Debenture	8	2,040	-
Payment of interest of Debenture	8	(193)	-
Transaction cost – Debenture	8	(52)	-
Proceeds from stock options exercised	9	75	-
Proceeds from private placement, net	9	-	803
Share issuance cost		-	(9)
Total cash flow from financing activities		1,870	794
Increase (decrease) in cash and cash equivalents		777	(245)
Foreign exchange impact on cash and cash equivalents		(56)	3
Cash and cash equivalents – beginning of year		35	277
Cash and cash equivalents – end of year		756	35
Cash		$ 756	$ 35
Short term investment		-	-
Cash and cash equivalents – end of year		$ 756	$ 35

1 Nature of Operations and Going Concern

Candelaria Mining Corp. (the "Company") is a British Columbia public company listed on the TSX Venture Exchange ("TSXV") under the trading symbol "CAND". The Company also trades under the symbol "CDELF" on OTC Pink. The Company was incorporated under the Business Corporations Act of British Columbia on January 23, 2012. The Company's registered and records office is located at Suite 1200, 750 West Pender Street, Vancouver, BC, Canada, V6C 2T8. The address of the Company's head office is 1201 - 1166 Alberni Street, Vancouver, BC V6E 3Z3.

On May 11, 2016, the Company signed an agreement to acquire the Caballo Blanco Gold Project ("Caballo Blanco") in Veracruz from Molimentales Del Noroeste, SA de CV, a subsidiary of Alio Gold Inc. ("Alio"), formerly Timmins Gold Corp. (Note 6(b)).

On December 5, 2018, the Company announced that it has agreed to issue 7,075,472 of the Company's common shares to the shareholder of Minera Apolo S.A. de C.V. ("Apolo") to acquire the remaining 40% of the shares of Apolo. The transaction was closed on July 31, 2020 upon exchange approval.

Going Concern

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to a going concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of operations. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future which is at least, but not limited to, twelve months from the end of the reporting year. Management is aware in making its assessment of material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern, as explained in the following paragraph.

The Company has not yet generated income or cashflow from operations. As at April 30, 2021, the Company had cash and cash equivalents of $756, a working capital deficit of $1,855 and an accumulated deficit of $47,779 (April 30, 2020 - $40,567). For the year ended April 30, 2021, the Company incurred a net loss of $5,199 (April 30, 2020 – loss of $4,104) and negative cashflows from operations of $1,781 (April 30, 2020 - $1,039). The Company will require additional financing, through various means including but not limited to equity financings, to continue with its exploration and development programs and to meet its future obligations and administrative expenses. There is no assurance that the Company will be successful in raising the additional required funds.

The above noted conditions indicate the existence of material uncertainties that cast significant doubt about the Company's ability to continue as a going concern. These condensed interim consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities, to the reported expenses and to the financial position classifications that would be necessary if the going concern assumption was inappropriate. These adjustments could be material.

COVID-19

Candelaria has been impacted by the outbreak of the COVID-19 pandemic. The Company has taken a number of measures to safeguard the health of its employees and their local communities while continuing to operate safely and responsibly. All of the Company's assets' work areas have reduced exploration activities, which will be in effect until the resumption of normal activities is deemed safe and appropriate. The Company acted in compliance with Mexican government-ordered restrictions. The gradual resumption towards full exploration activities occurred during the year ended April 30, 2021 and complied with the recommendations of Mexican governments and public health officials, with full attention to the health and safety of returning employees, contractors, and suppliers.

2 Basis of Presentation

Statement of compliance

These consolidated financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB"). The financial statements have been prepared on an accrual basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The financial statements are presented in Canadian dollars.

The financial statements were authorized for issue on August 26, 2021 by the directors of the Company.

Use of estimates and judgements

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Such estimates primarily relate to share-based transaction valuations, fair values of financial instruments and the recoverability of deferred income tax assets and exploration and evaluation assets. Actual results could differ from those estimates. Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in Note 1 relating to going concern.

Acquisition of mineral property interests

The Company treats the acquisition of a mineral property interest as either a business combination or asset purchase. The determination of treatment is based upon an assessment of factors at the time of acquisition.

A business combination is a transaction in which control over one or more businesses is obtained. A business is defined as an integrated set of activities and assets that is capable of creating outputs which provide a positive economic return to stakeholders. If the integrated set of activities and assets is in the exploration or development stage and therefore does not have outputs, the Company considers other factors to determine if the assets are a business. These include, but are not limited to, whether the set of activities and assets:

(a) has planned principal activities;

(b) has identified mineral reserves and processes needed to generate the inputs required for output production;

(c) is pursuing a plan to produce outputs; and

(d) will be able to sell the produced outputs.

Not all of the above factors need to be present for a particular integrated set of activities and assets in the development stage to qualify as a business. Business acquisitions are accounted for using the acquisition method, in which the acquired assets and liabilities are recorded at fair value at the date of acquisition. Direct costs associated with a business combination are expensed as incurred.

Acquisitions in which a business is not acquired are treated as an asset purchase. Under an asset purchase, the fair value of the consideration provided is allocated to the individual fair value of assets and liabilities assumed on the basis of their relative fair values at the time of acquisition. The costs of acquisition for an asset acquisition are deferred and capitalized in the period they are incurred. In the event the acquisition is not completed, these costs would be immediately expensed.

The Apolo and Caballo Blanco acquisitions were treated as an asset purchase since, at time of acquisition, it was not a business.

Exploration and evaluation expenditures

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment to determine whether it is likely that future economic benefits are likely, from either future exploitation or sale, or whether activities have not reached a stage that permits a reasonable assessment of the existence of reserves. The determination of a compliant resource is itself an estimation process that involves varying degrees of uncertainty depending on how the resources are classified (i.e., measured, indicated or inferred).

Estimates and assumptions may change if new information becomes available. If, after expenditures are capitalized, information becomes available suggesting that the recovery of such expenditures is unlikely, the amount capitalized is written off in profit or loss in the period when the new information becomes available.

Deferred taxes

The Company recognizes a deferred tax asset to the extent recovery is probable. Assessing the recoverability of deferred tax assets requires management to make significant estimates of future taxable profit. To the extent that future cash flows and taxable profit differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the reporting date could be impacted. In addition, future changes in tax laws could limit the ability of the Company to obtain tax deductions in future periods.

Share-based payments

The Company grants share-based awards as an element of compensation that includes stock options and restricted share units.

Share-based payments for stock options are determined using the Black-Scholes option pricing model based on estimated fair values at the date of grant and is expensed to profit or loss over each award's vesting period. The Black-Scholes option pricing model utilizes subjective assumptions such as expected price volatility and expected life of the option. Changes in these input assumptions can significantly affect the fair value estimate.

Share-based payments for restricted share units are determined using the market price at the date of grant and is expensed to profit or loss over each award's vesting period.

Derivative assets and liabilities

Management is required to determine assumptions used in financial fair value models to estimate derivatives liabilities raised from share purchase warrants, and gold forward contracts where contractually applicable. The assumptions may be adjusted at each reporting period and the actual value of the derivative liability may differ from the amount currently provided.

Functional Currency

The Company is involved in the exploration and development of gold with continued operations that are heavily reliant on international economics such as the price and demand of gold and other commodities. The parent company's resources, and competitive forces are measured in CAD and have determined the functional currency of all its entities to be CAD. For all of the foreign subsidiaries, which are located in Mexico, the functional currency is denominated in Mexican Pesos.

Basis of consolidation

These consolidated financial statements include the accounts of the Company and its subsidiaries. All amounts are expressed in Canadian dollars, unless otherwise stated. Intercompany transactions and balances between the Company and its subsidiaries are eliminated. The principal subsidiaries of the Company and their geographic location as at April 30, 2021 were as follows:

	Jurisdiction	Ownership %
Candelaria Mining Corp.	Canada	N/A – parent company
Grupo Minero Candelaria SAPI de CV	Mexico	100%
Maquila de Minerales SA de CV	Mexico	100%
Minera Apolo SA de CV	Mexico	100%
Minera Catanava SA de CV	Mexico	100%
Minera Caballo Blanco SA de CV	Mexico	100%

3 Summary of Significant Accounting Policies

Basis of consolidation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”). The policies set out below were consistently applied to all periods presented. These consolidated financial statements were approved and authorized for issue by the Board of Directors. These consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments which are measured at fair value.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash within ninety days of purchase.

Exploration and Evaluation Expenditure

Exploration and evaluation activity involves the search for mineral resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource.

Exploration and evaluation activity includes, but is not limited to;

- Exploratory drilling and sampling
- Surveying transportation and infrastructure requirement
- Gathering exploration data through geophysical studies

The Company capitalizes all direct costs of acquiring resource property interests. Option payments are considered acquisition costs if the Company has the intention of exercising the underlying option.

Once the legal right to explore has been acquired, exploration and evaluation expenditures is charged to profit or loss as incurred, unless management concludes that a future economic benefit is more likely than not to be realized. These costs include materials used, surveying costs, drilling costs, and payments made to contractors. Any speculative acquisition costs are charged to profit or loss as incurred.

Exploration costs incurred prior to the determination of economically recoverable reserves are expensed as “exploration costs’ in the consolidated statement of loss and comprehensive loss

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing historical characteristic of many properties. The Company has investigated title to all of its mineral properties and, to the best of its knowledge title to all of its properties are in good standing.

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of the estimated recoverable amount, are written off to the consolidated statement of loss and comprehensive loss.

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined and a development decision made, the property is considered to be a mine under development. Exploration and evaluation assets are also tested for impairment before the assets are transferred to development properties.

Plant and Equipment

Plant and equipment are recorded at cost and carried net of accumulated depreciation and accumulated impairment losses. Costs of additions and improvements are capitalized. An item of plant and equipment is derecognized upon disposal, or impaired when no future economic benefits are expected to arise from continued use of the asset. Any gain or loss on disposal of the asset, determined as the difference between the proceeds and the carrying amount of the asset is recognized in profit or loss.

For transportation, computer and other equipment, the straight-line method is also applied over the estimated useful lives of the assets:

	Years
Mining equipment	3-4
Vehicles	3-4
Office equipment	3-4
Computer equipment	2-3
Computer software	2-3

Foreign currencies

The functional currency of the reporting entity and each of its foreign operations must be assessed independently giving consideration to the primary economic environment in which each reporting entity operates. Management has determined that the functional currencies of all its Mexican subsidiaries is the Mexican Peso as this is the currency of the primary economic environment in which the Company operates. The parent company has Canadian Dollars as their functional currency.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At each statement of financial position date, monetary assets and liabilities in foreign currencies are translated using the period end foreign exchange rate. Non-monetary assets and liabilities are translated using the historical rate on the date of the transaction. All gains and losses on translation of these foreign currency transactions are recorded as other comprehensive income or loss.

Compound financial instruments (convertible debenture)

Compound financial instruments issued by the Company comprise convertible notes that can be converted to common shares at the option of the holder, and the number of shares to be issued does not vary with changes in their fair value.

The liability component of a compound financial instrument is recognized initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognized initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition except on conversion or expiry.

Provisions

Liabilities are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation. A provision is a liability of uncertain timing or amount.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects the current market assessments of the time value of money and the risk specific to the obligation. The increase in the provision due to the passage of time is recognized as a financing expense. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is certain that a reimbursement will be received and the amount receivable can measured reliably.

Financial instruments

Financial assets are classified and measured at: fair value through profit and loss ("FVTPL"), fair value through other comprehensive income ("FVOCI") and amortized cost. On initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. Measurement and classification of financial assets is dependent on the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset i.e. whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

The Company has classified fair value measurements of its financial instruments using a fair value hierarchy that reflects the significance of inputs used in making the measurements as follows:

Level 1: Valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Valuation based on directly or indirectly observable inputs in active markets for similar assets or liabilities, other than Level 1 prices, such as quoted interest or currency exchange rates;

Level 3: valuation based on significant inputs that are not derived from observable market data, such as discounted cash flow methodologies based on internal cash flow forecasts.

The carrying value of cash and cash equivalents, other receivables and accounts payable and accrued liabilities approximate their fair values because of their short-term nature.

Financial assets at amortized cost (debt instruments)

The Company measures financial assets at amortized cost if both of the following conditions are met: the financial asset is held with the objective to collect contractual cash flows; and the contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest ("SPPI"). This is referred to as the SPPI test.

Financial assets at amortized cost are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. Interest received is recognized as part of finance income. Gains and losses are recognized when the asset is derecognized, modified or impaired. The Company's financial assets at amortized cost include:

- cash and cash equivalents; and
- other receivables.

Financial assets at FVTPL

Financial assets at FVTPL include financial assets held for trading, financial assets designated upon initial recognition at FVTPL, or financial assets mandatorily required to be measured at fair value i.e. fail the SPPI test. Derivatives are classified as held for trading unless they are designated as effective hedging instruments. Financial assets at FVTPL are carried in the statement of financial position at fair value with net changes in fair value recognized in profit or loss. An embedded derivative will often make a financial asset fail the SPPI test thereby requiring the instrument to be measured at FVTPL in its entirety. There are no assets carried at FVTPL.

Financial assets are derecognized when the rights to receive cash flows from the assets expire or the Company has transferred substantially all the risks and rewards of ownership. On derecognition, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized directly in equity is recognized in profit or loss.

Financial liabilities at FVTPL

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments that are not designated as hedging instruments. Gains or losses on financial liabilities at FVTPL are recognized in profit or loss. There are no liabilities carried at FVTPL.

Financial liabilities at amortized cost

After initial recognition, interest-bearing loans and accounts payable and accrued liabilities, and related party balances are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized, as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of loss and comprehensive loss. Gains and losses are recognized when the financial liability is derecognized.

The Company's financial liabilities at amortized cost include:

- accounts payable and accrued liabilities;
- Caballo Blanco Acquisition Payable
- Accendo Banco Term Loan Facility (Debenture)

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of new liability. The difference in the respective carrying amounts is recognized in the statement of comprehensive income or loss. The modification accounting also requires that gain or loss to be recognized in the statement of loss and comprehensive loss.

Financial liabilities are derecognized when the obligation specified in the underlying contract is discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss, unless the financial liability is settled with the Company's shares, in which case it is recognized in profit or loss or equity.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

Impairment of financial assets

The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments.

The Company recognizes loss allowances for expected credit losses ("ECL") on financial assets measured at amortized cost. Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The Company considers a financial asset to be in default when:

- The borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realizing security (if any is held); or
- The financial asset is more than 90 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed for indicators of impairment at the end of each reporting period. If there are indicators of impairment, an evaluation is undertaken to determine whether the carrying amounts are in excess of their recoverable amounts. An asset's recoverable amount is determined as the higher of its fair value less costs to sell and its value-in-use. Such reviews are undertaken on an asset-by-asset basis, except where assets do not generate cash flows independent of other assets, in which case the assets are grouped together into the smallest group of assets that generate independent cash inflows and then a review is undertaken at the cash-generating unit level.

If the carrying amount of an individual asset or cash-generating unit exceeds its recoverable amount, an impairment loss is recorded in profit or loss to reflect the asset at the lower amount. In assessing the value-in-use, the relevant future cash flows expected to arise from the continuing use of such assets and from their disposal are discounted to their present value using a pre-tax discount rate which reflects the current market's assessments of the time value of money and asset-specific risks for which the cash flow estimates have not been adjusted. Fair value less costs to sell is determined as the amount that would be obtained from the sale of the asset in an arm's-length transaction between knowledgeable and willing parties.

A reversal of a previously recognized impairment loss is recorded in profit or loss when events or circumstances indicate that the estimates used to determine the recoverable amount have changed since the prior impairment loss was recognized. The carrying amount is increased to the recoverable amount but not beyond the carrying amount net of amortization which would have arisen if the prior impairment loss had not been recognized. After such a reversal, the amortization charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognized in statement of loss and comprehensive loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized using the asset and liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the 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, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference 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.

Loss per share

Basic loss per share is calculated by dividing the loss attributable to common shareholders by the weighted average number of common shares outstanding in the period. For all periods presented, the loss attributable to common shareholders equals the reported loss attributable to owners of the Company. Diluted loss per share is calculated by the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period. Contingently issuable or returnable shares are excluded from the determination of the weighted average number of shares outstanding.

Share-based payments

Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the stock option reserve. The fair value of options is determined using the Black–Scholes Option Pricing Model. The number of options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

Restricted share units ("RSU")

RSU's issued to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the RSU reserve. The fair value of an RSU is determined using the trading price on the date of issuance of the RSU. The number of RSU's expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

Share Issuance Costs

Share issue costs, which includes commissions, professional fees and regulatory fees, are charged directly to share capital.

Valuation of Equity Units Issued in a Private Placement

Shares and warrants issued as private placement units are measured using the residual value method whereby value is first allocated to the common shares component based on its fair value with the residual value being attributed to the warrant unit.

The fair value of finder's warrants are calculated based on the Black-Scholes valuation model.

Non-controlling interest ("NCI")

Non-controlling interests exist in less than wholly-owned subsidiaries of the Company and represent the outside interest's share of the carrying values of the subsidiaries. Non-controlling interests are recorded at their proportionate share of the fair value of identifiable net assets acquired as at the date of acquisition and are presented immediately after the equity section of the consolidated balance sheet. When the subsidiary company issues its own shares to outside interests and does not result in a loss of control, a dilution gain or loss arises as a result of the difference between the Company's share of the proceeds and the carrying value of the underlying equity, an equity transaction, is included in equity.

Extinguishment of Financial Liabilities with Equity Instruments

IFRIC 19, Extinguishing Financial Liabilities with equity Instruments, provides guidance on how to account the partial or full extinguishment of a financial liability by issuing equity instruments. The Company measures the equity instruments issued to creditors to settle or extinguish financial liabilities at fair value. The difference between the carrying amount of the financial liability extinguished and the initial measurement amount of the equity instruments are included in the consolidated statement of loss and comprehensive loss.

New Accounting Standards Adopted

IFRS 3, Business Combination ("IFRS 3")

In October 2018, the International Accounting Standards Board amended IFRS 3, Business Combinations, seeking to clarify whether an acquisition transaction results in the acquisition of an asset or the acquisition of a business. The amendments are effective for acquisition transactions on or after January 1, 2020, although earlier application was permitted. The amended standard has a narrower definition of a business, which could result in the recognition of fewer business combinations than under the previous standard; the implication of this is that amounts which may have been recognized as goodwill in a business combination under the previous standard may now be recognized as allocations to net identifiable assets acquired under the amended standard (with an associated effect in an entity's results of operations that would differ from the effect of goodwill having been recognized). The Company applied the standard prospectively from May 1, 2020 and does not have any material impact.

New Accounting Standards and Interpretations not yet Adopted

IAS 1, Presentation of Financial Statements ("IAS 1")

In January 2020, the IASB issued amendments to IAS 1, Presentation of Financial Statements, to provide a more general approach to the presentation of liabilities as current or non-current based on contractual arrangements in place at the reporting date. These amendments:

- specify that the rights and conditions existing at the end of the reporting period are relevant in determining whether the Company has a right to defer settlement of a liability by at least twelve months;
- provide that management's expectations are not a relevant consideration as to whether the Company will exercise its rights to defer settlement of a liability; and
- clarify when a liability is considered settled.

(Amounts expressed in thousands of Canadian dollars, except where indicated)

On July 15, 2020, the IASB issued a deferral of the effective date for the new guidance by one year to annual reporting periods beginning on or after January 1, 2023 and is to be applied retrospectively. The Company has not yet determined the impact of these amendments on its financial statements.

4 Other Receivables and Prepaid Expenses

	April 30, 2021	April 30, 2020
Other receivable	$ 79	$ 19
IVA receivables*	1,839	2,542
Prepaid expenses	25	8
	$ 1,943	$ 2,569
Non current portion	$ 1,839	$ 2,542
Current portion	$ 104	$ 27

*IVA receivables are value added tax receivables in Mexico that generally apply to all imports, supplies of goods, and the provision of services by a taxable person unless specifically exempted by a particular law. The tax is imposed by the federal government of Mexico and ordinarily applies on each level of the commercialization chain.

5 Financial Instruments

Fair values of financial instruments

The fair values of financial instruments are summarized as follows:

	April 30, 2021		April 30, 2020	
	Carrying value $	**Fair value $**	**Carrying value $**	**Fair value $**
Financial assets				
Amortized cost				
Cash and cash equivalents	756	756	35	35
Other receivables	79	79	19	19
Financial liabilities				
Amortized cost				
Accounts payable & accrued liabilities	1,794	1,794	1,248	1,248
Debenture	990	990	-	-
Caballo Blanco acquisition payable	1,321	1,321	1,620	1,620

Credit Risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. Financial instruments that potentially subject the Company to significant concentrations of credit risk consist primarily of cash and cash equivalents. The Company's cash and cash equivalents are held through large Canadian financial institutions.

(Amounts expressed in thousands of Canadian dollars, except where indicated)

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure as described in Note 12. The accounts payable is due within the current operating period.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows from a financial instrument will fluctuate because of changes to market interest rates. The Company is exposed from time to time to interest rate risk as a result of holding fixed income cash equivalents and investments, of varying maturities. A 1% change in market interest rates would result in no significant change in value of cash and cash equivalents or fixed income securities. The risk that the Company will realize a loss as a result of a decline in the fair value of these assets is limited as they are generally held to maturity.

Foreign Exchange Risk

The Company operates in Canada and Mexico. As a result, the Company is exposed to foreign exchange risk arising from transactions denominated in foreign currencies.

The operating results and the financial position of the Company are reported in Canadian dollars. Fluctuations of the operating currencies in relation to the Canadian dollar will have an impact upon the reported results of the Company and may also affect the value of the Company's assets and liabilities.

The Company's financial assets and liabilities as at April 30, 2021 are denominated in United States Dollars, Canadian Dollars, and Mexican Pesos, and are set out in the following table:

	Canadian Dollars	US Dollars	Mexican Pesos	Total
Financial assets				
Cash and cash equivalents	$ 20	$ 372	$ 364	$ 756
Other receivables	10	-	94	104
	30	372	458	860
Financial liabilities				
Accounts payables and accrued liabilities	(234)	(1,421)	(139)	(1,794)
Debenture	-	(990)	-	(990)
Caballo Blanco Acquisition Payable	-	(1,321)	-	(1,321)
Net financial (liabilities) assets	$ (204)	$ (3,360)	$ 319	$ (3,245)

The Company's financial assets and liabilities as at April 30, 2020 are denominated in United States Dollars, Canadian Dollars, and Mexican Pesos, and are set out in the following table:

(Amounts expressed in thousands of Canadian dollars, except where indicated)

	Canadian Dollars	US Dollars	Mexican Pesos	Total
Financial assets				
Cash and cash equivalents	$ 10	$ 11	$ 14	$ 35
Other receivables	-	-	19	19
	10	11	33	54
Financial liabilities				
Accounts payables and accrued liabilities	(984)	(141)	(123)	(1,248)
Caballo Blanco Acquisition Payable	-	(1,620)	-	(1,620)
Net financial (liabilities)	$ (974)	$ (1,750)	$ (99)	$ (2,814)

The Company's reported results will be affected by fluctuations in the US dollar to Canadian Dollar and Mexican Pesos to Canadian Dollar exchange rate. As of April 30, 2021, a 10% appreciation of the Canadian Dollar relative to the US Dollars would have decreased net financial assets by approximately $373 (April 30, 2020 - $175). A 10% depreciation of the US Dollar relative to the Canadian Dollar would have had the equal but opposite effect. A 10% appreciation of the Canadian Dollar relative to the Mexican Pesos would have decreased net financial assets by approximately $32 (April 30, 2020 - $9) and a 10% depreciation of the Mexican Peso would have had an equal but opposite effect. The Company has not entered into any agreements or purchased any instruments to hedge possible currency risk.

The table below summarizes the maturity profile of the Company's non-derivative financial liabilities.

April 30, 2021	Current – within 1 year	Non-current – 1 to 5 years
Accounts payables and accrued liabilities	$ 1,794	$ -
Debenture	-	990
Caballo Blanco Acquisition Payable	921	400
	$ 2,715	$ 1,300

6 Equipment

	Opening, April 30, 2019,	Opening, April 30, 2020	Purchases	Ending, April 30, 2021
Vehicles	$ 47	$ 47	$ -	$ 47
Office Equipment	26	26	-	26
Computer Equipment	43	43	-	43
Mining Equipment	-	-	270	270
Total	**$ 116**	**$ 116**	**$ -**	**$ 386**

(Amounts expressed in thousands of Canadian dollars, except where indicated)

	Accumulated Amortization – April 30, 2019	Amortization	Accumulated Amortization - April 30, 2020,	Accumulated Amortization - April 30, , 2021
Vehicles	$ 40	$ 7	$ 47	$ 47
Office	26	-	26	26
Computer	43	-	43	43
Plant	-	-	-	-
Total	**$ 109**	**$ 7**	**$ 116**	**$ 116**

	Net book value – April 30, 2020	Net book value – April 30, 2020, 2021
Vehicles	$ -	$ -
Office	-	-
Computer	-	-
Plant	-	270
Total	**$ -**	**$ 270**

During the year ended April 30, 2021, the Company made a deposit for equipment for $1,087 (US$825).

7 Exploration and Evaluation Assets

		Pinos Project	Caballo Blanco Project	Total
April 30, 2019		**$ 11,516**	**$ -**	**$ 11,516**
Cumulative translation adjustment – foreign exchange		(2,043)	-	(2,043)
April 30, 2020		**$ 9,473**	**$ -**	**$ 9,473**
Royalty		(974)	-	(974)
Cumulative translation adjustment – foreign exchange		466	-	466
April 30, 2021		**$ 8,965**	**$ -**	**$ 8,965**

a) **Pinos Project**

On February 27, 2015, the Company, entered into an agreement (the “Agreement”) with the shareholders of Apolo to acquire 60% of Apolo’s issued and outstanding common shares. On December 5, 2018, the Company announced that it has agreed to issue 7,075,472 of the Company’s common shares to the shareholder of Apolo to acquire the remaining 40% of the shares of Minera Apolo.

On July 31, 2020, the Company acquired the remaining 40% of Apolo. The Company issued 7,075,472 shares with a fair value of $3,750. The Company incurred a transaction cost of $16. As there was no change in control within Apolo, a reversal of NCI of $1,763 was recorded. The net impact of $2,003 was recorded in retained deficit.

(Amounts expressed in thousands of Canadian dollars, except where indicated)

The Company will grant a 1.5% net smelter royalty ("NSR") on the Apolo Property to the shareholders of Apolo. The Company will have a right of first refusal on the NSR.

On November 25, 2020, the Company sold a 0.5% net smelter return royalty ("NSR") on production from the Pinos Project to Empress Royalty Corp. ("Empress") for $974 (US$750). The Company can buy back 0.25% of this NSR, from Empress, for US$937.

Empress also purchased an additional 0.5% NSR from a previous royalty holder on the Pinos Project, for a total of a 1.0% NSR on the Pinos Project.

The Pinos Project, in total, is subjected to NSR royalties of 2.0%.

b) **Mineral interest in Caballo Blanco**

On May 11, 2016, the Company signed an agreement to acquire the Caballo Blanco Gold Project ("Caballo Blanco") in Veracruz, Mexico from Molimentales Del Noroeste, SA de CV, a subsidiary of Argonaut Gold Inc. Pursuant to the terms of the agreement, the Company will pay Molimentales a total of US$12.5 million in cash and assume US$5 million in liabilities in exchange for the project and all related rights and assets.

Pursuant to the terms of the agreement, the Company will acquire the Caballo Blanco project in exchange for cash payments to be paid over a period of twelve months. The Company has fulfilled all of terms and payments except for US$750 ($921 as at April 30, 2021). This amount would be paid out to Alio when one of the concessions, which is currently under legal dispute, reaches legal settlement.

The Company agreed to assume a US$5.0 million payment obligation owing to Goldgroup Mining Inc ("Goldgroup"). On August 18, 2016, the Company settled a US$5 million contingent payment to Goldgroup in exchange for US$3.1 million in payments. Pursuant to the settlement, the Company has paid US$2.5 million. This was paid directly from Credipresto; as a result, the Company issued a corresponding US$2.5 million convertible debenture. The remaining balance is US$600 ($807), to be paid upon SEMARNAT approval.

As at April 30, 2021, the Company expects the liability to be settled in 5 years. The face value of US$600 was discounted over 3 years with the discount rate of 13%. The difference in the fair value of the liability as a result of the change in estimate of $177 was recorded in the profit and loss.

		April 30, 2021
Opening balance at beginning of the fiscal year	$	578
Change in estimate		(177)
Accretion expense		72
Foreign exchange impact		(73)
Caballo Blanco Acquisition – non current portion	$	400
Caballo Blanco Acquisition – current portion	$	921
Caballo Blanco Acquisition – total	$	1,321

Total Caballo Blanco acquisition payable as at April 30, 2021 was $1,321 (April 30, 2020 - $1,620).

(Amounts expressed in thousands of Canadian dollars, except where indicated)

8 Debenture

On June 24, 2020, the Company closed a US$9,000 medium term loan facility ("Debenture") with Accendo Banco, S.A. ("Accendo"). Funds advanced under the Debenture will be used for financing construction of the Company's Pinos project and working capital purposes. The Debenture will be secured against the assets of the Company and its subsidiaries, will bear interest at 13% per annum, and have a term of 60 months from the initial draw date. Candelaria withdrew US$1,500 ($2,040) upon execution of the Debenture, with the balance to be made available on completion of final loan documentation.

In connection with the Debenture, Accendo will receive a cash fee from the Company of 2% of the drawn amount of the Debenture, as well as 18 million non-transferable share purchase warrants (the "Bonus Warrants"). Each Bonus Warrant will entitle Accendo to purchase one common share of the Company at a price (the "Exercise Price") of $0.11 per share for a period of 60 months. The warrants and other transaction costs were determined to be prepayment for financing services in relation to the funds available under the Debenture. The transaction costs have been recorded as a deferred asset on the balance sheet and will be recognized against the liability and amortized into finance cost as amounts are drawn.

The following are the transaction costs incurred related to the Debenture:

Deferred Charges - Debenture	**April 30, 2021**
Warrants issued (see note 9(e))	$ 6,253
Other transaction cost	52
Allocated to debt (pro rata based on drawn amount)	(1,044)
Deferred charges – Debenture	$ 5,261

The following table is the carrying value of the Debenture:

Debenture – Carrying Value	**April 30, 2021**
Withdrawal	$ 2,040
Transaction cost capitalized (allocation from Deferred Charges)	(1,044)
Finance cost – interest accrued	213
Interest paid	(193)
Finance cost – accretion of Debenture	173
Foreign exchange impact	(199)
Debenture – April 30, 2021	$ 990

(Amounts expressed in thousands of Canadian dollars, except where indicated)

9 Share Capital

The Company's authorized share capital consists of an unlimited number of common shares without par value.

Share issuance – year ended April 30, 2021

a) On July 31, 2020, 7,075,472 common shares were issued in connection to acquisition of the 40% of Apolo (see note 6a).

b) During the year ended April 30, 2021, 500,000 common shares were issued in connections to stock options exercised at $0.15 per share. In addition, 1,020,000 common shares were issued in connections to RSU redemption, $1,649 was reclassed from RSU reserves to share capital.

c) On September 25, 2020, 2,175,030 common shares were issued in settlement of $1,087 of indebtedness. The fair value of the shares issued was $1,174, resulting a loss on debt settlement of $87.

Share issuance – year ended April 30, 2020

d) On April 3, 2020, the Company closed a non-brokered private placement of 4,237,042 units of the Company (the "Units") at a subscription price of $0.25 per Unit for aggregate gross proceeds of up to $1,059 (the "Private Placement"). $265 was collected in the previous fiscal year. Share issuance cost related to the private placement was $9, resulting a net proceeds of $794 (gross proceeds collected during current fiscal year were $803). Each Unit will consist of one common share of the Company (each, a "Common Share") and one-half of one Common Share purchase warrant (each whole Common Share purchase warrant, a "Warrant"). Each Warrant will entitle the holder to purchase one Common Share at a price of $0.40 and expire April 3, 2023. Total value of the Warrants was valued at $593.

Warrants

e) Share purchase warrants

	Warrants outstanding ('000)	**Weighted average exercise price**
Ending – April 30, 2019	**12,630**	**$0.64**
Warrants issuance	2,118	$0.40
Ending – April 30, 2020	**14,748**	**$0.60**
Warrants issuance	18,000	$0.11
Warrants expired	(12,630)	$0.60
Ending – April 30, 2021	**20,118**	**$0.35**

In connection to the closing of the Debenture on June 24, 2020 (see note 8), the Company issued 18,000,000 share purchase warrants on June 29,2020, with an issuance price of $0.11 and expiry date of June 28, 2025. With the following assumptions of the Black-Scholes Model:

- Fair value of the common shares at issuance of $0.36,
- Expected life of 5 years,
- Volatility of 164%,
- 0% dividend rate and
- 0.35% risk free rate

The warrants were valued at $6,253 (see note 8).

(Amounts expressed in thousands of Canadian dollars, except where indicated)

As at April 30, 2021, the Company has the following share purchase warrants outstanding:

Warrants outstanding ('000)	Exercise price		Date of Grant	Date of Expiry
2,118		0.60	3-Apr-2020	3-Apr-2023
18,000		0.11	29-Jun-2020	28-June-2025
20,118	**$**	**0.35**		

As at April 30, 2020, the Company has the following share purchase warrants outstanding:

Warrants outstanding ('000)	Exercise price		Date of Grant	Date of Expiry
2,888	$	0.60	14-Jun-2016	14-Dec-2020
2,154		0.60	6-Jul-2016	6-Jan-2021
3,317		0.60	18-Aug-2016	18-Feb-2021
3,145		0.75	14-Sep-2017	18-Feb-2021
349		0.60	14-Sep-2017	18-Feb-2021
777		0.60	13-Sep-2016	13-March-2021
2,118		0.60	3-Apr-2020	3-Apr-2023
14,748	**$**	**0.60**		

10 Share Based Compensation

The Company has a share purchase option plan which provides for equity participation in the Company by its directors, officers, employees, consultants and consultant companies through the acquisition of common shares pursuant to the grant of options to purchase shares. The option plan is administered by the Board of Directors. Options may be granted on such terms as the Board may determine within the limitations of the option plan and subject to the rules and policies of applicable regulatory authorities. The maximum aggregate number of shares reserved for issuance for options granted under the option plan is approximately 12.53 million common shares. The exercise price for options granted may not be less than the market price of the shares on the day immediately preceding the date of the grant of the option.

a) On July 27, 2020, the Company granted 3,015,000 stock options to employees and consultants.

On July 27, 2020, the Company granted to its directors and consultants incentive stock options to acquire a total 2,815,000 common shares of the Company at a price of $0.30 per share exercisable up until July 27, 2025. The fair value of these options at the date of grant was estimated at $953 using the Black-Scholes option pricing model with the following assumptions: a five-year expected average life; 165% volatility; risk-free interest rate of 0.33%; forfeiture rate of 0%, and a dividend yield of 0%.

On July 27, 2020, the Company granted to consultants incentive stock options to acquire a total 200,000 common shares of the Company at a price of $0.30 per share exercisable up until July 27, 2022. The fair value of these options at the date of grant was estimated at $68 using the Black-Scholes option pricing model with the following assumptions: a two-year expected average life; 165% volatility; risk-free interest rate of 0.33%; forfeiture rate of 0%; and a dividend yield of 0%.

On March 3, 2021, the Company granted incentive stock options pursuant to its stock option plan, to employees, directors and officers of the Company, to purchase up to an aggregate of 1,025,000 common shares of the Company at a price of $0.54 per share expiring five years from the date of grant. All options vest in three equal installments over 12 months. The fair value of these options at the date of grant was estimated at $511 using the Black-Scholes option pricing model with the following assumptions: a five year expected average life; 158% volatility; risk-free interest rate of 0.87%; forfeiture rate of 0%, and a dividend yield of 0%.

b) On July 27, 2020, the Company granted 2,760,000 RSUs to employees and consultants. The deemed price per RSU was $0.36 for a total fair value of $994.

2,610,000 restricted share units ("RSUs") were awarded to officers and directors pursuant to the Company's restricted share unit plan. The RSUs' vesting terms are as follows: 1/3 vest on January 27, 2021, 1/3 vest on July 27, 2021, and the final 1/3 vest on January 27, 2022.

150,000 restricted share units ("RSUs") were awarded to a consultant pursuant to the Company's restricted share unit plan. The RSUs' vesting terms are as follows: 1/2 vest on October 27, 2020 and the final ½ on January 27, 2021.

Stock based compensation expense related to this stock option vested for the year ended April 30, 2021 was $1,032 (2020 - $nil).

Stock based compensation expense related to the RSU vesting for the year ended April 30, 2021 was $762 (2020 - $nil).

Stock options outstanding	**April 30, 2021**		**April 30, 2020**	
	Number of shares (000's)	**Weighted average exercise price**	**Number of shares (000's)**	**Weighted average exercise price**
Outstanding – beginning of year	6,591	$ 0.67	6,591	$ 0.67
Options exercised	(500)	0.15	-	-
Options expired	(600)	0.15	-	-
Options granted	4,040	0.36	-	-
Outstanding – end of year	9,531	$ 0.60	6,591	$ 0.67

The average trading price for the options exercised was $0.53 for the year ended April 30, 2021 (2020 – N/A).

The following table discloses the number of options and vested options outstanding as at April 30, 2021:

Number of options ('000s)	**Number of options vested ('000s)**	**Weighted average remaining contractual life (years)**	**Exercise price**	**Expiry Date**
1,134	1,134	0.19	$0.45	4-Jul-2021
3,383	3,383	0.25	$0.90	27-Jul-2021
100	100	0.52	$0.90	31-Oct-2021
124	124	0.58	$0.90	23-Nov-2021
750	750	1.91	$0.68	27-Mar-2023
2,815	-	4.25	$0.30	27-Jul-2025
200	100	1.25	$0.30	27-Jul-2022
1,025	342	4.85	$0.54	21-Mar-2026
9,531	**5,933**	**2.08**	**$0.60**	

The following table discloses the number of options and vested options outstanding as at April 30, 2020:

Number of options ('000s)	Number of options vested ('000s)	Weighted average remaining contractual life (years)	Exercise price	Expiry Date
1,017	1,017	1.13	$0.15	22-Mar-2021
83	83	1.16	$0.15	31-Mar-2021
1,134	1,134	1.42	$0.45	4-Jul-2021
3,383	3,383	1.48	$0.90	27-Jul-2021
100	100	1.75	$0.90	31-Oct-2021
124	124	1.84	$0.90	23-Nov-2021
750	750	3.15	$0.68	27-Mar-2023
6,591	**6,591**	**1.62**	**$0.67**	

The weighted average exercise price of vested options as at April 30, 2021 was $0.60 (April 30, 2020 - $0.67).

11 Related Party Transactions

The Company's related parties include its subsidiaries, associates over which it exercises significant influence, and key management personnel. Transactions with related parties for goods and services are made on normal commercial terms and are considered to be at arm's length.

The Company incurred the following expenses with related parties during the period ended April 30, 2021, as follows:

	Year ended April 30,	
	2021	**2020**
Professional fees	$ 890	$ 468
Stock based compensation	1,430	-

Professional fees were paid and accrued to firms of which one of the partners has been the Chief Financial Officer, Chief Executive Officer or President of the Company during 2021 and 2020. Management fees were paid and accrued to firms of which one of the partners has been the Chief Executive Officer, President of the Company or a Director/Executive. General and administration (rent, corporate service management) were paid and accrued to a firm of which one of the partners has been the President of the Company during the period. These expenses were measured at the exchange amounts agreed upon by the parties.

As at April 30, 2021, the Company had amounts payable of $1,172 (April 30, 2020 - $620) to these parties. These amounts are unsecured and non-interest bearing, due on demand and included in accounts payable and accrued liabilities.

12 Capital Management

The capital of the Company consists of items included in shareholder's equity. The Company's objectives for capital management are to safeguard its ability to support the Company's normal operating requirement on an ongoing basis, continue the development and exploration of its mineral properties and support any expansionary plans.

(Amounts expressed in thousands of Canadian dollars, except where indicated)

The capital of the Company consists of items included in shareholders' equity, net of cash and cash equivalents as follows:

	April 30, 2021	April 30, 2020
Total equity for owners	$ 14,177	$ 7,472
Less: cash and cash equivalents	(756)	(35)
	$ 13,421	$ 7,437

The Company manages its capital structure and makes adjustments in light of changes in its economic environment and the risk characteristics of the Company's assets. To effectively manage the entity's capital requirements, the Company has in place a planning, budgeting and forecasting process to help determine the funds required to ensure the Company has the appropriate liquidity to meet its operating and growth objectives. As at April 30, 2021, the Company expects its capital resources will support its normal operating requirements, planned development and exploration of its mineral properties. There are no externally imposed capital requirements to which the Company has not complied.

13 Segment Disclosures

The Company operates in one operating segment (mineral exploration) in Mexico. Details of the investments in exploration and evaluation assets are disclosed in Note 7 and 14. The Company's assets by country are:

April 30, 2021	Canada	Mexico	Total
Cash and cash equivalents	$ 390	$ 366	$ 756
Accounts receivable and prepaid expenses	35	69	104
	425	435	860
Other receivables – non current	-	1,839	1,839
Deposit – non current	-	1,087	1,087
Deferred charges - Debenture	5,261	-	5,261
Exploration and evaluation assets	-	9,235	9,235
Total assets	$ 5,686	$ 12,596	$ 18,282
Segment loss for the year ended	$ (3,878)	$ (1,321)	$ (5,199)

April 30, 2020	Canada	Mexico	Total
Cash and cash equivalents	$ 20	$ 15	$ 35
Accounts receivable and prepaid expenses	9	18	27
	29	33	62
Other receivables – non current	-	2,542	2,542
Exploration and evaluation assets	-	9,473	9,473
Total assets	$ 29	$ 12,048	$ 12,077
Segment loss for the year ended	$ (843)	$ (634)	$ (1,477)

(Amounts expressed in thousands of Canadian dollars, except where indicated)

14 Exploration Expenses

During the year ended April 30, 2021, the Company incurred an exploration expense on general project investigation and evaluation expense on various projects:

	Caballo Blanco		Pinos		Total	
Salary, consulting and administration	$	-	$	270	$	270
Equipment maintenance and rental		-		179		179
Concessions and permitting		868		84		952
Year ended April 30, 2021	**$**	**868**	**$**	**533**	**$**	**1,401**
Project to date – April 30, 2021	**$**	**3,171**	**$**	**2,538**	**$**	**5,709**

During the year ended April 30, 2020, the Company incurred an exploration expense on general project investigation and evaluation expense on various projects:

	Caballo Blanco		Pinos		Total	
Salary, consulting and	$	18	$	125	$	143
Consumables		-		3		3
Travel		2		4		6
Lab and analysis		-		17		17
Equipment maintenance and rental		-		19		19
Concession payments		-		125		125
Period ended April 30, 2020	**$**	**20**	**$**	**293**	**$**	**313**
Project to date – April 30, 2020	**$**	**2,303**	**$**	**2,005**	**$**	**4,308**

(Amounts expressed in thousands of Canadian dollars, except where indicated)

15 Tax Provision

	Year ended April 30,	
	2020	**2019**
Net loss	$ 5,199	$ 1,477
Canadian basic statutory tax rate	27.0%	27.0%
Expected income tax recovery	(1,403)	(399)
Impact of tax rate changes and other	25	(192)
Non-deductible item	1,798	(1,293)
Other	5	153
Foreign exchange	(343)	1,159
Change in deferred tax assets not recognized	(82)	572
Income tax recovery	$ -	$ -
	As at April,	
	2020	**2019**
Deferred income tax assets		
Evaluation and exploration asset	$ 4,167	$ 3,972
Share issuance cost and other	17	77
Non-capital losses	4,309	4,528
	8,493	8,577
Deferred tax assets not recognized	(8,493)	(8,577)
Deferred income tax assets	$ -	$ -

The Company has non-capital losses of approximately $6,968 (2020 - $5,660) to reduce future income tax in Canada which expire between year 2031 and year 2037.

In Mexico, the Company has losses of approximately $8,200 (2020 - $10,000) to reduce future income tax in Mexico which expire between 2026 and 2027.