



**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**("Financial Statements")**

**FOR THE QUARTER ENDED SEPTEMBER 30, 2020**

**(UNAUDITED)**

## **Management's Responsibilities over Financial Reporting**

The Financial Statements of Aya Gold & Silver Inc. (the "Corporation" or "Aya") (formerly Maya Gold and Silver Inc.) are the responsibility of the Corporation's management. The condensed interim consolidated financial statements are prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as issued by the International Accounting Standards Board and reflect management's best estimates and judgment based on information currently available.

The Board of Directors is responsible for ensuring management fulfills its responsibilities. The Audit Committee reviews the results of the condensed interim consolidated financial statements prior to their submission to the Board of Directors for approval.

The condensed interim consolidated financial statements have not been audited. The condensed interim consolidated financial statements for the quarter ended September 30, 2019 have not been reviewed by the Corporation's auditors.

**Aya Gold & Silver Inc.** (formerly Maya Gold and Silver Inc.)  
**Condensed Interim Consolidated Statements of Financial Position**  
(in United States dollars)

	September 30, 2020 (unaudited)	December 31, 2019
	\$	\$
<b>ASSETS</b>		
Current		
Cash	30,034,668	16,621,291
Accounts receivable	1,091,749	1,203,634
Sales taxes receivable	1,036,928	929,706
Inventories (Note 4)	2,166,105	2,241,272
Prepaid expenses and security deposits	98,859	39,663
	<b>34,428,309</b>	<b>21,035,566</b>
Non-current		
Restricted investment	1,047,487	7,698
Non-refundable deposits to suppliers	316,101	298,222
Property, plant and equipment (Note 5)	20,575,286	20,166,918
Exploration and evaluation assets (Note 6)	7,153,718	6,652,763
<b>TOTAL ASSETS</b>	<b>63,520,901</b>	<b>48,161,167</b>
<b>LIABILITIES</b>		
Current		
Accounts payable and accrued liabilities	3,319,555	3,684,211
Short-term loan (Note 8)	317,758	-
Interest and net profit interest payable to a related party (Note 16)	186,047	191,423
Current portion of balance of purchase price payable (Note 7)	-	1,547,415
Current portion of long-term debt (Note 8)	37,684	56,996
	<b>3,861,044</b>	<b>5,480,045</b>
Non-current		
Long-term debt (Note 8)	-	20,978
Balance of purchase price payable (Note 7)	1,174,697	-
Asset retirement obligations	1,235,536	1,129,012
Deferred income tax	608,777	648,695
<b>TOTAL LIABILITIES</b>	<b>6,880,054</b>	<b>7,278,730</b>
<b>EQUITY</b>		
Share capital (Note 9)	95,512,152	79,158,411
Share purchase options (Note 10)	3,524,884	1,167,349
Contributed surplus	12,118,512	7,640,353
Deficit	(49,536,572)	(43,799,620)
Accumulated other comprehensive loss	(5,291,533)	(3,678,543)
	<b>56,327,443</b>	<b>40,487,950</b>
Non-controlling interests	313,404	394,487
<b>TOTAL EQUITY</b>	<b>56,640,847</b>	<b>40,882,437</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>63,520,901</b>	<b>48,161,167</b>

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

On behalf of the Board,

Benoit La Salle /s/  
President, CEO, Director

Yves Grou /s/  
Director

# Aya Gold & Silver Inc. (formerly Maya Gold and Silver Inc.)

## Condensed Interim Consolidated Statements of Comprehensive Income (Loss)

(unaudited, in United States dollars)

	Three-month periods ended September 30,		Nine-month periods ended September 30,	
	2020	2019	2020	2019
	\$	\$		
<b>Revenue from silver sales (Note 11)</b>	<b>1,748,191</b>	1,533,754	<b>4,314,006</b>	4,094,931
Cost of sales (Note 12)	<b>1,562,804</b>	1,035,057	<b>3,729,731</b>	2,226,680
Inventory write down (up)	-	-	<b>1,057,638</b>	-
Net profit interest to a related party (Note 16 & 17)	-	85,447	-	143,325
<b>Gross margin</b>	<b>185,387</b>	413,250	<b>(473,363)</b>	1,724,926
<b>Expenses</b>				
Management and administration (Note 13)	<b>796,270</b>	74,684	<b>2,225,145</b>	447,133
Share-based compensation (Note 10)	<b>2,404,283</b>	-	<b>2,404,283</b>	-
Investor relations and corporate development	<b>118,336</b>	29,733	<b>184,675</b>	111,224
(Gain) loss on foreign exchange	<b>(1,015,555)</b>	(64,473)	<b>(1,494,634)</b>	(241,502)
	<b>2,303,334</b>	39,944	<b>3,319,469</b>	316,855
<b>Operating income (loss) for the period</b>	<b>(2,117,947)</b>	373,306	<b>(3,792,832)</b>	1,408,071
Net finance expense (income) (Note 13)	<b>(506,703)</b>	20,433	<b>(589,108)</b>	84,842
Other expenses	<b>163,327</b>	-	<b>187,873</b>	-
<b>Net income (loss) before income taxes</b>	<b>(1,774,571)</b>	352,873	<b>(3,391,597)</b>	1,323,229
Income tax (recovery) expense	<b>9,933</b>	7,631	<b>23,133</b>	20,005
<b>Net income (loss) for the period</b>	<b>(1,784,504)</b>	345,242	<b>(3,414,730)</b>	1,303,224
<b>Net income (loss) attributable to</b>				
Equity holders of Aya Gold & Silver Inc.	<b>(1,848,553)</b>	345,242	<b>(3,333,647)</b>	1,303,224
Non-controlling interests	<b>64,049</b>	-	<b>(81,083)</b>	-
<b>Net income (loss)</b>	<b>(1,784,504)</b>	345,242	<b>(3,414,730)</b>	1,303,224
<b>Other comprehensive income (loss)</b>				
<b>Items that will subsequently be reclassified to net income (loss):</b>				
Foreign currency translation adjustment	<b>(167,599)</b>	(556,259)	<b>(1,612,990)</b>	1,014,032
<b>Comprehensive income (loss) for the period</b>	<b>(1,952,103)</b>	(211,017)	<b>(5,027,720)</b>	2,317,256
Basic income (loss) per common share for the period	<b>(0.021)</b>	0.004	<b>(0.042)</b>	0.016
Diluted income (loss) per common share for the period	<b>(0.021)</b>	0.004	<b>(0.042)</b>	0.016
Weighted average number of shares - basic	<b>83,311,321</b>	79,625,702	<b>80,829,587</b>	79,625,702
Weighted average number of shares - diluted	<b>83,311,321</b>	79,625,702	<b>80,829,587</b>	79,625,702

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

**Aya Gold & Silver Inc.** (formerly Maya Gold and Silver Inc.)  
**Consolidated Interim Statements of Changes in Equity**  
(unaudited, in United States dollars)

	Number of issued and outstanding shares	Share capital	Share purchase options	Contributed surplus	Deficit attributable to equity holders of Aya Gold & Silver Inc.	Accumulated other comprehensive income (loss)	Non- controlling interests	Total equity
		\$	\$	\$	\$	\$	\$	\$
<b>Balance as at December 31, 2019</b>	<b>79,603,320</b>	<b>79,158,411</b>	<b>1,167,349</b>	<b>7,640,353</b>	<b>(43,799,620)</b>	<b>(3,678,543)</b>	<b>394,487</b>	<b>40,882,437</b>
Share issue costs	150,000	219,888	-	-	(1,802,513)	-	-	(1,582,625)
Repurchase of common shares (Note 9)	(59,701)	(44,683)	-	-	(7,313)	-	-	(51,996)
Issuance of units as part of a private offering	12,488,095	16,178,536	-	3,837,932	-	-	-	20,016,468
Issuance of broker warrants	-	-	-	593,479	(593,479)	-	-	-
Restatement of share purchase options expired in 2019	-	-	(46,748)	46,748	-	-	-	-
Share-based compensation (Note 10)	-	-	2,404,283	-	-	-	-	2,404,283
	92,181,714	95,512,152	3,524,884	12,118,512	(46,202,925)	(3,678,543)	394,487	61,668,567
Net (loss) for the period	-	-	-	-	<b>(3,333,647)</b>	-	<b>(81,083)</b>	<b>(3,414,730)</b>
Other comprehensive loss	-	-	-	-	-	<b>(1,612,990)</b>	-	<b>(1,612,990)</b>
Comprehensive loss for the period	-	-	-	-	<b>(3,333,647)</b>	<b>(1,612,990)</b>	<b>(81,083)</b>	<b>(5,027,720)</b>
<b>Balance as at September 30, 2020</b>	<b>92,181,714</b>	<b>95,512,152</b>	<b>3,524,884</b>	<b>12,118,512</b>	<b>(49,536,572)</b>	<b>(5,291,533)</b>	<b>313,404</b>	<b>56,640,847</b>
Balance as at December 31, 2018	78,356,675	78,439,692	1,367,349	7,537,090	(43,100,352)	(4,480,667)	-	39,763,112
Warrants exercised	1,300,000	771,776	-	(96,737)	-	-	-	675,039
Share purchase options expired (Note 10)	(30,973)	(23,632)	(200,000)	200,000	(21,132)	-	-	(44,764)
Net income for the period	-	-	-	-	1,303,224	-	-	1,303,224
Other comprehensive income	-	-	-	-	-	1,014,032	-	1,014,032
Comprehensive income for the period	-	-	-	-	1,303,224	1,014,032	-	2,317,256
<b>Balance as at September 30, 2019</b>	<b>79,625,702</b>	<b>79,187,836</b>	<b>1,167,349</b>	<b>7,640,353</b>	<b>(41,818,260)</b>	<b>(3,466,635)</b>	<b>-</b>	<b>42,710,643</b>

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

# Aya Gold & Silver Inc. (formerly Maya Gold and Silver Inc.)

## Consolidated Interim Statements of Cash Flows

(unaudited, in United States dollars)

	Three-month periods ended September 30,		Nine-month periods ended September 30,	
	2020	2019	2020	2019
<b>Cash flows provided by (used in)</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>OPERATING ACTIVITIES</b>				
Net (loss) income for the period	(1,784,504)	345,242	(3,414,730)	1,303,224
Adjustments for non-cash items				
Share-based compensation (Note 10)	2,404,283	-	2,404,283	-
Amortization of property, plant & equipment	427,841	392,433	1,190,428	868,154
Accretion expense	43,015	57,235	87,650	13,939
Finance expense	-	13,939	-	181,436
Unrealized gain on foreign exchange	(1,012,212)	(3,439)	(1,492,363)	(180,469)
Gain on debt extinguishment	(520,452)	-	(520,452)	
Changes in working capital items (Note 15)	(887,213)	(779,101)	(386,038)	282,323
	(1,329,241)	26,309	(2,131,222)	2,468,607
<b>INVESTING ACTIVITIES</b>				
Investment in restricted cash	(1,027,392)	-	(1,027,392)	-
Acquisition of property, plant and equipment (Note 5)	(59,968)	(423,739)	(557,130)	(4,694,751)
Acquisition of exploration and evaluation assets (Note 6)	(235,553)	(329,429)	(590,393)	(552,621)
	(1,322,913)	(753,168)	(2,174,915)	(5,247,372)
<b>FINANCING ACTIVITIES</b>				
Issuance of units as part of a private placement (Note 9)	20,016,468	-	20,016,468	-
Share issue costs (Note 9)	(1,582,625)	-	(1,582,625)	-
Increase in short term loan	11,319	-	313,904	-
Repayment of balance of purchase price payable (Note 7)	-	-	-	(1,040,850)
Repayment of long-term debt	(15,545)	(36,944)	(45,039)	(110,994)
Proceeds from exercise of warrants	-	-	-	675,039
Repurchase of common shares (Note 9)	-	(44,764)	(51,996)	(44,764)
	18,429,617	(81,708)	18,650,712	(521,569)
Effect of exchange rate changes on cash in foreign currencies	(153,372)	(312,252)	(931,198)	389,574
<b>Net change in cash</b>	<b>15,624,091</b>	<b>(1,120,819)</b>	<b>13,413,377</b>	<b>(2,910,760)</b>
Cash, beginning of period	14,410,577	17,210,222	16,621,291	19,000,163
<b>Cash, end of period</b>	<b>30,034,668</b>	<b>16,089,403</b>	<b>30,034,668</b>	<b>16,089,403</b>

Supplemental cash flow information (Note 15)

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

# **Aya Gold & Silver Inc.** (formerly Maya Gold and Silver Inc.)

## **Notes to Condensed Interim Consolidated Financial Statements**

### **September 30, 2020** (in United States dollars) (Unaudited)

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#### **1. GENERAL INFORMATION**

Aya Gold & Silver Inc. (the “Corporation or “Aya”) (formerly Maya Gold and Silver Inc.) is a Canadian based precious metals mining company which focuses on the exploration, development, production and acquisition of precious metals mining projects. The Corporation is concentrated on producing silver and exploration activities at its flagship project, the Zgounder property. Aya owns 85% of Zgounder Millennium Silver Mine S.A (“ZMSM”), which owns the Zgounder property. The Corporation also owns 85% of the Boumadine polymetallic project and owns the permits related to the Amizmiz and Azegour properties. All of these properties are located in the Kingdom of Morocco. Aya’s registered office is located at 1320 boulevard Graham, suite 132, Mont-Royal, Quebec, Canada, H3P 3C8.

Aya is incorporated under the Canada Business Corporations Act; its financial year-end is December 31 and trades on the Toronto Stock Exchange under the symbol “AYA”. In January 2019, commercial production of the first phase of the Zgounder project was declared by the Corporation. All projects other than the Zgounder project are at exploration and evaluation stage.

The Corporation has not yet determined whether its other projects contain mineral resources that are economically recoverable. The recoverability of amounts shown as exploration and evaluation assets are dependent upon the existence of reserves on these properties, the ability to obtain all required permits, the ability of the Corporation to obtain necessary financing to complete the development of these projects and upon future profitable production from these projects or sufficient proceeds from their disposal thereof. The Corporation may periodically have to raise additional funds to continue exploration, and while it has been successful in doing so in the past, some external factors like global economy or commodities market could limit the success of capital raising in the future.

As part of the worldwide effort to fight the spread of the COVID-19 virus, Aya has taken all necessary and recommended best practices to respond dynamically and proactively to this threat. The Corporation is therefore taking proactive measures to abide by rules and recommendations in the jurisdictions in which it operates or has personnel. As a result, like many other businesses, Aya is adapting procedures to ensure continued development of its operations is minimally impacted.

The Corporation’s business could be significantly adversely affected by the effects of the COVID-19 virus. The Corporation cannot accurately predict the impact of COVID-19 due to uncertainties relating to the ultimate geographic spread of the virus, the severity of the disease, the duration of the outbreak, and the length of travel and quarantine restrictions imposed by governments of affected countries. In particular, the continued spread of the COVID-19 virus globally could materially and adversely impact the Corporation’s business including and without limitation, employee health, limitations on travel, the availability of industry experts and personnel, on-going restrictions to mining and processing operations and drill programs, and other factors that will depend on future developments beyond the Corporation’s control. In addition, the COVID-19 virus could adversely affect the economies and financial markets of many countries (including those in which the Corporation operates), resulting in an economic downturn that could negatively impact the Corporation’s operating results and ability to raise capital.

#### **2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES**

##### ***Basis of measurement***

These condensed interim consolidated financial statements have been prepared on a historical cost basis. The Corporation has elected to present the condensed interim consolidated statement of comprehensive (loss) income in a single statement.

**Aya Gold & Silver Inc.** (formerly Maya Gold and Silver Inc.)  
**Notes to Condensed Interim Consolidated Financial Statements**  
**September 30, 2020** (in United States dollars) (Unaudited)

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**2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

The condensed interim consolidated financial statements have been prepared on a going concern basis, meaning the Corporation will be able to realize its assets and discharge its liabilities in the normal course of operations.

***Statement of compliance***

The condensed interim consolidated financial statements of the Corporation for the three-month and nine-month periods ended September 30, 2020 and 2019 have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting*. These condensed interim consolidated financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements for the year ended December 31, 2019 which have been prepared in accordance with IFRS.

The Board of directors approved these condensed interim consolidated financial statements, effective November 13, 2020.

***Significant accounting judgments and estimates***

The preparation of these condensed interim consolidated financial statements requires management to make judgements and estimates that affect the application of accounting policies and reported amounts of assets and liabilities and disclosures of contingent assets and contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period.

The determination of estimates requires the exercise of judgement based on various assumptions and other factors such as historical experience and current and expected economic conditions. Actual results could differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future period affected.

In preparing these condensed interim consolidated financial statements, the significant judgments made by management applying the Corporation's accounting policies and the key sources of estimation uncertainty were the same as those described in the Corporation's audited consolidated financial statements for the year ended December 31, 2019.

***Significant accounting policies***

These condensed interim consolidated financial statements have been prepared following the same accounting policies and methods of computation as the audited annual consolidated financial statements for the year ended December 31, 2019 except for the followings amendments to accounting policies:

***Amendments to IFRS 3 Definition of a Business***

The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. Additional guidance is provided that helps to determine whether a substantive process has been acquired.

**Aya Gold & Silver Inc.** (formerly Maya Gold and Silver Inc.)  
**Notes to Condensed Interim Consolidated Financial Statements**  
**September 30, 2020** (in United States dollars) (Unaudited)

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**2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

The amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets.

The amendments are applied prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after the first annual reporting period beginning on or after January 1, 2020. The Corporation will assess the impact of these amendments on future acquisitions to all business combinations and asset acquisitions.

*Amendments to IFRS 16 Leases*

To provide practical relief to lessees in accounting for rent concessions arising as a result of COVID-19 the International Accounting Standards Board ("IASB") proposed an amendment to IFRS 16 which provide lessees with a practical expedient that relieves a lessee from assessing whether a COVID-19-related rent concession is a lease modification. The amendment is effective for annual reporting periods beginning on or after June 1, 2020, with earlier application permitted. This amendment did not have a significant impact to the Corporation's financial statements as the Corporation has not received any COVID-19 related rent concessions as of the date of these financial statements.

**Consolidation**

These condensed interim consolidated financial statements include the accounts of Aya and its subsidiaries. Subsidiaries are all entities over which the Corporation has control. The Corporation controls an entity when it has power over the entity, when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns.

These condensed interim consolidated financial statements include the accounts of Aya, and its subsidiaries as follows:

<b>Subsidiary</b>	<b>Registered</b>	<b>Ownership and voting Right</b>	<b>Principal activity</b>	<b>Functional Currency</b>
Compagnie Minière Maya-Maroc S.A. ("CMMM")	Morocco	100%	Exploration	Moroccan dirham
Zgounder Millennium Silver Mining S.A. ("ZMSM")	Morocco	85%	Production	Moroccan dirham
Boumadine Global Mining S.A. ("BGM")	Morocco	85%	Exploration	Moroccan dirham
Atlas Gold & Silver S.A.R.L. ("AGS")	Morocco	100%	Exploration	Moroccan dirham

Subsidiaries are fully consolidated from the date on which control is transferred to Aya and are de-consolidated from the date that control ceases. All intercompany transactions, balances, income and expenses are eliminated upon consolidation. Where the Corporation's interest in a subsidiary is less than 100%, the Corporation recognizes non-controlling interests.

The functional currency of Aya is the Canadian dollar. The functional currency of the Corporation and its subsidiaries has remained unchanged during the reporting period. The Corporation's reporting currency is the US dollar.

**Aya Gold & Silver Inc.** (formerly Maya Gold and Silver Inc.)  
**Notes to Condensed Interim Consolidated Financial Statements**  
**September 30, 2020** (in United States dollars) (Unaudited)

**3. SEGMENTED INFORMATION**

All of the Corporation's operations are within the mining industry and its major products are precious metals ingots and concentrate which are refined or smelted into pure silver and sold to global metal brokers. A reporting segment is defined as a component of the Corporation that:

- engages in business activities from which it may earn revenues and incur expenses;
- whose operating results are reviewed regularly by the entity's executive management; and
- for which discrete financial information is available.

For the three-month and nine-month periods ended September 30, 2020, the Corporation's reporting segments includes the production segment, with its Zgounder silver project in Morocco, as a significant reporting segment. All other properties are segmented in the "nonproducing properties" category (i.e. referred to as Exploration, evaluation and development segment in the annual financial statements) for the three-month and nine-month periods ended September 30, 2020 and 2019. The "Others" segment consists primarily of the Corporation's corporate assets including cash and cash equivalents, inter-Company eliminations, and corporate expenses which are not allocated to operating segments.

Management evaluates segment performance based on mine operating earnings. Therefore, other income and expense items are not allocated to the segments. The segmented information for the comparative periods has been adjusted to reflect the Corporation's reporting segments for the reporting period ended September 30, 2020 for consistency.

Significant information relating to the Corporation's reportable operating segments is summarized in the tables below:

	<b>September 30, 2020</b>		
	<b>Total non-current assets</b>	<b>Total assets</b>	<b>Total liabilities</b>
	\$	\$	\$
Production (Zgounder Silver Mine - Morocco)	20,891,387	26,536,668	2,204,319
Exploration, evaluation and development	7,153,718	7,306,868	292,364
Corporate	1,047,487	29,677,365	4,383,371
<b>Total per consolidated statement of financial position</b>	<b>29,092,592</b>	<b>63,520,901</b>	<b>6,880,054</b>

	<b>December 31, 2019</b>		
	<b>Total non-current assets</b>	<b>Total assets</b>	<b>Total liabilities</b>
	\$	\$	\$
Production (Zgounder Silver Mine - Morocco)	20,465,140	24,776,549	5,281,776
Exploration, evaluation and development	6,652,763	6,754,786	1,780,690
Corporate	7,698	16,629,832	216,264
<b>Total per consolidated statement of financial position</b>	<b>27,125,601</b>	<b>48,161,167</b>	<b>7,278,370</b>

# Aya Gold & Silver Inc. (formerly Maya Gold and Silver Inc.)

## Notes to Condensed Interim Consolidated Financial Statements

September 30, 2020 (in United States dollars) (Unaudited)

### 3. SEGMENTED INFORMATION (continued)

Three Months Ended September 30, 2020 and 2019		Revenue	Cost of sales	Expense	Loss (gain) on foreign exchange	Operating income (loss)
Zgounder	2020	1,748,191	1,562,804	152,104	(386,423)	419,706
	2019	1,533,754	1,035,057	(11,446)	(78,802)	588,945
Non-producing properties	2020	-	-	(2,631)	(707)	3,338
	2019	-	-	(158)	158	-
Others	2020	-	-	3,169,415	(628,425)	(2,540,991)
	2019	-	-	203,383	12,256	(215,639)
Consolidated	2020	1,748,191	1,562,804	3,318,888	(1,015,556)	(2,117,947)
	2019	1,533,754	1,035,057	191,779	(66,388)	373,306

Nine Months Ended September 30, 2020 and 2019		Revenue	Cost of sales	Expense	Loss (gain) on foreign exchange	Operating income (loss)
Zgounder	2020	4,314,006	3,729,731	1,472,872	(420,570)	(468,027)
	2019	4,094,931	2,226,680	143,325	62,257	1,662,669
Non-producing properties	2020	-	-	-	(44,837)	44,837
	2019	-	-	-	158	(158)
Others	2020	-	-	4,398,869	(1,029,227)	(3,369,642)
	2019	-	-	558,357	(303,917)	(254,440)
Consolidated	2020	4,314,006	3,729,731	5,871,740	(1,494,633)	(3,792,832)
	2019	4,094,931	2,226,680	701,682	(241,502)	1,408,071

### 4. INVENTORIES

	September 30, 2020 (unaudited)	December 31, 2019
	\$	\$
Mining supplies	934,130	883,458
Silver bars	405,064	58,306
Silver in concentrate	592,292	15,369
Silver in circuit	88,573	285,753
Ore stockpile	146,046	998,386
	<b>2,166,105</b>	<b>2,241,272</b>

For the nine-month period ended September 30, 2020, the Corporation recognized \$3,345,687 (\$3,490,303- 2019) in cost of sales. For the three-month period ended September 30, 2020, the Corporation recognized \$1,189,366 in cost of sales (\$1,163,434- 2019).

On January 20th, 2020, the Corporation was victim of a theft of 14,884 ounces of silver ingots (cost of \$179,883) from its mine site. The theft has been included in other expenses. Local authorities were notified, a full report was conducted, and suspects were identified. Management is currently in discussions with the Corporation's insurers to recover the value of the stolen

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goods.

**5. PROPERTY, PLANT AND EQUIPMENT**

	Exploration and evaluation equipment	Mining and processing equipment	Mining asset in production	Asset under construction	Mining assets under development	Furniture, mining vehicles, computers	Total
	\$	\$	\$		\$	\$	\$
<b>Cost</b>							
Balance at January 1, 2019	314,406	-	-	-	19,310,698	214,850	19,839,954
Reclassification to exploration and evaluation assets	-	-	-	-	(165,909)	-	(165,909)
Reclassification	-	9,473,294	9,671,495	-	(19,144,789)	-	-
Addition	-	81,806	1,828,931	282,579	-	-	2,193,316
Foreign exchange	15,660	(121,213)	12,771	(339)	-	(1,937)	(95,058)
Balance at December 31, 2019	330,066	9,433,887	11,513,197	282,240	-	212,913	21,772,303
Addition	30,415	24,799	424,669	77,247	-	-	557,130
Asset retirement obligation	-	-	102,749	-	-	-	102,749
Foreign exchange	(8,895)	549,077	485,557	20,114	-	13,992	1,059,845
Balance at September 30, 2020 (unaudited)	351,586	10,007,763	12,526,172	379,601	-	226,905	23,492,027
<b>Depreciation</b>							
Balance at January 1, 2019	-	-	-	-	-	-	-
Amortization	32,318	646,629	785,680	-	-	137,820	1,602,447
Foreign exchange	689	(476)	2,890	-	-	(165)	2,938
Balance at December 31, 2019	33,007	646,153	788,570	-	-	137,655	1,605,385
Amortization	25,043	496,156	626,208	-	-	43,021	1,190,428
Foreign exchange	(620)	57,764	53,753	-	-	10,031	120,929
Balance at September 30, 2020 (unaudited)	57,430	1,200,073	1,468,531	-	-	190,707	2,916,741
<b>Carrying amounts</b>							
At December 31, 2019	297,059	8,787,734	10,724,627	282,240	-	75,258	20,166,918
At September 30, 2020 (unaudited)	294,156	8,807,690	11,057,641	379,601	-	36,198	20,575,286

All properties, plant and equipment are located in Morocco.

As at September 30, 2020, property, plant and equipment include right-of-use assets of \$33,293 (December 31, 2019 - \$75,258).

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**6. EXPLORATION AND EVALUATION ASSETS**

During the nine-month period ended September 30, 2020 and the year ended December 31, 2019, changes in exploration and evaluation assets were as follows:

	September 30, 2020 (unaudited)	December 31, 2019
	\$	\$
<b>Rights on mining properties</b>		
Balance, beginning of the period	3,416,672	3,254,612
Foreign exchange	(95,946)	162,060
Balance, end of the period	3,320,726	3,416,672
<b>Deferred exploration and evaluation expenses</b>		
Balance, beginning of the period	3,236,091	1,909,943
Additions		
Geology	394,111	510,220
Drilling and sampling	196,282	617,667
Reclassification from property, plant and equipment	-	165,903
Foreign exchange	6,508	32,358
Balance, end of the period	3,832,992	3,236,091
<b>Total</b>	<b>7,153,718</b>	<b>6,652,763</b>

All exploration and evaluation assets are located in Morocco and relate to the Boumadine, Zgounder West and East and Azegour projects.

**Zgounder West and East**

The exploration expenditures on the property, totalling \$968,971 as at September 30, 2020 (\$996,968 as at December 31, 2019) were for geology analysis and prospecting and drilling efforts in order to assess mineral reserves on new zones east and west of the actual Zgounder mine.

**Boumadine project**

The exploration expenditures on the property net of the gain on debt extinguishment with respect to the related balance of purchase price payable, totalling \$6,159,852 as at September 30, 2020 (\$5,630,181 as at December 31, 2019) were for the acquisition of rights as well as prospecting and drilling efforts in order to assess mineral reserves.

ONHYM is entitled to receive a 3% royalty on sales from the Boumadine project. In the event where delays in production would be greater than 60 months from the date of approval of the Convention, the Corporation undertakes to pay the seller a termination royalty of 100,000 dirham (\$10,406) paid annually until production begins.

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**6. EXPLORATION AND EVALUATION ASSETS** (continued)

**Azegour project**

The exploration expenditures on the property, totalled \$24,895 as at September 30, 2020 (\$25,614 as at December 31, 2019). The property is in early stage exploration and the Corporation will evaluate the asset as more information is gathered on the prospects of the property.

**7. BALANCE OF PURCHASE PRICE PAYABLE**

	<b>September 30, 2020 (unaudited)</b>	December 31, 2019
	<b>\$</b>	<b>\$</b>
Balance, beginning of the period	<b>1,547,415</b>	2,385,009
Accretion expense	<b>82,736</b>	227,684
Gain on debt extinguishment	<b>(520,452)</b>	-
Repayments	-	(1,040,850)
Foreign exchange	<b>64,998</b>	(24,428)
Balance, end of the period	<b>1,174,697</b>	1,547,415
Current portion	-	1,547,415
Non-current portion	<b>1,174,697</b>	-

The Boumadine property is expected to be transferred to Boumadine Global Mining S.A., owned at 85% by the Corporation and 15% by ONHYM during the year ending December 31, 2020. In addition to the balance of purchase price, a non-interest bearing payable in an amount of 15,000,000 MAD (\$1,640,183) which relates to past expenses incurred by the seller, became payable when the subsidiary was created. This amount can be applied as a capital contribution of the future subsidiary, at the seller's request. On March 26, 2020, the Corporation and ONHYM agreed to postpone payment of the 15,000,000 MAD to a date not before January 2023. As the terms of the extension were significantly different from the original terms, the extension is considered an extinguishment of the balance of purchase price payable.

The balance of purchase price was measured at the date of modification at fair value, based on discounted cash flows using a discount rate of 16%. The difference between the nominal value of the balance of purchase price of \$1,547,415 and its fair value of \$1,026,963 is recorded as a gain on debt extinguishment. Moreover, due to the amendment of the terms, the balance of purchase price payable was reclassified as a non-current liability.

The Corporation has also agreed to undertake a work program beginning three months after the transfer of the property. For the development of the Boumadine property, the Corporation agreed to realize the following actions correspondingly:

- (i) Certification of reserves (18 months);
- (ii) Testing recovery (6 months);
- (iii) Mining development (48 months); and
- (iv) Research and exploration (60 months).

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**7. BALANCE OF PURCHASE PRICE PAYABLE** (continued)

A 60-month period of time is needed to carry out the all proposed work mentioned above. A new company will be created that will be responsible for realizing all work and installations needed to exploit the deposit.

**8. LONG-TERM DEBT**

	<b>September 30, 2020 (unaudited)</b>	December 31, 2019
	\$	\$
Lease liabilities	<b>37,684</b>	77,974
Current portion	-	56,996
Non-current portion	<b>37,684</b>	20,978

The instalments on lease liabilities for the forthcoming years are as follows:

	<b>Obligation under Lease liabilities</b>
	\$
2020 (three months)	15,865
2021	22,435
Total minimum payments	38,300

The Corporation has also obtained an additional credit facility for MAD 2,906,000 on April 24, 2020 (\$317,758 as at September 30, 2020) that carries an annual interest rate of 4%. The loan has been classified as short-term as management will repay this loan no later than December 31, 2020.

**9. SHARE CAPITAL**

**Authorized**

Unlimited number of common shares without par value.

**Common Shares**

**Transactions during the nine-month period ended September 30, 2020**

As at September 30, 2020, the Corporation had 92,181,714 issued and outstanding common shares (December 31, 2019 - 79,603,320).

During the nine-month period ended September 30, 2020, the Corporation repurchased 59,701 common shares for a total purchase price of \$51,996 relating to the NCIB. An excess purchase price paid on the carrying value of the shares repurchased for an amount of \$7,313 was charged to deficit as a share repurchase premium.

In 2012, the Corporation entered into an agreement with a service provider to market the Corporation to potential investors. On July 29, 2020, the Corporation completed a share for debt transaction and has issued 150,000 common shares for a value of \$219,088 to settle a dispute with a former service provider.

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**9. SHARE CAPITAL** (continued)

On September 3, 2020, the Corporation closed its private placement and has issued 12,488,095 units of the Corporation gross proceeds of \$20,016,468 (CA\$26,225,000). Each unit consists of one common share in the Corporation and one-half of one common share purchase warrant. Each warrant shall be exercisable for one common share at an exercise price of CA\$3.30 until September 3, 2023.

The relative fair value of the 6,244,048 warrants was estimated at \$3,837,932 using the Black–Scholes valuation model with the following assumptions: expected dividend yield 0%, expected volatility 87.92%, risk-free rate of return 0.24%, share price of CA\$2.31 and expected maturity of 3 years.

In addition, 604,186 broker warrants were issued. The fair value of the 604,186 broker warrants was estimated at \$593,479 using the Black–Scholes valuation model with the following assumptions: expected dividend yield 0%, expected volatility 87.92%, risk-free rate of return 0.24%, share price of CA\$2.31 and expected maturity of 3 year.

In connection with the offering, the Corporation paid a total of \$1,582,625 in commission, legal fees and other fees.

**Warrants**

The outstanding share purchase warrants as at September 30, 2020 and December 31, 2019 and the respective changes during the nine-month period and year then ended are summarized as follows:

	Nine-month period ended		Year ended	
	September 30, 2020		December 31, 2019	
	Number	CA\$ <sup>(1)</sup>	Number	CA\$ <sup>(1)</sup>
Balance, beginning of the period	-	-	-	-
Issued	6,848,234	3.21	-	-
Balance exercisable, end of the period	6,848,234	3.21	-	-

The number of outstanding share purchase warrants that could be exercised for an equal number of common shares is as follows:

Expiry Date	Nine-month period ended	
	September 30, 2020	
	Number	Exercise Price CA\$ <sup>(1)</sup>
September 3, 2023	604,186	2.29
September 3, 2023	6,244,048	3.30
Balance exercisable, end of the period	6,848,234	3.21

(1) Weighted average exercise price in Canadian dollars.

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**10. SHARE PURCHASE OPTIONS**

The outstanding share purchase options as at September 30, 2020 and as at December 31, 2019 and the respective changes during the nine-month period and year then ended are summarized as follows:

	Nine-month period ended September 30, 2020		Year ended December 31, 2019	
	Number	CA\$ <sup>(2)</sup>	Number	CA\$ <sup>(2)</sup>
Balance, beginning of the period	890,000	3.23	1,190,000	2.92
Expired	-	-	(300,000)	2.00
Granted	5,305,000	1.43	-	-
Balance, end of the period	6,195,000	1.69	890,000	3.23

The following table reflects the share purchase options that could be exercisable for an equal number of common shares:

	Nine-month period ended September 30, 2020		
	Number outstanding	Number exercisable	Exercise price CA\$ <sup>(2)</sup>
January 24, 2023	50,000	50,000	2.00
May 4, 2023	800,000	800,000	3.30
June 19, 2023	40,000	40,000	3.30
July 1, 2030	5,305,000	2,204,997	1.43
	6,195,000	3,094,997	

(2) Weighted average exercise price in Canadian dollar.

The fair value of share purchase options granted was determined using Black & Scholes valuation model based on the following weighted average assumptions:

	Nine-month period ended September 30, 2020	Year ended December 31, 2019
Weighted average fair value of awards	CA\$1.18	-
Unvested forfeiture rate	0%	-
Grant price	CA\$1.43	-
Market price	CA\$1.43	-
Volatility	84.26%	-
Risk-free rate	0.56%	-
Dividend yield	0%	-
Expected life	10	-

A share-based compensation expense of \$2,404,283 was recognized during the period ended September 30, 2020 (2019 \$nil). The expense was recognized as management and administration expenses.

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**11. ADDITIONAL INFORMATION ON THE NATURE OF REVENUE FROM SILVER SALES**

The following is a breakdown of the nature of revenue included in silver sales for the three-month and nine-month periods ended September 30:

**Revenue from silver sales**

	Three-month periods ended		Nine-month periods ended	
	September 30,		September 30,	
	2020	2019	2020	2019
	\$	\$	\$	\$
Ingots	1,748,191	1,533,754	4,314,006	4,094,931
Silver Concentrate	-	-	-	-
	<b>1,748,191</b>	<b>1,533,754</b>	<b>4,314,006</b>	<b>4,094,931</b>

**12. ADDITIONAL INFORMATION ON THE NATURE OF COST OF SALES**

The following is a breakdown of the nature of cost of sales for the three-month and nine-month periods ended September 30:

**Cost of sales**

	Three-month periods ended		Nine-month periods ended	
	September 30,		September 30,	
	2020	2019	2020	2019
	\$	\$	\$	\$
Consumables, supplies and service	972,616	649,080	2,087,924	876,036
Selling expense	109,902	(39,395)	321,959	368,726
Royalties	52,446	45,692	129,420	117,736
Amortization	427,840	379,680	1,190,428	864,182
	<b>1,562,804</b>	<b>1,035,057</b>	<b>3,729,731</b>	<b>2,226,680</b>

**13. ADDITIONAL INFORMATION ON THE NATURE OF COMPREHENSIVE (LOSS) INCOME COMPONENTS**

The following is a breakdown of the nature of expenses included in management and administration expenses and finance expense for the three-month and nine-month periods ended September 30:

**Management and administration expenses**

	Three-month periods ended		Nine-month periods ended	
	September 30,		September 30,	
	2020	2019	2020	2019
	\$	\$	\$	\$
Salaries and benefits	278,452	29,033	778,607	156,914
Consulting fees	379,568	1,295	481,539	63,195
Office	37,177	3,681	114,626	32,760
Professional fees	84,371	30,108	774,437	135,237
Reporting issuer costs	16,702	10,567	75,936	59,027
	<b>796,270</b>	<b>74,684</b>	<b>2,225,145</b>	<b>447,133</b>

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13. ADDITIONAL INFORMATION ON THE NATURE OF COMPREHENSIVE (LOSS) INCOME COMPONENTS *(continued)*

Finance (income) expense

	Three-month periods ended		Nine-month periods ended	
	September 30,		September 30,	
	2020	2019	2020	2019
	\$	\$	\$	\$
Gain on debt extinguishment	(520,452)	-	(520,452)	-
Interest income	(52,800)	(294,416)	(197,357)	(386,463)
Interest expense	10,963	252,086	29,140	288,279
Accretion expense	55,586	62,763	99,561	183,026
	(506,703)	20,433	(589,108)	84,842

14. FINANCIAL INSTRUMENTS

*Fair value of financial instruments*

Current financial instruments that are not measured at fair value on the condensed interim consolidated statement of financial position are represented by cash, accounts receivable, accounts payable and accrued liabilities (except salaries and employee benefits), short-term loan, and interest and net profit interest payable to a related party. Their carrying values are considered to be a reasonable approximation of their fair value because of their short-term maturity and /or contractual terms of these instruments.

The fair value of the balance of purchase price for the acquisition of the Boumadine property, which is classified as a level 3 financial liability, is not materially different from its carrying value since it was remeasured at fair value on modification date during the first quarter of 2020 given the renegotiation of the terms. The fair value of long-term debt is based on discounted cash flows and there was no material change in the assumptions used for fair value determination at inception. Therefore, its principal amount approximates its fair value.

*Fair value hierarchy*

The following table classifies financial assets and liabilities that are recognized on the condensed interim consolidated statement of financial position at fair value in a hierarchy that is based on significance of the inputs used in making the measurements. The levels in the hierarchy are:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data.

During the three-month and nine-month periods ended September 30, 2020, there were no transfers between Level 1, Level 2 and Level 3 (2019 – None).

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**15. SUPPLEMENTAL CASH FLOW INFORMATION**

	Three-month period ended		Nine-month period ended	
	September 30,		September 30,	
	2020	2019	2020	2019
<b>Changes in working capital items</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Accounts receivable	61,557	(986,073)	77,138	(992,989)
Sales taxes receivable	(155,857)	(57,250)	(131,713)	2,416
Inventories	(403,439)	(3,598)	12,080	(1,379,183)
Prepaid expenses and security deposits	(53,959)	(20,378)	(59,579)	17,380
Accounts payable and accrued liabilities	(281,988)	199,063	(258,030)	2,718,800
Net profit interest payable to a related party	(46,392)	84,703	-	54,428
Non-refundable deposits to suppliers	(7,135)	4,432	(25,934)	(138,529)
	<b>(887,213)</b>	<b>(779,101)</b>	<b>(386,038)</b>	<b>282,323</b>

**16. RELATED PARTY TRANSACTIONS**

During the nine-month periods ended September 30, 2020 and 2019 the following related party transactions occurred in the normal course of operations:

- A firm, of which a former director of the Corporation is a partner, charged professional fees amounting to \$98,743 recorded as professional fees (2019 - \$32,935). As at September 30, 2020, \$1,410 (December 31, 2019 - (\$9,117)) was due to that firm;
- A firm, of which a former director and acting CFO of the Corporation is a partner, charged professional fees amounting to \$65,967 recorded as professional fees (2019 - \$nil). As at September 30, 2020, \$65,967 (December 31, 2019 - \$nil) was due to that firm;
- A Net profit interest to Glowat, a private company owned by a party related to a former officer and director of the Corporation, was \$nil (2019 - \$143,325). As at September 30, 2020, \$186,047 (December 31, 2019 - \$191,423) was due to Glowat.
- A company where the Corporation's Chief Executive Officer is also the Director and Executive Chairman of the Board charged management and consulting fees amounting to \$69,186 (2019 - \$nil) and \$1,836 in general and administrative fees (2019 - \$nil). As at September 30, 2020, \$nil (December 31, 2019 - \$nil) was due to that company.
- A company owned by the Chief Executive Officer and a Director of the Corporation charged management and consulting fees of \$180,931 (2019 - \$nil) and general and administrative fees of \$14,626 (2019 - \$nil). As at September 30, 2020, \$91,834 (December 31, 2019 - \$nil) was due to that company.
- A consulting company, of which an officer of the Corporation is the sole owner, charged professional fees amounting to \$44,677 recorded as professional fees (December 31, 2019 - \$nil). As at September 30, 2020, \$9,000 (December 31, 2019 - \$nil) was due to that company.

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**16. RELATED PARTY TRANSACTIONS** (continued)

**Remuneration of key management personnel of the Corporation**

Key management included members of the Board of Directors and executive officers of the Corporation consisting of the Chief Executive Officer, President and Chief Financial Officer. During the three-month and nine-month periods ended September 30, 2020 and 2019, the remuneration awarded to key management personnel (including the amounts above) is as follows:

	Three-month period ended September 30,		Nine-month period ended September 30,	
	2020	2019	2020	2019
	\$	\$	\$	\$
Salaries and benefits	63,705	129,703	454,491	225,698
Management consulting and professional fees	177,402	-	390,318	-
Director fees	77,024	-	96,826	-
Share-based compensation	1,623,996	-	1,623,996	-
	<b>1,942,127</b>	129,703	<b>2,565,631</b>	225,698

As at September 30, 2020, \$374,103 is included in accounts payable and accrued liabilities related to the former CEO's severance.

As at September 30, 2020, \$70,331 in directors' fees are unpaid.

**17. COMMITMENTS AND CONTIGENCIES**

As per terms of the property purchase agreements, the Corporation is committed to pay the following royalties:

- 2.5% net smelter royalty ("NSR") to Société d'Exploration Géologique des Métaux ("SEGM") on the Amizmiz property and an 8 km radius area of interest;
- 2.5% royalty to Ouiselat Mines on revenue from the Azegour property;
- 3.0% royalty to ONHYM on revenue from the Zgounder property; and
- 3.0% royalty to ONHYM on revenue from the Boumadine property.

**Net profit interest**

In 2012, the Corporation entered into a project management agreement with Global Works, Assistance and Trading S.A.R.L. ("Glowat"), a related party to the previous CEO and director of the Corporation, which included a net-profit interest ("NPI") equal to 5% of the gross revenues generated from the operations of the Zgounder silver mine, less mining and milling costs. The Corporation is currently reviewing the terms and agreements of set agreement following the departure of the former CEO.