



CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
("Financial Statements")

FOR THE QUARTER ENDED JUNE 30, 2020

(UNAUDITED)

Management's Responsibilities over Financial Reporting

The Financial Statements of Aya Gold & Silver Inc. (the "Company" or "Aya") (formerly Maya Gold and Silver Inc.) are the responsibility of the Company'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 June 30, 2019 have not been reviewed by the Company's auditors.

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

	June 30, 2020 (unaudited)	December 31, 2019
	\$	\$
ASSETS		
Current		
Cash	14,410,577	16,621,291
Accounts receivable	1,130,415	1,203,634
Sales taxes receivable	861,048	929,706
Inventories (Note 4)	1,718,666	2,241,272
Prepaid expenses and security deposits	43,380	39,663
	18,164,086	21,035,566
Non-current		
Restricted investment	-	7,698
Non-refundable deposits to suppliers	302,726	298,222
Property, plant and equipment (Note 5)	20,034,753	20,166,918
Exploration and evaluation assets (Note 6)	6,296,074	6,652,763
TOTAL ASSETS	44,797,639	48,161,167
LIABILITIES		
Current		
Accounts payable and accrued liabilities	3,531,697	3,684,211
Short-term loan (Note 8)	302,396	-
Interest and net profit interest payable to a related party (Note 16)	228,618	191,423
Current portion of balance of purchase price payable (Note 7)	-	1,547,415
Current portion of long-term debt (Note 8)	50,342	56,996
	4,113,053	5,480,045
Non-current		
Long-term debt (Note 8)	-	20,978
Balance of purchase price payable (Note 7)	1,077,202	-
Asset retirement obligations	1,243,782	1,129,012
Deferred income tax	608,777	648,695
TOTAL LIABILITIES	7,042,814	7,278,730
EQUITY		
Share capital (Note 9)	79,113,728	79,158,411
Shares to be issued (Note 9)	219,888	-
Share purchase options (Note 10)	1,167,349	1,167,349
Contributed surplus	7,640,353	7,640,353
Deficit	(45,511,914)	(43,799,620)
Accumulated other comprehensive loss	(5,123,934)	(3,678,543)
	37,505,470	40,487,950
Non-controlling interests	249,355	394,487
TOTAL EQUITY	37,754,825	40,882,437
TOTAL LIABILITIES AND EQUITY	44,797,639	48,161,167

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 June 30,		Six-month periods ended June 30,	
	2020	2019	2020	2019
	\$	\$		
Revenue from silver sales (Note 11)	2,040,753	1,504,981	2,565,815	2,561,177
Cost of sales (Note 12)	1,614,342	600,081	2,166,927	1,185,087
Inventory write down	1,057,638	-	1,057,638	-
Net profit interest to a related party (Note 16)	32,003	16,520	46,364	57,878
Gross margin	(663,230)	888,380	(705,114)	1,318,212
Expenses				
Management and administration (Note 13)	707,390	202,578	1,428,875	372,449
Investor relations and corporate development	53,077	48,645	66,339	81,491
(Gain) loss on foreign exchange	(44,798)	(139,330)	(479,079)	(177,029)
	715,669	111,893	1,016,135	276,911
Operating income (loss) for the period	(1,378,899)	776,487	(1,721,249)	1,041,301
Other income	(201,701)	-	(201,701)	-
Net finance income (Note 13)	7,049	80,652	(82,405)	64,409
Other expenses (Note 4)	-	-	179,883	-
Net income (loss) before income taxes	(1,184,247)	695,835	(1,617,026)	976,892
Income tax (recovery) expense	10,246	(2,870)	13,200	12,374
Net income (loss) for the period	(1,194,493)	698,705	(1,630,226)	964,518
Net (loss) income attributable to				
Equity holders of Aya Gold & Silver Inc.	(1,115,203)	-	1,485,094	-
Non-controlling interests	(79,290)	-	145,132	-
Net (loss) income	(1,194,493)	698,705	(1,630,226)	964,518
Other comprehensive (loss) income				
Items that will subsequently be reclassified to net (loss) income:				
Foreign currency translation adjustment	1,846,778	813,513	(1,445,391)	1,570,312
Comprehensive (loss) income for the period	652,285	1,512,218	(3,075,617)	2,534,830
Basic income (loss) per common share for the period	(0.015)	0.009	(0.020)	0.012
Diluted income (loss) per common share for the period	(0.015)	0.009	(0.020)	0.012
Weighted average number of shares - basic	79,568,153	78,573,342	79,568,153	78,465,008
Weighted average number of shares - diluted	79,568,153	78,588,739	79,568,153	78,480,260

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 capital to be issued	Warrants	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
		\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance as at December 31, 2019	79,603,320	79,158,411	-	-	1,167,349	7,640,353	(43,799,620)	(3,678,543)	394,487	40,882,437
Share issue cost	-	-	219,888	-	-	-	(219,888)	-	-	-
Repurchase of common shares (Note 9)	(59,701)	(44,683)	-	-	-	-	(7,313)	-	-	(51,995)
	79,543,619	79,113,728	219,888	-	1,167,349	7,640,353	(44,026,821)	(3,678,543)	394,487	40,830,442
Net (loss) for the period	-	-	-	-	-	-	(1,485,094)	-	(145,132)	(1,630,226)
Other comprehensive loss	-	-	-	-	-	-	-	(1,445,391)	-	(1,445,391)
Comprehensive loss for the period	-	-	-	-	-	-	(1,485,094)	(1,445,391)	(145,132)	(3,075,617)
Balance as at June 30, 2020	79,543,619	79,113,728	219,888	-	1,167,349	7,640,353	(45,511,914)	(5,123,934)	249,355	37,754,825
Balance as at December 31, 2018	78,356,675	78,439,692	-	96,737	1,367,349	7,440,353	(43,100,352)	(4,480,667)	-	39,763,112
Warrants exercised	1,300,000	771,776	-	(93,737)	-	-	-	-	-	675,039
Share purchase options expired (Note 10)	-	-	-	-	(200,000)	200,000	-	-	-	-
Net income for the period	-	-	-	-	-	-	965,554	-	-	965,554
Other comprehensive income	-	-	-	-	-	-	-	1,570,312	-	1,570,312
Comprehensive income for the period	-	-	-	-	-	-	965,554	1,570,312	-	2,535,866
Balance as at June 30, 2019	79,656,675	79,211,468	-	-	1,167,349	7,640,353	(42,134,798)	(2,910,355)	-	42,974,017

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 June 30,		Six-month periods ended June 30,	
	2020	2019	2020	2019
Cash flows provided by (used in)	\$	\$	\$	\$
OPERATING ACTIVITIES				
Net (loss) income for the period	(1,194,493)	698,705	(1,630,226)	964,518
Adjustments for non-cash items				
Amortization of property, plant & equipment	417,943	211,184	762,587	475,719
Accretion expense	39,767	116,604	44,634	124,201
Unrealized gain on foreign exchange	20,717	(139,330)	(480,151)	(177,029)
Changes in working capital items (Note 15)	(179,446)	(1,096,948)	501,175	1,054,889
	(895,512)	(209,785)	(801,981)	2,442,298
INVESTING ACTIVITIES				
Acquisition of property, plant and equipment (Note 5)	(321,310)	(537,087)	(497,162)	(4,271,012)
Acquisition of exploration and evaluation assets (Note 6)	(126,393)	(251,150)	(354,840)	(223,192)
	(447,703)	(788,237)	(852,002)	(4,494,204)
FINANCING ACTIVITIES				
Increase in short term loan	302,585	-	302,585	-
Repayment of balance of purchase price payable (Note 7)	-	-	-	(1,040,850)
Repayment of long-term debt	(14,507)	(44,418)	(29,495)	(74,050)
Proceeds from exercise of warrants	-	675,039	-	675,039
Repurchase of common shares (Note 9)	(2,932)	-	(51,995)	-
	285,146	630,621	221,095	(439,861)
Effect of exchange rate changes on cash in foreign currencies	637,363	459,600	(777,826)	701,826
Net change in cash	(420,706)	92,199	(2,210,714)	(1,789,941)
Cash, beginning of period	14,831,283	17,118,023	16,621,291	19,000,163
Cash, end of period	14,410,577	17,210,222	14,410,577	17,210,222

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

1. GENERAL INFORMATION

Aya Gold & Silver Inc. (the “Company 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 Company 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 Company 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 was 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 Company. All projects other than the Zgounder project are in exploration and evaluation stage.

The Company 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 Company 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 Company 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 Company 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 Company’s business could be significantly adversely affected by the effects of the COVID-19 virus. The Company 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 Company’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 Company’s control. In addition, the COVID-19 virus could adversely affect the economies and financial markets of many countries (including those in which the Company operates), resulting in an economic downturn that could negatively impact the Company’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 Company 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
June 30, 2020 (in United States dollars) (Unaudited)

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 Company 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 Company for the three-month and six-month periods ended June 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 September 1, 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 Company's accounting policies and the key sources of estimation uncertainty were the same as those described in the Company'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
June 30, 2020 (in United States dollars) (Unaudited)

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 Company 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 Company's financial statements as the Company 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 Company has control. The Company 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:

Subsidiary	Registered	Ownership and voting Right	Principal activity	Functional Currency
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 Company's interest in a subsidiary is less than 100%, the Company recognizes non-controlling interests.

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

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

3. SEGMENTED INFORMATION

All of the Company'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 Company 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 six-month periods ended June 30, 2020, the Company'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 six-month periods ended June 30, 2020 and 2019. The "Others" segment consists primarily of the Company'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 Company's reporting segments for the reporting period ended June 30, 2020 for consistency.

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

	June 30, 2020		
	Total non-current assets	Total assets	Total liabilities
	\$	\$	\$
Production (Zgounder Silver Mine - Morocco)	20,337,479	24,737,652	2,991,681
Exploration, evaluation and development	6,296,074	6,488,060	249,005
Corporate	-	13,571,926	3,802,128
Total per consolidated statement of financial position	26,633,553	44,797,639	7,042,814

	December 31, 2019		
	Total non-current assets	Total assets	Total liabilities
	\$	\$	\$
Production (Zgounder Silver Mine - Morocco)	20,465,140	24,776,549	4,633,081
Exploration, evaluation and development	6,652,763	6,754,786	1,780,690
Corporate	7,698	16,629,832	216,264
Total per consolidated statement of financial position	27,125,601	48,161,167	6,630,035

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

Notes to Condensed Interim Consolidated Financial Statements

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

3. SEGMENTED INFORMATION (continued)

Three Months Ended June 30, 2020 and 2019		Revenue	Cost of sales	Expense	Loss (gain) on foreign exchange	Operating income (loss)
Zgounder	2020	2,040,753	1,614,342	1,243,848	(193,037)	(624,401)
	2019	1,504,981	600,081	84,533	174,296	644,603
Non-producing properties	2020	-	-	2,631	(44,131)	41,500
	2019	-	-	158	-	(158)
Others	2020	-	-	603,628	192,370	(795,998)
	2019	-	-	181,664	(312,239)	130,574
Consolidated	2020	2,040,753	1,614,342	1,850,107	(44,798)	(1,378,899)
	2019	1,503,513	600,081	266,356	(139,411)	776,487

Six Months Ended June 30, 2020 and 2019		Revenue	Cost of sales	Expense	Loss (gain) on foreign exchange	Operating income (loss)
Zgounder	2020	2,565,815	2,166,927	1,367,130	(34,146)	(934,097)
	2019	2,561,177	1,185,087	154,770	141,059	1,080,261
Non-producing properties	2020	-	-	2,631	(44,130)	41,499
	2019	-	-	158	-	(158)
Others	2020	-	-	1,229,454	(400,803)	(828,651)
	2019	-	-	354,974	(316,173)	(38,802)
Consolidated	2020	2,565,815	2,166,927	2,599,215	(479,079)	(1,721,249)
	2019	2,561,177	1,185,087	509,903	(175,114)	1,041,301

4. INVENTORIES

	June 30, 2020 (unaudited)	December 31, 2019
	\$	\$
Mining supplies	934,872	883,458
Silver bars	206,172	58,306
Silver in concentrate	344,412	15,369
Silver in circuit	81,034	285,753
Ore stockpile	152,173	998,386
	1,718,666	2,241,272

For the six-month period ended June 30, 2020, the Company recognized \$1,570,218 (\$1,582,057 - 2019) in cost of sales. For the three-month period ended June 30, 2020, the Company recognized \$1,284,975 in cost of sales (\$1,008,261 - 2019)

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

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

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
	\$	\$	\$		\$	\$	\$
Cost							
Balance at January 1, 2019	314,406	-	-	-	19,310,698	-	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	-	3,078	334,750	159,334	-	-	497,162
Asset retirement obligation	-	-	116,329	-	-	-	116,329
Foreign exchange	(15,809)	70,909	(38,791)	4,715	-	1,853	22,877
Balance at June 30, 2020 (unaudited)	314,257	9,507,874	11,925,485	446,289	-	214,766	22,408,671
Depreciation							
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	15,723	318,038	400,599	-	-	28,227	762,587
Foreign exchange	(1,591)	7,001	(857)	-	-	1,393	5,946
Balance at June 30, 2020 (unaudited)	47,139	971,192	1,188,312	-	-	167,275	2,373,918
Carrying amounts							
At December 31, 2019	297,059	8,787,734	10,724,627	282,240	-	75,258	20,166,918
At June 30, 2020 (unaudited)	267,119	8,536,682	10,737,173	446,289	-	47,491	20,034,753

All properties, plant and equipment are located in Morocco.

As at June 30, 2020, property, plant and equipment include right-of-use assets of \$47,510 (December 31, 2019 - \$75,258).

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

6. EXPLORATION AND EVALUATION ASSETS

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

	June 30, 2020 (unaudited)	December 31, 2019
	\$	\$
Rights on mining properties		
Balance, beginning of the period	3,416,672	3,254,612
Gain on debt extinguishment (Note 7)	(520,452)	-
Foreign exchange	(139,706)	162,060
Balance, end of the period	2,756,514	3,416,672
Deferred exploration and evaluation expenses		
Balance, beginning of the period	3,236,091	1,909,943
Additions		
Geology	159,867	510,220
Drilling and sampling	194,973	617,667
Reclassification from property, plant and equipment	-	165,903
Foreign exchange	(51,371)	32,358
Balance, end of the period	3,539,560	3,236,091
Total	6,296,074	6,652,763

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 \$949,218 as at June 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 \$5,322,469 as at June 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 delay in production would be greater than 60 months from the date of approval of the Convention, the Company undertakes to pay to the seller a cancellation annual royalty of 100,000 dirham (\$10,406) until production begins.

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6. EXPLORATION AND EVALUATION ASSETS *(continued)*

Azegour project

The exploration expenditures on the property, totalled \$24,387 as at June 30, 2020 (\$25,614 as at December 31, 2019). The property is in early stage exploration and the Company will evaluate the asset as more information is gathered on the prospects of the property.

7. BALANCE OF PURCHASE PRICE PAYABLE

	June 30, 2020 (unaudited)	December 31, 2019
	\$	\$
Balance, beginning of the period	1,547,415	2,385,009
Accretion expense	40,614	227,684
Gain on debt extinguishment	(520,452)	-
Repayments	-	(1,040,850)
Foreign exchange	9,625	(24,428)
Balance, end of the period	1,077,202	1,547,415
Current portion	-	1,547,415
Non-current portion	1,077,202	-

The Boumadine property is expected to be transferred to Boumadine Global Mining S.A., owned at 85% by the Company 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 (\$1,560,886) 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 Company and ONHYM agreed to the postponement of payment for 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 to be 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 Company 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 Company 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)

The period of execution of the proposed work is 60 months for all of the actions mentioned above. The realization of all work and installations needed for the exploitation of the deposit will be the responsibility of the new company to be created.

8. LONG-TERM DEBT

	June 30, 2020 (unaudited)	December 31, 2019
	\$	\$
Lease liabilities	50,342	77,974
Current portion	50,342	56,996
Non-current portion	-	20,978

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

	Obligation under Lease liabilities
	\$
2020 (six months)	29,447
2021	20,840
Total minimum payments	50,287

The Company has also obtained an additional credit facility for MAD 2,906,000 on April 24, 2020 (\$302,396 as at June 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 September 30, 2020.

9. SHARE CAPITAL

Authorized

Unlimited number of common shares without par value.

Common Shares

Transactions during the six-month period ended June 30, 2020

As at June 30, 2020, the Company had 79,543,619 issued and outstanding common shares (December 31, 2019 - 79,603,320).

During the six-month period ended June 30, 2020, the Company repurchased 59,701 common shares for a total purchase price of \$51,995 relating to the NCIB. The excess of the purchase price paid over the carrying value of the shares repurchased in the amount of \$7,313 was charged to deficit as share repurchase premium.

In 2012, the Company entered into an agreement with a service provider to market the Company to potential investors. A residual disputed amount of \$219,888 for services rendered is provisioned as share issue costs until a time when the dispute is resolved. See Note 18, Subsequent Events.

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10. SHARE PURCHASE OPTIONS

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

	Six-month period ended		Year ended	
	June 30, 2020		December 31, 2019	
	Number	CAD\$ ⁽¹⁾	Number	CAD\$ ⁽¹⁾
Balance, beginning of the period	890,000	3.23	1,190,000	2.92
Expired	-	-	(300,000)	2.00
Balance, end of the period	890,000	3.23	890,000	3.23

(1) Weighted average exercise price in Canadian dollar

The following table reflects the share purchase options issued and outstanding at June 30, 2020:

Expiry date	Number	Exercise	Remaining	Number of options
	of options	Price	contractual life	exercisable
	Number	CAD\$	(years)	Number
January 24, 2023	50,000	2.00	2.57	50,000
May 4, 2023	800,000	3.30	2.90	800,000
June 19, 2023	40,000	3.30	2.97	40,000
	890,000	3.23	2.81	890,000

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 six-month periods ended June 30:

Revenue from silver sales

	Three-month periods ended		Six-month periods ended	
	June 30,		June 30,	
	2020	2019	2020	2019
	\$	\$	\$	\$
Ingots	2,039,494	1,504,981	2,390,172	2,561,177
Silver Concentrate	1,259	-	175,643	-
	2,040,753	1,504,981	2,565,815	2,561,177

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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 six-month periods ended June 30:

Cost of sales

	Three-month periods ended		Six-month periods ended	
	June 30,		June 30,	
	2020	2019	2020	2019
	\$	\$	\$	\$
Consumables, supplies and service	979,878	79,052	1,115,310	226,956
Selling expense	155,319	274,304	212,056	401,586
Royalties	61,222	25,632	76,974	72,044
Amortization	417,923	221,092	762,587	484,502
	1,614,342	600,081	2,166,927	1,185,087

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 six-month periods ended June 30:

Management and administration expenses

	Three-month periods ended		Six-month periods ended	
	June 30,		June 30,	
	2020	2019	2020	2019
	\$	\$	\$	\$
Salaries and benefits	82,236	63,924	500,154	127,881
Consulting fees	52,694	40,555	101,971	61,900
Office	47,459	11,514	77,449	29,079
Professional fees	493,109	82,020	690,066	105,129
Reporting issuer costs	31,892	4,566	59,235	48,460
	707,390	202,578	1,428,875	372,449

Finance (income) expense

	Three-month periods ended		Six-month periods ended	
	June 30,		June 30,	
	2020	2019	2020	2019
	\$	\$	\$	\$
Interest income	(49,350)	(68,297)	(144,557)	(92,047)
Interest expense	16,246	33,240	18,177	36,192
Accretion expense	40,153	115,619	43,975	120,264
	7,049	80,562	(82,405)	64,409

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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 six-month periods ended June 30, 2020, there were no transfers between Level 1, Level 2 and Level 3 (2019 – None).

15. SUPPLEMENTAL CASH FLOW INFORMATION

	Three-month period ended		Six-month period ended	
	2020	June 30, 2019	2020	June 30, 2019
Changes in working capital items	\$	\$	\$	\$
Accounts receivable	(838,864)	1,764	15,581	(6,916)
Sales taxes receivable	(63,913)	(166,157)	24,144	59,666
Inventories	1,024,897	(396,684)	415,519	(1,382,120)
Prepaid expenses and security deposits	6,146	(17,813)	(5,620)	37,758
Accounts payable and accrued liabilities	(330,116)	(446,039)	23,958	2,519,737
Net profit interest payable to a related party	32,031	(69,953)	46,392	(30,275)
Non-refundable deposits to suppliers	(9,627)	(2,066)	(18,799)	(142,961)
	(179,446)	(1,096,948)	501,175	1,054,889

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16. RELATED PARTY TRANSACTIONS

During the six-month periods ended June 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 Company is a partner, charged professional fees amounting to \$97,979 recorded as professional fees (2019 - \$15,052). As at June 30, 2020, \$12,046 (December 31, 2019 - (\$9,117)) was due to that firm;
- A firm, of which a former director and acting CFO of the Company, charged professional fees amounting to \$65,457 recorded as professional fees (2019 - \$nil). As at June 30, 2020, \$65,457 (December 31, 2019 - \$nil) was due to that firm;
- Glowat, a private company owned by a party related to a former officer and director of the Company charged a net profit interest expense of \$46,364 (2019 - \$57,858). As at June 30, 2020, \$228,618 (December 31, 2019 - \$191,423) was due to Glowat.
- A company where the Company's Chief Executive Officer is also the Director and Executive Chairman of the Board charged management and consulting fees amounting to \$46,438 (2019 - \$nil) and \$385 in general and administrative fees (2019 - \$nil). As at June 30, 2020, \$12,688 (December 31, 2019 - \$nil) was due to that company.
- A company owned by the Chief Executive Officer and a Director of the Company charged management and consulting fees of \$38,174 (2019 - \$nil) and general and administrative fees of \$10,987 (2019 - \$nil). As at June 30, 2020, \$11,358 (December 31, 2019 - \$nil) was due to that company.
- A consulting company, of which an officer of the Company is the sole owner, charged professional fees amounting to \$11,307 recorded as professional fees (December 31, 2019 - \$nil).

Remuneration of key management personnel of the Company

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

	Three-month period ended		Six-month period ended	
	2020	June 30, 2019	2020	June 30, 2019
	\$	\$	\$	\$
Salaries and benefits	678	100,670	390,785	196,665
Management consulting and professional fees	176,677	-	212,916	-
Director fees	19,802	-	19,802	-
	194,158	100,670	623,504	196,665

As at June 30, 2020, \$366,705 is included in accounts payable and accrued liabilities related to the former CEO's severance.

As at June 30, 2020, \$19,802 in directors' fees are unpaid.

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17. COMMITMENTS AND CONTINGENCIES

As per terms of the property purchase agreements, the Company 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

The Company entered into a net profit interest agreement with Global Works, Assistance and Trading S.A.R.L. (“Glowat”), a related party to the previous CEO and director of the Company, of a net-profit interest equal to 5% of the gross revenues generated from the operations of the Zgounder silver mine, less mining and milling costs.

Contingency

On July 2014, SEGM filed a lawsuit against the wholly owned subsidiary of the Company in Morocco, alleging that SEGM, the beneficiary of a 2.5% net smelter return royalty on the Amizmiz property, suffered damage resulting from the Company not having started production at its Amizmiz property. The Company is of the position that it has complied with all of its obligations and has made all required work on the property. At this stage, the results of the work programs do not justify the start of production on the Amizmiz property. The Company contested this lawsuit, which it considered unfounded. The Company has also filed a counterclaim against SEGM, alleging that the acquisition of this property was made on the basis of a technical report delivered by SEGM that was misleading as to the advancement of the work programs on the property. The Company claims reimbursement for all expenses incurred on the Amizmiz property.

In 2016 the court rejected the SEGM claim and asked both parties to come to an agreement. Later in 2016, SEGM lodged an appeal and the case is currently under review by the Cessation Court for a final decision.

18. SUBSEQUENTS EVENTS

On July 2, 2020, the Company has granted an aggregate total of 5,305,000 incentive share purchase options to certain directors, officers, employees and consultants of the Company, subject to certain vesting provisions. These options will be exercisable at a price of \$1.43 per common share and will expire on July 1, 2030.

On July 29, 2020, the Company has completed a share for debt transaction and has issued 150,000 common shares to settle a dispute with a former service provider. See Note 9.

On August 18, 2020, the Company has entered into an agreement with Desjardins Capital Markets to act as the lead underwriter of a syndicate of underwriters, whereby the underwriters have agreed to purchase 9,524,000 units of the Company to be priced at C\$2.10 per unit for gross proceeds of approximately C\$20,000,400. Each unit will consist of one common share in the Company and one-half of one common share purchase warrant. Each warrant shall be exercisable for one

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18. SUBSEQUENTS EVENTS *(continued)*

common share at an exercise price of C\$3.30 for a period of 36 months following the closing date. The underwriters will have the option, exercisable at any time prior to 48 hours before the closing date, to acquire up to an additional 15% of the number of units purchased under the offering. The offering is scheduled to close on or about September 3, 2020 and is subject to certain conditions including, but not limited to, the receipt of all necessary approvals of the Toronto Stock Exchange.