



INCA ONE GOLD CORP.

Condensed Interim Consolidated Financial Statements
For the Three and Six Months Ended October 31, 2018 and 2017
(Expressed in US Dollars)

NOTICE TO READER

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

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

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

INCA ONE GOLD CORP.

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

		October 31, 2018	April 30, 2018	April 30, 2017
	Note		Restated – Note 2(d)	Restated – Note 2(d)
		\$	\$	\$
Assets				
Current:				
Cash		1,197,652	266,836	38,017
Receivables	6	1,965,993	914,340	732,737
Prepaid expenses and deposits	7	1,484,655	606,981	635,573
Inventory	8	3,804,570	2,473,703	574,762
		8,452,870	4,261,860	1,981,089
Long term receivable	9	385,810	-	-
Property, plant and equipment	10	12,235,439	5,206,236	5,079,305
Goodwill	4	20,789	-	-
Total assets		21,094,908	9,468,096	7,060,394
Liabilities				
Current:				
Accounts payable and accrued liabilities	11	2,186,182	2,121,050	1,640,706
Promissory notes payable	12	1,752,317	-	120,000
Secured debentures financing	13	-	300,000	-
Mineral Notes	14	48,924	-	-
Deferred revenue	18	1,455,163	1,064,585	-
		5,442,586	3,485,635	1,760,706
Promissory notes payable	12	4,852,920	-	-
Secured debenture financing	13	1,463,757	1,183,889	2,030,769
Mineral notes	14	-	48,625	48,193
Derivative financial liability	18	901,493	974,394	740,873
Asset retirement and reclamation obligations	15	1,119,262	581,356	444,145
		13,780,018	6,273,899	5,024,686
Shareholders' Equity (Deficiency)				
Share capital	16	26,388,442	22,175,028	19,328,264
Reserves	16	6,177,712	6,110,016	4,356,764
Accumulated other comprehensive income		(274,811)	(337,846)	(66,912)
Deficit		(26,032,349)	(24,753,001)	(21,582,408)
Shareholders equity (deficiency) attributable to Inca One		6,258,994	3,194,197	2,035,708
Non-controlling interest		1,055,896	-	-
Total shareholder's equity (deficiency)		7,314,890	3,194,197	2,035,708
Total liabilities and shareholders' equity (deficiency)		21,094,908	9,468,096	7,060,394

Nature of operations and going concern (note 1)

Acquisition of Anthem United Inc. (note 4)

Commitments (note 18)

Restatement (note 2d)

Approved on behalf of the Board of Directors on December 28, 2018

"Bruce Bragagnolo"

Director

"Edward Kelly"

Director

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

INCA ONE GOLD CORP.

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

	Three Months Ended October 31,		Six Months Ended October 31,	
	2018	2017 <i>Restated – Note 2(d)</i>	2018	2017 <i>Restated – Note 2(d)</i>
Note				
	\$	\$	\$	\$
Revenue	8,939,662	3,686,942	14,584,943	6,741,850
Cost of goods sold				
Cost of operations	(8,413,301)	(3,518,637)	(13,459,750)	(6,551,345)
Depreciation	(290,305)	(124,955)	(460,994)	(268,487)
Total cost of goods sold	(8,703,606)	(3,643,592)	(13,920,744)	(6,819,832)
Gross operating margin (deficit)	236,016	43,350	664,199	(77,982)
Corporate and administrative expenses	(730,377)	(592,496)	(1,248,357)	(1,070,320)
Loss from operations	(494,361)	(549,146)	(584,158)	(1,148,302)
Reversal of prior year impairments	-	48,010	-	272,152
Finance and other income (expense)	(421,946)	(241,516)	(518,628)	(301,688)
Business development	(216,064)	-	(216,064)	-
Net loss of the period	(1,132,371)	(742,652)	(1,318,850)	(1,177,838)
Other comprehensive income (loss):				
Foreign currency translation adjustment	6,447	106,460	63,035	(172,291)
Comprehensive loss for the period	(1,125,924)	(636,192)	(1,255,815)	(1,350,129)
Net loss and comprehensive loss attributable to:				
Inca One Gold Corp's shareholders	(1,086,422)	(636,192)	(1,216,313)	(1,350,129)
Non-controlling interest	(39,502)	-	(39,502)	-
	(1,125,924)	(636,192)	(1,255,815)	(1,350,129)
Weighted average shares outstanding				
Basic	231,541,400	79,863,042	188,983,976	72,775,765
Diluted	231,541,400	79,863,042	188,983,976	72,775,765
Earnings (loss) per share				
Basic	0.00	(0.01)	(0.01)	(0.02)
Diluted	0.00	(0.01)	(0.01)	(0.02)

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

INCA ONE GOLD CORP.

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

	Share capital				Accumulated other comprehensive (loss) income		Total shareholders' equity (deficiency)
	Common shares (note 17(b))	Amount	Equity reserves	Non-controlling interest		Deficit	
	#	\$	\$	\$	\$	\$	\$
Balance, April 30, 2017 restated – Note 2 (d)	59,316,401	19,328,264	4,356,765	-	(66,913)	(21,582,408)	2,035,707
Comprehensive loss for the period	-	-	-	-	(172,291)	(1,177,838)	(1,350,129)
Issuance of shares on private placement, net of share issue costs	12,968,000	1,485,231	197,377	-	-	-	1,682,607
Share -based payments			8,857	-	-	-	8,857
Balance, October 31, 2017	72,284,401	20,813,494	4,562,999	-	(239,204)	(22,760,246)	2,377,043
Comprehensive loss for the period	-	-	-	-	(66,977)	(1,992,755)	(2,059,732)
Other comprehensive loss for the period	-	-	-	-	(31,665)	-	(31,665)
Shares issued for debt settlement (note 5)	19,087,151	1,035,576	-	-	-	-	1,035,576
Warrants issued for debt settlement (note 5)	-	-	23,868	-	-	-	23,868
Issuance of shares on private placement, net of share issue costs (note 16(c))	55,055,000	325,958	1,440,561	-	-	-	1,766,519
Share-based payments (note 16(d))	-	-	82,587	-	-	-	82,587
Balance, April 30, 2018 restated – Note 2 (d)	146,426,552	22,175,028	6,110,014	-	(337,846)	(24,753,001)	3,194,196
Comprehensive loss for the period	-	-	-	(39,502)	63,035	(1279,348)	(1,255,815)
Shares issued for acquisition Anthem United	110,050,225	4,197,842		-	-	-	4,197,842
Non-controlling interest as at acquisition date				1,095,398	-	-	1,095,398
Exercised options (note 16(c))	333,334	15,571	(380)	-	-	-	15,191
Share-based payments (note 16(d))	-	-	68,078	-	-	-	68,078
Balance, October 31, 2018	256,810,111	26,388,441	6,177,712	1,055,896	(274,811)	(26,032,349)	7,314,890

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

INCA ONE GOLD CORP.

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

	Six Months Ended	
	October 31, 2018	October 31, 2017
		<i>Restated – Note 2(d)</i>
Cash flows provided by (used in):	\$	\$
Operating activities:		
Net loss for the year	(1,318,850)	(1,177,838)
Items not involving cash:		
Depreciation	471,231	300,588
Stock-based compensation	68,089	17,418
Accretion expense	5,750	273
Accretion of asset retirement and reclamation obligations	20,979	11,996
Accrued interest	4,859	-
Interest expense	221,592	60,858
Unrealized foreign exchange	70,927	(26,646)
Loss in fair value adjustment of financial liability	178,365	-
Loss in fair value adjustment of derivative financial liability	(50,026)	-
Restructuring impairments (reversals)	-	(9,000)
Changes in non-cash operating working capital:		
Receivables	688,477	232,873
Prepaid expenses and deposits	(399,643)	(360,881)
Inventory	658,822	(343,975)
Accounts payable and accrued liabilities	(727,100)	124,852
Deferred revenue	390,578	104,993
Net cash provided by (used in) operating activities	284,050	(1,064,489)
Financing activities:		
Proceeds on issuance of common shares through private placement, net of issuance costs	-	1,682,608
Proceeds from issuance of shares (exercise of options)	15,191	-
Interest paid	(99,154)	-
Net cash provided by (used in) financing activities	(83,963)	1,682,608
Investing activities:		
Purchase of property, plant and equipment	(302,333)	(606,781)
Cash acquired in acquisition of Anthem United Inc.	1,034,961	-
Net cash provided by (used in) investing activities	732,628	(606,781)
Increase (decrease) in cash and cash equivalents	932,715	11,338
Effect of exchange rates on cash held in foreign currencies	(1,899)	589
Cash and cash equivalents, beginning of the year	266,836	38,017
Cash and cash equivalents, end of the period	1,197,652	49,944

Supplemental disclosure with respect to cash flows (note 23)

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

INCA ONE GOLD CORP.

Notes to the Condensed Interim Consolidated Financial Statements
For the Three and Six Months Ended July 31, 2018 and 2017
(Unaudited - Expressed in US Dollars)

NOTE 1 – NATURE OF OPERATIONS AND GOING CONCERN

Inca One Gold Corp. (formerly Inca One Resources Corp.) (the "Company") was incorporated under the laws of Canada on November 9, 2005 and was continued under the British Columbia Business Corporations Act on November 26, 2010. On September 17, 2014, the Company changed its name from Inca One Resources Corp. to Inca One Gold Corp. The Company's shares are traded on the TSX Venture Exchange (the "TSX-V") under the symbol "IO", on the Frankfurt Stock Exchange under the symbol "SU9.F", and the Santiago Stock Exchange Venture under the symbol "IOCL". The head office and principal address of the Company are located at Suite 850 - 1140 West Pender Street, Vancouver, Canada, V6E 4G1 and its registered office is located at 10th Floor, 595 Howe Street, Vancouver, Canada, V6C 2T5.

Inca One is engaged in the business of developing gold-bearing mineral processing operations in Peru, to service government permitted small scale miners. In recent years the Peruvian government instituted a formalization process for informal miners as part of its efforts to regulate their activities. The Company, through its Peruvian subsidiaries Chala One SAC ("Chala One") and EMC Green Group SA ("EMC") owns two Peruvian mineral processing plants with 450 tonnes per day ("TPD") of processing capacity. The Company's business plan is to source high grade gold mill feed from legally recognized Peruvian artisanal and small scale miners, purchase and process the material, and export gold concentrate or doré.

The Company continues to actively evaluate potential mineral projects, including additional mineral processing operations.

These Condensed Interim Consolidated Financial Statements are prepared on a going concern basis, which contemplates that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. For the three months ended October 31, 2018, the Company incurred a net loss of \$1,132,371. As of that date the Company had a deficit of \$26,032,349 and working capital of \$3,010,284. These conditions indicate a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. Management intends to fund operating and administration costs and debt and debt service costs over the year with the proceeds from gold doré sales at the Company's gold ore processing facilities in Peru and where required, from debt and equity financing and proceeds from option and warrant exercises.

The Company's ability to continue as a going concern is dependent upon its ability to generate net income and positive cash flows from its Peruvian ore processing operations and its ability to raise equity capital or debt sufficient to meet current and future obligations.

These Condensed Interim Consolidated Financial Statements do not reflect the adjustments to the carrying values and classifications of assets and liabilities that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

INCA ONE GOLD CORP.

Notes to the Condensed Interim Consolidated Financial Statements
For the Three and Six Months Ended July 31, 2018 and 2017
(Unaudited - Expressed in US Dollars)

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES**(a) Basis of Presentation**

These Condensed Interim Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). The accounting principles adopted are consistent with those of the previous financial year.

These Condensed Interim Consolidated Financial Statements have been prepared using the significant accounting policies and measurement bases summarized below and were approved by the board of directors for issue on December 28, 2018.

(b) Basis of Consolidation

The Condensed Interim Consolidated Financial Statements are presented in US dollars unless otherwise noted and include the accounts of the Company and its wholly owned subsidiaries, Inca One Metals Peru S.A. (“IO Metals”), Dynasty One S.A. (“Dynasty One”), Corizona One S.A.C. (“Corizona One”), Chala One S.A.C. (“Chala One”) and Anthem United Inc. (“Anthem”) which was acquired on August 21, 2018 (note 4).

Control is achieved when the Company is exposed to, or has rights, to variable returns from its involvement with an entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is obtained and continue to be consolidated until the date that such control ceases. Intercompany balances, transactions and unrealized intercompany gains and losses are eliminated upon consolidation. For partially owned subsidiaries, the interest attributable to non-controlling parties is reflected in non-controlling interest.

(c) Use of Estimates and Judgments

The Company’s use of estimates and judgments were presented in note 2 of the audited annual consolidated financial statements for the year ended April 30, 2018.

(d) Foreign Currency Translation*(i) Functional currency and presentation currency*

The functional currency of a company is the currency of the primary economic environment in which the company operates. The presentation currency for a company is the currency in which the company chooses to present its financial statements.

Effective May 1, 2018 and in conjunction with the acquisition of Anthem, the Company changed its presentation currency from Canadian dollars to United States dollars which is the currency that most strongly influences the primary operating and capital decisions of the Company.

These condensed interim consolidated financial statements have been prepared in US dollars as if this currency had been the presentation currency since May 1, 2016 and all comparable prior-

INCA ONE GOLD CORP.

Notes to the Condensed Interim Consolidated Financial Statements
For the Three and Six Months Ended July 31, 2018 and 2017
(Unaudited - Expressed in US Dollars)

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (continued)

period financial statements have been restated to US dollars in accordance with IAS 21 “effect of Changes in Foreign Exchange Rates”. For the purposes of presentation of the comparative financial statements; all assets and liabilities have been converted to US dollars at the rate prevailing at the end of the reporting period. Fixed assets and equity transactions are converted at the date of the transaction or at the average exchange rate for the period depending on the nature of the underlying transaction.

The functional currency of the Canadian company is the Canadian dollar and the functional currency of Dynasty One, Chala One, Corizona One, IO Metals and Anthem is the US dollar.

(ii) Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of transaction. Foreign currency gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are included in profit or loss.

(iii) Consolidated entities

The results and financial position of consolidated entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Monetary assets and liabilities are translated at the closing rate at the reporting date;
- Non-monetary assets and equity are translated using the exchange rates at the date of the transaction. Non-monetary items measured at fair value are translated using the exchange rate at the date when the fair value was determined; and
- Income and expenses for each income statement are translated at exchange rates at the dates of the transactions and where appropriate, approximated by the average exchange rates for the period.

(e) Business Combinations

Acquisitions of subsidiaries and businesses are accounted for using the purchase method. The cost of the business combination is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Company in exchange for control of the acquiree. The acquiree’s identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognized at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5, Non-current Assets Held for Sale and Discontinued Operations, which are recognized and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognized as an asset and initially measured at cost, being the excess of the cost of the business combination and the non-controlling interest over the net fair value of the identifiable assets, liabilities and contingent liabilities recognized. If, after reassessment, the net fair value of the acquiree’s identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination and the non-controlling interest, the excess is recognized immediately in net earnings (loss).

INCA ONE GOLD CORP.

Notes to the Condensed Interim Consolidated Financial Statements
For the Three and Six Months Ended July 31, 2018 and 2017
(Unaudited - Expressed in US Dollars)

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (continued)**(f) Non-controlling Interest**

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

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

NOTE 3 – RECENT ACCOUNTING PRONOUNCEMENTS

The Company has not applied the following new standards and amendments to standards that have been issued but are not yet effective:

IFRS 16 - Leases - IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract (the lessee and the lessor). Accordingly, from the perspective of the lessee, IFRS 16 eliminates the classification of leases as either operating leases or finance leases that is currently required by IAS 17 Leases and, instead, introduces a single lessee accounting model. From the perspective of the lessor, IFRS 16 substantially carries forward the accounting requirements in IAS 17.

Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and accounts for those two types of leases differently. Management does not expect any material impact as result of the application of this new standard. IFRS 16 is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted.

INCA ONE GOLD CORP.

Notes to the Condensed Interim Consolidated Financial Statements
For the Three and Six Months Ended July 31, 2018 and 2017
(Unaudited - Expressed in US Dollars)

NOTE 4 – ACQUISITION OF ANTHEM UNITED INC.

On August 21, 2018 the Company completed the acquisition of the 100% ownership of Anthem United Inc. (“Anthem”), which owns a 90.14% interest in the 350 tonnes per day (“TPD”) Koricancha ore processing facility in Peru (“Kori One”), from Equinox Gold Corp. (“Equinox”) for cash and shares totaling approximately CAD\$16.6 million, less any general sales tax credit (IGV tax credit) collected to the benefit of Inca One.

Under the terms of the Purchase Agreement, the Company acquired a 90.14% ownership of Kori One (the “Transaction”) from Equinox and certain minority shareholders and terminated the 3.5% gold stream payable by Kori One for total consideration as follows:

- CAD\$6 million payable by the issuance of 110,050,225 common shares of Inca One (“Inca One Shares”) on completion of the Purchase Agreement at a deemed price of CAD\$0.055 per common share, of which 51,269,708 Inca One Shares were issued to Equinox, 51,269,708 Inca One Shares were issued to SA Targeted Investing Corp. (“SATIC”) in consideration for the termination of the gold stream and the remaining Inca One Shares were issued to certain minority shareholders who held an interest in Kori One.
- CAD\$2.5 million payment to Equinox on the first anniversary of the completion of the Purchase Agreement to be paid in cash or Inca One Shares at the discretion of Inca One, based on the preceding 20-day volume weighted average price of Inca One Shares, subject to Equinox’s ownership of Inca One Shares not exceeding 19.99% of the outstanding Inca One Shares (the “Equinox Ownership Limit”).
- CAD\$2.5 million payment to Equinox on the second anniversary of the completion of the Purchase Agreement to be paid in cash or Inca One Shares at the discretion of Inca One, based on the preceding 20-day volume weighted average price of Inca One Shares, subject to the Equinox Ownership Limit.
- CAD\$1.5 million payment to Equinox in cash on the second anniversary of the completion of the Purchase Agreement.
- CAD\$2.5 million payment to Equinox on the third anniversary of the completion of the Purchase Agreement to be paid in cash or Inca One Shares at the discretion of Inca One, based on the preceding 20-day volume weighted average price of Inca One Shares, subject to the Equinox Ownership Limit.
- Payment in cash to Equinox on or before the third anniversary of the completion of the Purchase Agreement for the difference between the amount of working capital at closing and \$3 million and certain payments related to outstanding value-added taxes receivable by Kori One, subject to receipt. The Company estimates the amount of working capital on closing of approximately \$4.3 million and therefore approximately \$1.3 million estimated payable on the third anniversary.

INCA ONE GOLD CORP.

Notes to the Condensed Interim Consolidated Financial Statements
For the Three and Six Months Ended July 31, 2018 and 2017
(Unaudited - Expressed in US Dollars)

NOTE 4 – ACQUISITION OF ANTHEM UNITED INC. (continued)

A preliminary allocation of the purchase price at August 21, 2018, based on management's estimates of the relative fair value of assets acquired and liabilities assumed and subject to final adjustments, is as follows:

Total purchase price:	\$
Fair value of shares issued at acquisition	4,221,012
Fair value of promissory notes (note 12)	5,564,602
Fair value of working capital adjustment	907,153
Non-controlling interest	1,095,398
Total purchase price to allocate	11,788,165
Estimated fair value of assets acquired and liabilities assumed:	
Cash	1,034,961
Amounts receivable	191,548
VAT receivable	1,934,392
Prepaid income tax	433,245
Prepaid expenses	44,786
Inventory	1,989,689
Property, plant and equipment	7,198,136
Intangible assets (Goodwill)	20,789
Accounts payable and accrued liabilities	(549,640)
Asset retirement and reclamation obligations	(509,741)
Total net identifiable assets	11,788,165

The fair value of the Company's common shares issued for the acquisition of Anthem was determined using the closing market price of the Company's shares at August 21, 2018 and fair value of the promissory notes and working capital calculated on a cash flow basis using an 11% discount rate and a foreign exchange rate of 1 CAD = 0.7671.

The Company commenced consolidating Anthem's financial position and results of operations effective August 21, 2018. The Company recognized \$456,411 net loss related to Anthem for the period from August 21, 2018 to October 31, 2018.

As at October 31, 2018, the aggregate transactions costs related to the acquisition of Anthem were approximately \$216,064.

The information disclosed in this note is preliminary and may change upon the final calculation of fair value of the purchase price and the net identifiable assets. Fair values have not been finalized as of the date of these financial statements due to the short time between the Transaction and the date of these financial statements and the limited resources of the Company.

INCA ONE GOLD CORP.

Notes to the Condensed Interim Consolidated Financial Statements
For the Three and Six Months Ended July 31, 2018 and 2017
(Unaudited - Expressed in US Dollars)

NOTE 5 – RESTRUCTURING

On March 29, 2018 the Company reached an agreement with certain debt holders to restructure a total of CAD\$2,683,887 of its debt for a combination of shares, warrants and a new debt. Under the terms of the agreements CAD\$1,083,887 was converted into 18,020,484 shares of the Company, and for the remaining balance of CAD\$1,600,000, the Company issued a new Secured Debenture (note 13). As consideration for this restructuring, the Company issued 1,066,667 shares and 1,066,667 warrants with an exercise price of CAD\$0.10 (note 16 (e)).

On May 7, 2018, the Company received final approval from TSX for this Debt Restructuring.

NOTE 6 – RECEIVABLES

	October 31, 2018	April 30, 2018
	\$	\$
GST recoverable (Canada)	12,539	11,206
VAT recoverable (Peru)	1,942,998	884,047
Other receivable	10,456	19,087
	1,965,993	914,340

NOTE 7 – PREPAID EXPENSES AND DEPOSITS

	October 31, 2018	April 30, 2018
	\$	\$
Deposits with mineral suppliers	283,483	129,210
Other deposits and advances	354,244	47,315
Prepaid taxes	685,098	221,293
Prepaid expenses	68,406	51,187
Prepaid marketing services	93,424	157,976
	1,484,655	606,981

NOTE 8 – INVENTORY

	October 31, 2018	April 30, 2018
	\$	\$
Ore stockpiles and gold in process	2,317,086	1,503,557
Finished goods – gold	1,256,890	855,383
Materials and supplies	230,594	114,763
	3,804,570	2,473,703

INCA ONE GOLD CORP.

Notes to the Condensed Interim Consolidated Financial Statements

For the Three and Six Months Ended July 31, 2018 and 2017

(Unaudited - Expressed in US Dollars)

NOTE 9 – LONG TERM RECEIVABLE

As result of the Acquisition of Anthem, the Company acquired the right to claim refunds of prior years' general sales taxes ("Historical IGV") in Peru and totaling approximately \$4.2 million related to the construction of Kori One. The Company has agreed to pay Equinox 50% of any amounts collected less costs to collect, the remainder of which is for the benefit of the Company. The collectability of this Historical IGV is uncertain and therefore has been reflected in the net identifiable assets (note 4) at its estimated fair value.

As at October 31, 2018, the Company estimated the fair value of 50% of the expected cash flows related to the Historical IGV using a discount rate of 11%, at \$385,810 and for which has been classified as long term receivable. The Company is in the process of evaluating the collectability of this Historical IGV.

NOTE 10 – PROPERTY, PLANT AND EQUIPMENT

	Plant	Computers	Furniture and Equipment	Total
	\$	\$	\$	\$
Costs:				
Balance, April 30, 2017	5,956,864	61,013	53,886	6,071,763
Additions	862,469	4,636	4,200	871,325
Balance, April 30, 2018	6,819,353	65,649	58,086	6,943,088
Additions	296,062	5,882	389	302,233
Fixed assets added as result of Anthem United's acquisition	7,076,343	88,281	33,477	7,198,100
Balance, October 31, 2018	14,191,759	159,812	91,952	14,443,523
Accumulated Depreciation:				
Balance, April 30, 2017	943,879	20,886	27,687	992,452
Depreciation	731,828	7,176	5,396	744,400
Balance, April 30, 2018	1,675,707	28,062	33,083	1,736,852
Depreciation	449,440	17,074	4,717	471,231
Balance, October 31, 2018	2,125,147	45,137	37,800	2,208,084
Net Book Value:				
April 30, 2018	5,143,646	37,587	25,003	5,206,236
October 31, 2018	12,066,612	114,675	54,152	12,235,439

INCA ONE GOLD CORP.

Notes to the Condensed Interim Consolidated Financial Statements
For the Three and Six Months Ended July 31, 2018 and 2017
(Unaudited - Expressed in US Dollars)

NOTE 11 – ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	October 31, 2018	April 30, 2018
	\$	\$
Trade accounts payable and accruals	1,899,877	1,850,281
Management, consulting and professional fees payable	236,770	210,353
Accrued interest	49,535	60,416
	2,186,182	2,121,050

NOTE 12 – PROMISSORY NOTES

	October 31, 2018	April 30, 2018
	\$	\$
Current Liabilities		
Promissory Notes	1,752,317	-
Total Current Promissory Notes	1,752,317	-
Non-current Liabilities		
Promissory Notes	4,852,921	-
Total Non-current Promissory Notes	4,852,921	-

As result of the purchase agreement with Equinox Gold Corp. (note 4) the company has issued a nonbearing interest secured promissory note for CAD\$ 9,000,000 which has the following conditions:

- CAD\$ 2,500,000 payable on August 21, 2019, to be paid in cash or in Inca One shares at the discretion of Inca One, based on the preceding 20-day volume weighted average price of Inca One shares subject to Equinox's ownership of Inca One Shares not exceeding 19.99% of the outstanding Inca One Shares (the "Equinox Ownership Limit"). As at October 31, 2018, the fair value of this payment has been estimated in \$ 1,752,317 considering a discount rate of 11% and is classified as a current liability.
- CAD\$ 2,500,000 payable on August 21, 2020, to be paid in cash or in Inca One shares at the discretion of Inca One, based on the preceding 20-day volume weighted average price of Inca One shares subject to Equinox Ownership Limit. As at October 31, 2018, the fair value of this payment has been estimated in \$ 1,570,571 considering a discount rate of 11% and is classified as a non-current liability
- CAD\$ 1,500,000 payable on August 21, 2020, to be paid in cash. As at October 31, 2018, the fair value of this payment has been estimated in \$ 942,343 considering a discount rate of 11% and is classified as a non-current liability
- CAD\$ 2,500,000 payable on August 21, 2021, to be paid in cash or in Inca One shares at the discretion of Inca One, based on the preceding 20-day volume weighted average price of Inca One shares subject to Equinox Ownership Limit. As at October 31, 2018, the fair value of this payment has been estimated in \$ 1,407,677 considering a discount rate of 11% and is classified as a non-current liability.

INCA ONE GOLD CORP.

Notes to the Condensed Interim Consolidated Financial Statements
For the Three and Six Months Ended July 31, 2018 and 2017
(Unaudited - Expressed in US Dollars)

NOTE 12 – PROMISSORY NOTES (continued)

Additionally, the Transaction has a provision to pay in cash to Equinox, on or before the third anniversary of the completion of the Transaction, the difference between the amount of working capital at August 21, 2018 and \$3,000,000. The Company's preliminary estimate of working capital is \$4,259,926 and therefore the estimated amount payable would be approximately \$1,259,926 payable on August 21, 2021. As at October 31, 2018, the fair value of this payment has been estimated at \$ 932,329 considering a discount rate of 11% and is classified as a non-current liability

NOTE 13 – SECURED DEBENTURES

	October 31, 2018	April 30, 2018
	\$	\$
Current Liabilities		
Secured Debenture ⁽¹⁾	-	300,000
Total Current Secured Debentures	-	300,000
Non-current Liabilities		
Secured Debenture ⁽¹⁾	300,000	-
CAD Secured Debenture (CAD\$ 1,600,000) ⁽²⁾	1,163,757	1,183,889
Total Non-current Secured Debentures	1,463,757	1,183,889

As at October 31, 2018, the Company issued the following secured debentures:

- 1) On September 1, 2016, the Company issued a \$300,000 debenture with an initial maturity date September 1, 2018, which (on August 21, 2018) was subsequently extended for an additional 24 months period and is payable on August 31, 2020. The debenture bears an interest at a rate of 11% per annum, and has general security over the assets of the Company (the "USD Secured Debenture") second in priority to the CAD Secured Debenture. Principal is due on maturity, and the Company is required to make six equal quarterly interest payments beginning May 31, 2019. Accrued interest of \$5,215 has been included in accounts payable at October 31, 2018.
- 2) As a result of the Restructuring and Debt Settlement (note 5) of March 28, 2018, the Company issued a CAD\$1,600,000 (CAD\$1,519,640 net of cost of CAD\$80,360) debenture with maturity day on September 1, 2021, bears interest at a rate of 11% per annum, and has priority security over the assets of the Company (the "CAD Secured Debenture"). Principal is due on maturity, and the Company is required to make quarterly interest payments beginning September 1, 2018. Accrued interest of CAD\$29,414 has been included in accounts payable at October 31, 2018.

INCA ONE GOLD CORP.

Notes to the Condensed Interim Consolidated Financial Statements
For the Three and Six Months Ended July 31, 2018 and 2017
(Unaudited - Expressed in US Dollars)

NOTE 14 – MINERAL NOTES

On December 14, 2015, the Company issued \$50,000 in secured notes, which bear interest at a rate of 12% per annum payable quarterly in arrears. The notes have a 60 months term to maturity at which time the principal balance plus all accrued and unpaid interest will be repaid to the subscriber. The Company retains the right (upon 90 days prior written notice to the affected holder) to redeem the notes in full. Accrued interest of \$1,893 has been included in accounts payable at October 31, 2018.

NOTE 15 – ASSET RETIREMENT PROVISION

The Company's operations are governed by laws and regulations covering the protection of the environment. The Company will implement progressive measures for rehabilitation work to be carried out during the operation, closing and follow-up work upon closing of the gold processing plants; consequently, the Company accounted for its asset retirement obligations for the plants using best estimates of future costs, based on information available at the reporting date. These estimates are subject to change following modifications to laws and regulations or as new information becomes available.

	October 31, 2018	April 30, 2018
	\$	\$
Beginning of year	581,356	444,145
Accretion	20,979	32,524
Provision added as result of Anthem acquisition	516,927	-
Change in estimate	-	104,687
	1,119,262	581,356

As at October 31, 2018, the estimated undiscounted cash flow required to settle the asset retirement obligation for both the "Chala Plant" and "Kori One Plant" and their related tailings ponds is \$684,807 and 699,247 respectively and are projected to be disbursed over 2026 and 2035 respectively. A 4.94% discount rate and a 3.06% inflation rate were used to evaluate these provisions.

NOTE 16 – SHARE CAPITAL AND EQUITY RESERVES**(a) Authorized**

Unlimited number of voting common shares without par value.

(b) Issued Share Capital

On August 16, 2016, the Company consolidated its share capital on a one-for-seven basis. For the purpose of these financial statements the capital and per share amounts have been restated to present the post consolidated share capital. At October 31, 2018, there were 256,810,111 shares issued and outstanding (April 30, 2018 – 146,426,552).

INCA ONE GOLD CORP.

Notes to the Condensed Interim Consolidated Financial Statements
For the Three and Six Months Ended July 31, 2018 and 2017
(Unaudited - Expressed in US Dollars)

NOTE 16 – SHARE CAPITAL AND EQUITY RESERVES (continued)**(c) Share Issuances**

On August 21, 2018 the Company issued 110,050,225 shares as consideration for the acquisition of Anthem United Inc. (note 4).

During the six months ended October 31, 2018, 333,334 common shares were issued for proceeds of \$15,571 on the exercise of 333,334 stock option at \$0.06 per share

(d) Share-based Options

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

The following table is a reconciliation of the movement in share-based options for the period and is presented on a post consolidated basis (note 16(b)):

	Share-based Options #	Weighted Average Exercise Price CAD\$
Balance, April 30, 2017	3,312,500	0.45
Granted	8,600,000	0.09
Expired/Cancelled	(1,610,572)	0.44
Balance, April 30, 2018	10,301,928	0.15
Granted	3,233,334	0.06
Exercised	(333,334)	0.06
Expired/Cancelled	(1,689,071)	1.75
Balance, October 31, 2018	11,512,857	0.08

The following table summarizes the share-based options outstanding, presented on a post consolidated basis (note 16(b)), as at October 31, 2018:

INCA ONE GOLD CORP.

Notes to the Condensed Interim Consolidated Financial Statements
For the Three and Six Months Ended July 31, 2018 and 2017
(Unaudited - Expressed in US Dollars)

NOTE 16 – SHARE CAPITAL AND EQUITY RESERVES (continued)

Share-based Options #	Exercise Price CAD\$	Expiry Date	Vesting Provisions
600,000	0.050	April 24, 2019	Vested
4,000,000	0.100	August 25, 2019	Vested
600,000	0.060	October 24, 2019	Vested
600,000	0.050	October 24, 2019	Vested
4,100,000	0.075	March 14, 2020	Unvested
600,000	0.060	April 24, 2020	Vested
500,000	0.060	June 14, 2020	Vested
12,857	3.010	July 11, 2021	Vested
500,000	0.100	August 25, 2022	Unvested
11,512,857			

As at October 31, 2018, the weighted average remaining contractual life of the share-based options was 1.47 years (October 2017 – 1.64 years).

During the three and six months ended October 31, 2018, the Company recognized share-based payments of \$33,712 and \$ 68,089 respectively (2017 - \$16,998 and \$16,998 respectively) for share-based options granted and vested during the period.

Pursuant to the Company's stock option plan, the Company granted the following stock options:

On June 14, 2018, 833,334 of incentive stock options were granted to a consultant of the Company. The stock options have an exercise price of CAD\$0.06 per share, immediate vesting and are exercisable until June 14, 2020.

On October 24, 2018, 2,400,000 of incentive options were granted to a consultant of the Company of which:

- 1,200,000 have an exercise price of \$0.05 per share immediate vesting and are exercisable 600,000 until April 24, 2019 and 600,000 until October 24, 2019 AND
- 1,200,000 have an exercise price of \$0.06 per share immediate vesting and are exercisable 600,000 until October 24, 2019 and 600,000 until April 24, 2020

The fair value of stock options granted during the three and six months ended October 31, 2018 was estimated using the Black-Scholes options pricing model with the following weighted average assumptions:

INCA ONE GOLD CORP.

Notes to the Condensed Interim Consolidated Financial Statements
For the Three and Six Months Ended July 31, 2018 and 2017
(Unaudited - Expressed in US Dollars)

NOTE 16 – SHARE CAPITAL AND EQUITY RESERVES (Continued)

	Granted on:		
	June 14, 2018	October 24, 2018	October 24, 2018
Risk-free interest rate	0.73%	1.08%	1.08%
Expected dividends	CAD\$nil	CAD\$nil	CAD\$nil
Expected volatility	54.17%	57.69%	57.69%
Expected life in years ^(a)	0.82	0.75	1.25

(a) Expected life of the options takes in consideration the forfeiture rate.

The weighted average fair value of stock options granted during the three and six months ended October 31, 2018 was CAD\$0.01 (2017 - \$nil) per option.

(c) Warrants

The status of the share purchase warrants outstanding, presented on a post consolidated basis (note 16(b)), is as follows:

	Warrants #	Weighted Average Exercise Price CAD\$
Balance, April 30, 2017	38,482,690	0.44
Issued	58,078,167	0.09
Expired/Cancelled	(739,048)	0.99
Balance, April 30, 2018	95,821,809	0.22
Issued	-	-
Expired/Cancelled	-	-
Balance, October 31, 2018	95,821,809	0.22

INCA ONE GOLD CORP.

Notes to the Condensed Interim Consolidated Financial Statements
For the Three and Six Months Ended July 31, 2018 and 2017
(Unaudited - Expressed in US Dollars)

NOTE 16 – SHARE CAPITAL AND EQUITY RESERVES (Continued)

The following table summarizes the share purchase warrants outstanding, presented on a post consolidated basis (note 16(b)), as at October 31, 2018:

Warrants	Exercise Price	Expiry Date
#	CAD\$	
5,500,000	0.150	December 12, 2018
984,000	0.150	January 7, 2019
4,527,500	0.150	February 15, 2019
13,358,303	0.400	August 30, 2019
315,600	0.400	August 30, 2019
9,180,820	0.400	September 1, 2019
420,000	0.450	September 1, 2019
795,320	0.850	September 1, 2019
12,365,900	0.400	October 5, 2019
650,680	0.400	October 5, 2019
657,019	1.260	December 22, 2020
46,000,000	0.075	January 31, 2021
1,066,667	0.100	September 1, 2021
95,821,809		

As at October 31, 2018, the weighted average remaining contractual life of the warrants was 1.45 years (October 31 2017 – 2.81 years).

NOTE 17 – RELATED PARTY TRANSACTIONS**(a) Related Party Transactions**

Professional fees were paid to a company controlled by the former CFO. Consulting and management fees are and were paid to companies controlled by the CEO, former CFO and VP Operations & New Projects. Finance costs on interest bearing debt instruments were paid or accrued to companies controlled by the CEO, or and to a company controlled by a director. Office rent was paid or accrued to a company controlled by the former CFO.

The Company incurred charges to directors and officers or to companies associated with these individuals during the three and six months ended October 31, 2018 and 2017 as follows:

INCA ONE GOLD CORP.

Notes to the Condensed Interim Consolidated Financial Statements
For the Three and Six Months Ended July 31, 2018 and 2017
(Unaudited - Expressed in US Dollars)

NOTE 17 – RELATED PARTY TRANSACTIONS (continued)

	Three months ended October 31,		Six months ended October 31,	
	2018	2017	2018	2017
			\$	\$
Accounting and professional fees	-	-	-	20,058
Management, salaries and consulting fees	83,864	103,842	153,386	164,297
Director fees	7,454	6,525	14,900	12,201
Share-based payments	19,166	21,032	47,484	21,032
Rent	-	-	-	14,237
	110,485	131,399	215,770	231,825

(b) Compensation of Key Management Personnel

The Company's key management personnel have authority and responsibility for planning, directing and controlling the activities of the Company and includes the Directors, CEO, CFO, former CFO, and VP Operations & New Projects. Compensation in respect of services provided by key management consists of consulting and management fees paid to companies controlled by the CEO, former CFO and VP Operations & New Projects, accounting fees paid to companies controlled by a director or company controlled by the former CFO, and by the issue of options. The compensation for key management personnel paid as management, accounting and former CFO fees was for the three and six months ended October 31, 2018 and 2017 as follows:

	Three months ended October 31,		Six months ended October 31,	
	2018	2017	2018	2017
			\$	\$
Management fees	45,051	77,924	92,060	138,379
Salaries	37,813	25,918	61,636	25,918
Share-based payments	19,166	21,032	47,484	21,032
	103,030	124,874	200,870	185,329

(c) Related Party Balances

All related party balances payable, including for business expenses reimbursements, interim advances to the Company, annual bonuses as approved by the board of directors, and for services rendered as at October 31, 2018 are non-interest bearing and payable on demand, and are comprised of \$119,839 (April 30, 2018 - \$121,206) payable to the CEO and a company controlled by the CEO, \$23,176 (April 30, 2018 - \$24,392) payable to the VP Operations & New Projects or a company controlled by the VP Operations & New Projects, \$77,776 (April 30, 2018 - \$85,006) payable to the CFO and \$5,001 receivable, net of \$52,068 payable (April 30, 2018 – \$20,251 receivable, net of 38,178 payable) to the Directors or companies controlled by the Directors.

INCA ONE GOLD CORP.

Notes to the Condensed Interim Consolidated Financial Statements
For the Three and Six Months Ended July 31, 2018 and 2017
(Unaudited - Expressed in US Dollars)

NOTE 18 – COMMITMENTS

In addition to the commitments in connection with the Company's financings (note 13 and note 12), the Company has:

- a three-year rent agreement for its corporate office in Lima, Peru, with a monthly payment of \$3,574 and termination date on July 31, 2021, and
- a five-year rent agreement for its corporate office in Vancouver, Canada with a monthly payment of CAD\$3,726 and termination date on July 31, 2023.

During the three and six months ended October 31, 2018 the Company had commitments through a financial liability to sell approximately 742 ounces of gold doré to a third party, which would be settled at a future date in either cash or through the delivery of gold. At October 31, 2018, the fair value of amount owing under these contracts at the gold spot rate were \$901,493 (April 30, 2018 - \$974,394) and is included in derivative financial liability.

As at July 31 2018 the Company had commitments to sell approximately 825 ounces of gold doré to third parties, which was settled subsequent to October 31, 2018 through the delivery of gold. At October 31, 2018 the fair value of these commitments is \$955,163. Additionally, the Company received advances of \$500,000 to be offset against future sales of gold doré. Both amounts, totaling \$1,455,163 (April 30, 2018 - \$1,064,585) have been included as current deferred revenues.

A summary of undiscounted liabilities and future operating commitments at October 31, 2018 are as follows:

	Total	Within One Year	One to Five Years
Maturity analysis of financial liabilities	\$	\$	\$
Accounts payable and accrued liabilities	2,186,182	2,186,182	-
Mineral notes payable	48,924	48,924	-
Secured debentures	1,463,757	-	1,463,757
Promissory notes	6,605,237	1,752,317	4,852,920
	10,304,100	3,987,423	6,316,677
Commitments			
Office lease rental	273,128	76,910	196,218
Gold sale deferred revenue	1,455,163	1,455,163	-
Derivative financial liability	901,493	-	901,493
Asset retirement and reclamation obligations	1,119,262	-	1,119,262
	3,749,046	1,530,073	2,216,973
	14,053,146	5,517,496	8,533,650

INCA ONE GOLD CORP.

Notes to the Condensed Interim Consolidated Financial Statements
For the Three and Six Months Ended July 31, 2018 and 2017
(Unaudited - Expressed in US Dollars)

NOTE 18 – COMMITMENTS (continued)Contingent Debenture

In September 2016 the Company completed a comprehensive capital restructuring which involved: (i) negotiating with debt holders to reduce long and short term debt, (ii) a private placement to provide sufficient working capital to ramp-up operations at the Chala Plant; and (iii) consolidating the Company's shares. As result of this restructuring, the Company issued a \$779,309 contingent debenture certificate (the "Contingent Debenture"), which only becomes payable on the date that the Company achieves two production milestones including (i) achieving 300 tonnes per day mineral processing capacity in Peru, and (ii) achieving three months of 200 tonnes per day average daily production. Upon re-instatement, the Contingent Debenture will have a 12% annual interest rate paid quarterly in arrears, twelve month term to maturity, certain early redemption features, and a general security agreement will be issued. If the performance milestones are not achieved before August 31, 2026, the Contingent Debenture will be cancelled.

As at October 31, 2018 the value of the contingent debenture was \$nil. However, the first milestone of 300 tonnes per day mineral processing capacity in Peru was achieved on the acquisition of Anthem.

NOTE 19 – SEGMENTED INFORMATION

All of the Company's operating and capital assets are located in Peru except for \$487,966 (April 30, 2018 \$511,849) of cash and other current assets which are held in Canada.

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

	Three months ended, October 31,		Six months ended, October 31,	
Peru segment	2018	2017	2018	2017
	\$	\$	\$	\$
Revenue	8,939,622	3,686,942	14,584,943	6,741,850
Cost of goods	8,703,606	3,643,592	13,920,744	6,819,832
Gross margin (deficit)	236,016	43,350	664,199	(77,982)
Income (loss) for the period	(543,451)	(194,869)	(409,208)	(360,779)

Peru	October 31, 2018	April 30, 2018
	\$	\$
Assets:		
VAT receivable	1,955,537	884,047
Long term VAT receivable	385,810	-
Inventory	3,804,570	2,473,703
Property, plant and equipment	12,228,056	5,143,646
Total long-term and operating assets	18,373,973	8,501,396

INCA ONE GOLD CORP.

Notes to the Condensed Interim Consolidated Financial Statements
For the Three and Six Months Ended July 31, 2018 and 2017
(Unaudited - Expressed in US Dollars)

NOTE 19 – SEGMENTED INFORMATION (continued)

During the three and six months ended October 31, 2018, the Company received 100% of its metal revenues from two major customers, noting that the Company has business relationships with other customers, and is not dependent on them.

NOTE 20 – FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**(a) Fair Value of Financial Instruments**

As at October 31, 2018, the Company's financial instruments consist of cash, receivables, accounts payable and accrued liabilities, promissory notes payable, derivative financial liabilities, secured debentures and mineral notes. Cash and other receivables are designated as loans and receivables, which are measured at amortized cost. Accounts payable and accrued liabilities, promissory notes payable, secured debentures and mineral notes are designated as other financial liabilities, which are measured at amortized cost. Derivative financial liabilities are measured at fair value.

IFRS requires disclosures about the inputs to fair value measurements for financial assets and liabilities recorded at fair value, including their classification within a hierarchy that prioritizes the inputs to fair value measurement.

The three levels of hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly; and

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

As at October 31, 2018, the Company believes that the carrying values of cash, receivables, accounts payable and accrued liabilities, promissory notes payable, deferred revenue, secured debentures and mineral notes approximate their fair values because of their nature and relatively short maturity dates or durations or their interest rates approximate market interest rates. The gold delivery contracts, being a derivative financial liability have been assessed on the fair value hierarchy described above and are classified as Level 2.

(b) Financial Instruments Risk

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

(i) Credit risk

Credit risk exposure primarily arises with respect to the Company's cash and receivables. The risk exposure is limited because the Company places its instruments in banks of high credit worthiness within Canada and continuously monitors the collection of receivables.

INCA ONE GOLD CORP.

Notes to the Condensed Interim Consolidated Financial Statements
For the Three and Six Months Ended July 31, 2018 and 2017
(Unaudited - Expressed in US Dollars)

NOTE 20 – FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)*(ii) Liquidity risk*

Liquidity risk is the risk that the Company cannot meet its financial obligations as they become due. The Company's approach to managing liquidity is to ensure as far as possible that it will have sufficient liquidity to settle obligations and liabilities when they become due. As at October 31, 2018, the Company had cash of \$1,197,652 (April 30, 2018 - \$266,836) and current working capital of \$3,010,284 (April 30, 2018 - \$ 776,225) with total liabilities of \$13,780,018 (April 30, 2018 - \$6,273,899).

A summary of the Company's future operating commitments is presented in note 18.

*(iii) Market risk**a. Interest rate risk*

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

The Company invests cash in guaranteed investment certificates at fixed or floating interest rates in order to maintain liquidity while achieving a satisfactory return for shareholders. A change of 100 basis points in the interest rates would not be material to the financial statements. At October 31, 2018, the Company had no variable rate debt.

b. Foreign currency risk

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

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

INCA ONE GOLD CORP.

Notes to the Condensed Interim Consolidated Financial Statements
For the Three and Six Months Ended July 31, 2018 and 2017
(Unaudited - Expressed in US Dollars)

NOTE 20 – FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

	October 31, 2018	April 30, 2018
	\$	\$
CAD dollar:		
Cash	6,978	30,678
Receivables	12,539	11,206
Accounts payable and accrued liabilities	(607,087)	(335,522)
Secured debentures	(1,163,757)	(1,183,889)
Derivative financial liability	(901,493)	(974,394)
Net assets (liabilities)	(2,652,820)	(2,451,921)
Sol:		
Cash	158,787	27,389
Receivables	2,658,822	884,047
Accounts payable and accrued liabilities	(718,071)	(563,964)
Net assets (liabilities)	2,099,538	347,472

Assuming all other variables constant, an increase or a decrease of 10% of the Canadian dollar against the US dollar, as of October 31, 2018 would have changed the Company's net loss by approximately \$265,822. Assuming all other variables constant, an increase or a decrease of 10% of the Peruvian sol against the US dollar, as of October 31, 2018 would have changed the Company's net loss by approximately \$209,954.

The Company had no hedging agreements in place with respect to foreign exchange rates.

c. **Commodity price risk**

Commodity price risk is the risk of financial loss resulting from movements in the price of the Company's commodity inputs and outputs. The Company's price risk relates primarily to: the spot price of gold for its deferred revenue financial liability balance and future gold price expectations as it relates to sales revenues. The Company continuously monitors precious metal trading prices as they are included in projections prepared to determine its future strategy.

NOTE 21 – CAPITAL MANAGEMENT

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern such that it can provide returns for shareholders and benefits for other stakeholders. The management of the capital structure is based on the funds available to the Company in order to support the acquisition, exploration and development of mineral properties and to maintain the Company in good standing with the various regulatory authorities. In order to maintain or adjust its capital structure, the Company may issue new shares, sell assets to settle liabilities, issue debt instruments or return capital to its shareholders.

INCA ONE GOLD CORP.

Notes to the Condensed Interim Consolidated Financial Statements
For the Three and Six Months Ended July 31, 2018 and 2017
(Unaudited - Expressed in US Dollars)

NOTE 21 – CAPITAL MANAGEMENT (continued)

The Company considers its current capital structure to consist of secured debentures of \$1,463,757 (April 30, 2018 - \$1,483,889), promissory notes of \$ 6,605,237 (April 30 2018 - \$nil) and shareholders' equity of \$6,258,994 (April 30, 2018 - \$3,194,197). The Company's ability to generate sufficient funds to service its debts and to provide funding for future operations are dependent on restructuring its secured debentures and raising additional funds to achieve projected future proceeds from mineral processing operations. Notwithstanding these proceeds the Company expects to continue to be dependent on its capital resources which are largely determined by the strength of the junior resource markets, by the status of the Company's projects in relation to these markets and by its ability to compete for investor support of its projects. The Company is not subject to externally imposed capital requirements.

The Company monitors its capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to facilitate the management of capital and the further operation of its Peruvian ore processing operations the Company prepares expenditure budgets which are updated as necessary and are reviewed and approved by the Company's Board of Directors.

NOTE 22 – INFORMATION INCLUDED IN THE CONSOLIDATED STATEMENTS OF OPERATIONS

	Three months ended		Six months ended	
	October 31,		October 31,	
Note	2018	2017	2018	2017
Cost of sales:			\$	\$
Ore	6,718,120	2,659,207	10,583,749	4,886,721
Salaries, benefits and other employee expenses	421,699	220,681	663,703	436,648
Production supplies	527,877	254,663	821,263	477,115
Transportation	111,009	69,709	143,242	106,438
Other production costs	647,025	314,378	1,260,221	644,423
Depreciation of property plant and equipment	277,876	124,955	448,565	268,487
Total cost of sales	8,703,606	3,643,592	13,920,744	6,819,832

INCA ONE GOLD CORP.

Notes to the Condensed Interim Consolidated Financial Statements

For the Three and Six Months Ended July 31, 2018 and 2017

(Unaudited - Expressed in US Dollars)

NOTE 22 – INFORMATION INCLUDED IN THE CONSOLIDATED STATEMENTS OF OPERATIONS (continued)

		Three months ended		Six months ended	
		October 31,		October 31,	
	Note	2018	2017	2018	2017
Corporate and administrative expenses:					
Consulting fees		17,570	7,911	23,628	26,043
Management fees and salaries	14	287,210	251,989	498,704	467,013
Depreciation	8	5,673	29,031	22,647	56,980
Directors fees		7,454	6,525	14,900	12,201
Investor relations and regulatory fees		95,184	127,149	158,951	164,921
Office, rent, utilities, insurance and other	14	166,729	83,193	257,904	179,316
Professional fees		89,903	50,413	161,062	123,162
Share-based payments	14	33,712	16,998	68,089	16,998
Travel and accommodation		26,942	19,287	42,472	23,686
Total corporate and administrative expenses		730,777	592,496	1,248,357	1,070,320
Finance and other income (expense):					
Accretion expense		(11,427)	(8,579)	(21,969)	(12,815)
Finance costs		(116,267)	(182,114)	(221,550)	(336,404)
Foreign exchange gain (loss)		(111,713)	(24,009)	(147,370)	5,491
Fair value gain (loss) on derivative financial liability		(4,174)	(26,814)	50,626	42,040
Loss in fair value adjustments of financial liability		(178,365)	-	(178,365)	-
Total finance and other income (expense)		(421,946)	(241,516)	(518,628)	(301,688)

NOTE 23 – SUPPLEMENTAL CASH FLOW INFORMATION

Interest and income taxes paid in cash during the six months ended October 31, 2018, were \$108,154 (2017 - \$32,975) and \$17,794 (2017 - \$17,509), respectively. Investing and financing activities that do not have a direct impact on current cash flows are excluded from the statements of cash flows.