



INCA ONE GOLD CORP.
(Formerly Inca One Resources Corp.)

Condensed Interim Consolidated Financial Statements
For the Three and Nine Months Ended January 31, 2015 and 2014
(Unaudited – Expressed in Canadian 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.

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

INCA ONE GOLD CORP.

(Formerly Inca One Resources Corp.)

Condensed Interim Consolidated Statements of Financial Position

As at January 31, 2015 and April 30, 2014

(Unaudited - Expressed in Canadian Dollars)

	Note	January 31, 2015	April 30, 2014
		\$	\$
Assets			
Current:			
Cash and cash equivalents	4	435,747	78,710
Receivables		24,442	9,511
Marketable securities	5	329,165	847,448
Prepaid expenses and deposits		49,850	65,288
Inventory	6	1,506,082	408,228
		2,345,286	1,409,185
Deferred financing costs		7,544	23,421
Property, plant and equipment	7	4,386,507	1,093,456
Exploration and evaluation assets	8	-	20,000
Total assets		6,739,337	2,546,062
Liabilities			
Current:			
Accounts payable and accrued liabilities	13	1,194,038	793,211
Convertible debenture advances	10	-	325,000
Promissory notes payable – current portion	9	473,883	120,000
		1,667,921	1,238,211
Promissory notes payable	9	354,979	428,998
Convertible debentures – liability component	10	342,381	197,351
Bond payable	11	4,820,195	-
		7,185,476	1,864,560
Shareholders' (Deficiency) Equity			
Share capital	12	12,068,043	11,231,319
Reserves	12	966,179	675,005
Accumulated other comprehensive loss		674,386	(457,566)
Convertible debentures – equity component	10	-	73,087
Deficit		(14,154,747)	(10,840,343)
		(446,139)	681,502
Total liabilities and shareholders' (deficiency) equity		6,739,337	2,546,062

Nature of operations and going concern (Note 1)

Commitments (Notes 8, 11 and 14)

Subsequent events (Notes 10, 11 and 17)

Approved on behalf of the Board of Directors on March 30, 2015

“Edward Kelly”

Director

“Gunther Roehlig”

Director

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

INCA ONE GOLD CORP.

(Formerly Inca One Resources Corp.)

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

For the three and nine months ended January 31, 2015 and 2014

(Unaudited – Expressed in Canadian Dollars)

	Note	Three months ended January 31,		Nine months ended January 31,	
		2015	2014	2015	2014
		\$	\$	\$	\$
Administrative expenses:					
Consulting and management fees	13	223,005	109,470	438,613	175,576
Depreciation	7	2,319	2,276	6,944	4,997
Foreign exchange loss (gain)		57,257	(2,630)	54,429	2,549
Office, rent and administration		34,181	49,996	145,755	92,000
Professional fees	13	105,657	54,352	278,953	169,602
Directors fees	13	36,000	-	36,000	-
Regulatory fees		3,237	2,771	11,660	9,231
Share-based payments	12, 13	-	-	350,172	105,658
Transfer agent and shareholder information		145,946	45,309	383,806	204,922
Travel, advertising and promotion		80,173	44,429	198,497	145,146
Total operating expenses		(687,775)	(305,973)	(1,904,829)	(909,681)
Finance income (expense):					
Accretion expense	10	(70,455)	(2,447)	(86,100)	(2,447)
Finance and other costs	13	(211,814)	(39,313)	(427,942)	(57,745)
Finance income		610	53	2,052	1,101
Impairment of marketable securities	5	(990,835)	-	(990,835)	-
Write-down of exploration and evaluation assets	8	(20,000)	-	(20,000)	(2,452,330)
		(1,292,494)	(41,707)	(1,522,825)	(2,511,421)
Net loss for the period		(1,980,269)	(347,680)	(3,427,654)	(3,421,102)
Other comprehensive income (loss):					
Unrealized loss on marketable securities		444,178	-	-	-
Foreign currency translation adjustment		885,506	5,441	1,131,952	(10,971)
Comprehensive loss for the period		(650,585)	(342,239)	(2,295,702)	(3,432,073)
Basic and diluted loss per share		(0.03)	(0.01)	(0.05)	(0.08)
Weighted average number of common shares outstanding		64,392,365	46,455,152	65,556,390	44,477,833

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

INCA ONE GOLD CORP.

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Condensed Interim Consolidated Statements of Changes in Equity (Deficiency)

For the nine months ended January 31, 2015 and 2014

(Unaudited – Expressed in Canadian Dollars)

	Share Capital		Reserves			Accumulated other comprehensive loss	Shares to be issued	Convertible debenture – equity component	Deficit	Total shareholders' equity
	Common shares	Amount	Stock options	Warrants	Total reserves					
	#	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance, April 30, 2013	43,489,174	9,206,889	650,746	44,508	695,254	(6,453)	-	(6,678,603)	3,217,087	
Comprehensive loss for the period	-	-	-	-	-	(10,971)	-	(3,421,102)	(3,432,073)	
Private placement	5,115,500	511,550	-	-	-	-	-	-	511,550	
Share issuance costs - cash	-	(12,236)	-	-	-	-	-	-	(12,236)	
Shares to be issued	-	-	-	-	-	-	50,000	-	50,000	
Convertible debentures	-	-	-	-	-	-	-	76,336	76,336	
Convertible debentures issuance costs – cash	-	-	-	-	-	-	-	(3,249)	(3,249)	
Expired warrants	-	18,004	-	(18,004)	(18,004)	-	-	-	-	
Expired options	-	-	(98,656)	-	(98,656)	-	-	98,656	-	
Share-based payments	-	-	105,658	-	105,658	-	-	-	105,658	
Balance, January 31, 2014	48,604,674	9,724,207	657,748	26,504	684,252	(17,424)	50,000	73,087	(10,001,049)	513,073
Comprehensive loss for the period	-	-	-	-	-	(440,142)	-	-	(848,541)	(1,288,683)
Private placements for cash	2,010,000	201,000	-	-	-	-	(50,000)	-	-	151,000
Private placement for GRIT Shares	12,000,000	1,320,000	-	-	-	-	-	-	-	1,320,000
Finder fees paid in shares	960,000	105,600	-	-	-	-	-	-	-	105,600
Share issuance costs – cash	-	(119,488)	-	-	-	-	-	-	-	(119,488)
Expired options	-	-	(9,247)	-	(9,247)	-	-	-	9,247	-
Balance, April 30, 2014	63,574,674	11,231,319	648,501	26,504	675,005	(457,566)	-	73,087	(10,840,343)	681,502
Comprehensive loss for the period	-	-	-	-	-	1,131,952	-	-	(3,427,654)	(2,295,702)
Convertible debentures	-	-	-	-	-	-	-	85,135	-	85,135
Exercise of convertible debentures	1,200,000	257,683	-	-	-	-	-	(158,222)	-	99,461
Exercise of options	2,000,000	521,385	(231,036)	-	(231,036)	-	-	-	-	290,349
Exercise of warrants	175,000	35,000	-	-	-	-	-	-	-	35,000
Finder's warrants – bond financing	-	-	-	285,288	285,288	-	-	-	-	285,288
Expired options	-	-	(113,250)	-	(113,250)	-	-	-	113,250	-
Share-based payments	151,040	22,656	350,172	-	350,172	-	-	-	-	372,828
Balance, January 31, 2015	67,100,714	12,068,043	654,387	311,792	966,179	674,386	-	-	(14,154,747)	(446,139)

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

INCA ONE GOLD CORP.

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Condensed Interim Consolidated Statements of Cash Flows

For the nine months ended January 31, 2015 and 2014

(Unaudited – Expressed in Canadian Dollars)

	Nine months ended January 31,	
	2015	2014
Cash flows provided by (used in):	\$	\$
Operating activities:		
Net loss for the period	(3,427,654)	(3,421,102)
Items not involving cash:		
Depreciation	6,944	4,997
Share-based payments	350,172	105,658
Accretion expense	86,100	2,447
Impairment of marketable securities	990,835	-
Write-down of exploration and evaluation assets	20,000	2,452,330
Changes in non-cash operating working capital:		
Receivables	(14,931)	37,891
Prepaid expenses and deposits	15,438	(35,051)
Inventory	(1,063,190)	(416,886)
Accounts payable and accrued liabilities	572,857	347,029
	(2,463,429)	(922,687)
Financing activities:		
Proceeds from promissory notes, net of issuance costs	248,460	541,289
Proceeds from convertible debenture, net of issuance costs	-	263,295
Proceeds from bond payable, net of issuance costs	5,042,303	-
Proceeds on issuance of common shares	348,006	511,550
Proceeds from common shares to be issued	-	50,000
Share issuance costs	-	(12,236)
Convertible debentures issuance costs	(18,297)	-
Deferred financing costs (change)	15,877	(7,940)
	5,636,349	1,345,958
Investing activities:		
Purchase of property, plant and equipment	(2,832,513)	(826,113)
Mining property and development asset	-	(75,981)
Exploration and evaluation assets	-	(77,070)
	(2,832,513)	(979,164)
Increase (decrease) in cash and cash equivalents	340,407	(555,893)
Effect of exchange rates on cash held in foreign currencies	16,630	3,804
Cash and cash equivalents, beginning of period	78,710	684,724
Cash and cash equivalents, end of period	435,747	132,635

Supplemental disclosure with respect to cash flows (Note 16)

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

INCA ONE GOLD CORP.

(Formerly Inca One Resources Corp.)

Notes to the Condensed Interim Consolidated Financial Statements

For the Three and Nine Months Ended January 31, 2015 and 2014

(Unaudited – Expressed in Canadian 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” and on the Frankfurt Stock Exchange under the symbol “SU9.F”. The head office and principal address of the Company are located at Suite 1125 – 595 Howe Street, Vancouver, Canada, V6C 2T5 and its registered office is located at Suite 2600 – 1066 West Hastings Street, Vancouver, Canada, V6E 3X1.

These condensed interim consolidated financial statements (“interim 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 nine months ended January 31, 2015, the Company incurred a net loss of \$3,427,654. As of that date the Company had a deficit of \$14,154,747 and working capital of \$677,365. The Company’s continuation as a going concern is dependent upon its ability to attain profitable operations and generate funds from its Peruvian toll-milling operations and its ability to raise equity capital or borrowings sufficient to meet current and future obligations. These conditions indicate a material uncertainty that may cast significant doubt on the Company’s ability to continue as a going concern. These interim 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. Subsequent to January 31, 2015, the Company received gross proceeds of USD\$1,600,000 from a debenture financing (Note 17). Management intends to finance operating costs over the next year with the proceeds from debt financings, its current working capital, proceeds from option and warrant exercises, and net profits from gold-bearing mineral processing operations at the Company’s gold milling facility in Peru.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Presentation

The interim financial statements of the Company have been prepared in accordance with International Accounting Standards 34, *Interim Financial Reporting* (“IAS 34”), using accounting policies consistent 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”).

These interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the Company’s annual consolidated financial statements for the year ended April 30, 2014. These interim financial statements were approved and authorized for issue by the Board of Directors of the Company on March 30, 2015.

INCA ONE GOLD CORP.

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Notes to the Condensed Interim Consolidated Financial Statements

For the Three and Nine Months Ended January 31, 2015 and 2014

(Unaudited – Expressed in Canadian Dollars)

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (continued)**(b) Basis of Consolidation**

These interim financial statements are presented in Canadian dollars unless otherwise noted. The interim financial statements include the accounts of the Company, its wholly owned subsidiaries, Inca One Metals Peru S.A. (“IO Metals”), Dynasty One S.A. (“Dynasty One”), Chala One S.A.C. (“Chala One”), and during the year ended April 30, 2014 Minera Huaquillas SAC (“Minera”), a private company incorporated in Peru (Note 8(b)). Although Minera was not a subsidiary of the Company, the Company consolidated 100% of its operations as they had effective control and therefore the right to obtain the majority of the benefits and were exposed to the risks of the activities of Minera.

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.

(c) Use of Estimates and Judgments

The preparation of the Company’s interim financial statements in accordance with IAS 1, *Presentation of Financial Statements*, requires management to make certain critical accounting estimates and to exercise judgment that affect the accounting policies and the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the interim financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. The areas involving a higher degree of judgment or complexity where assumptions and estimates are significant to the financial statements include the going concern assumption, the economic recoverability and probability of future economic benefits of exploration and evaluation assets, exploration and evaluation assets title, the commencement of commercial production, the functional currency, the valuation of marketable securities, convertible debentures and share-based compensation, decommissioning liabilities, and deferred taxes.

The financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The assessment of the Company’s ability to source future operations and continue as a going concern involves judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

INCA ONE GOLD CORP.

(Formerly Inca One Resources Corp.)

Notes to the Condensed Interim Consolidated Financial Statements

For the Three and Nine Months Ended January 31, 2015 and 2014

(Unaudited – Expressed in Canadian Dollars)

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (continued)

If the going concern assumption were not appropriate for the financial statements, then adjustments would be necessary in the carrying value of assets and liabilities, the reported revenue and expenses and the statement of financial position classifications used (Note 1).

Management has determined the exploration and evaluation costs incurred which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including geologic and other technical information, a history of conversion of mineral deposits with similar characteristics to its own properties to proven and probable mineral reserves, the quality and capacity of existing infrastructure facilities, the evaluation of permitting and environmental issues and local support for the project, and the ability to find joint venture partners if necessary.

Management has determined that operations have not yet progressed beyond the test toll milling stage and therefore has not begun to deplete property, plant and equipment or record revenue. The Company assesses the stage of its mineral properties or processing plant to determine when they estimate it is substantially complete and ready for its intended use. Criteria used to assess when a property has commenced commercial production include the level of capital expenditures incurred relative to the expected costs to complete, the completion of a reasonable period of testing of the property, plant and equipment, the ability to produce saleable metals, the attainment of relevant permits, the ability to sustain ongoing production; and the achievement of pre-determined production targets. Once management determines that a property or plant has reached commercial production, costs capitalized during development begin to be amortized.

Title to exploration and evaluation assets involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyance history characteristic of exploration and evaluation assets. Although the Company has taken steps to verify title to exploration and evaluation assets in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements and regulatory requirements. To the best of the Company's knowledge, title to all of its exploration and evaluation assets is in good standing.

The Company determines the functional currency through an analysis of several indicators such as expenses and cash flow, financing activities, retention of operating cash flows, and frequency of transactions with the reporting entity.

Mining and exploration activities are subject to various laws and regulations governing the protection of the environment. In general, these laws and regulations are continually changing and the Company has made, and intends to make in the future, expenditures to comply with such laws and regulations. Accounting for decommissioning obligations requires management to make estimates of the future costs the Company will incur to complete the reclamation and remediation work required to comply with existing laws and regulations at each mining operation and exploration and development property.

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Notes to the Condensed Interim Consolidated Financial Statements

For the Three and Nine Months Ended January 31, 2015 and 2014

(Unaudited – Expressed in Canadian Dollars)

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (continued)

In addition, future changes to environmental laws and regulations may increase the extent of reclamation and remediation work required to be performed by the Company. Increases in future costs could materially impact the amounts charged to operations for site closure and reclamation. The provision represents management's best estimate of the present value of the future decommissioning obligation. The calculation of this estimate is based on a number of input variables including the quantity and sales price of gold expected to eventually be recovered from the Company's tailings pond.

Due to uncertainties concerning environmental remediation, the ultimate cost to the Company of future site restoration could differ from the amounts provided. The estimate of the total provision for future decommissioning costs is subject to change based on amendments to laws and regulations, changes in technology, actual quantities and grade of gold eventually recovered from tailings, price increases and changes in interest rates, and as new information concerning the Company's closure and reclamation obligations becomes available.

Marketable securities have been classified as available-for-sale financial instruments and are measured at fair market value each reporting period with any change in fair value recognized through other comprehensive income (loss). The fair value of the shares currently included in marketable securities has been estimated using their January 31, 2015 share trading price which, due to the absence of a lengthy trading history and restrictive holding periods attached to these shares, may not be indicative of actual fair value. Changes in the share trading price after January 31, 2015 can materially affect the fair value estimates and the Company's earnings.

For accounting purposes, each convertible debenture is separated into its liability and equity components using the effective interest rate method. The fair value of the liability component at the time of issue is calculated as the discounted cash flows for the convertible debenture assuming a 20% effective interest rate which was the estimated rate for a debenture without a conversion feature. The fair value of the equity component (conversion feature) was determined at the time of issue as the difference between the face value of the convertible debenture and the fair value of the liability component. Changes in the input assumptions can materially affect the fair value estimates and the Company's classification between debt and equity components.

The Company uses the Black-Scholes option pricing model for valuation of share-based compensation. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate, and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimates and the Company's earnings and equity reserves.

Deferred tax assets and liabilities are measured using the tax rates expected to be in effect in future periods. Management estimates these future tax rates based on information available at the period end. Actual future rates may be significantly different. Factors causing such differences include changes in the ruling government or changes in national or regional economic circumstances of the areas where mines are located.

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Notes to the Condensed Interim Consolidated Financial Statements

For the Three and Nine Months Ended January 31, 2015 and 2014

(Unaudited – Expressed in Canadian Dollars)

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Significant Accounting Policies

The accounting policies and methods of computation applied by the Company in these interim financial statements are the same as those applied in the Company’s annual consolidated financial statements as at and for the year ended April 30, 2014, except for the following accounting policy adopted for the materials and supplies inventory in the current financial period:

Materials and supplies inventories are valued at the lower of average cost and net realizable value. Costs include acquisition, freight and other directly attributable costs.

NOTE 3 – RECENT ACCOUNTING PRONOUNCEMENTS

The following revised standard is effective for annual periods beginning on or after January 1, 2018 with earlier application permitted. The Company has not completed its assessment of the impact that the new and amended standard will have on its financial statements.

IFRS 9 “Financial Instruments”

The IASB intends to replace IAS 39 “Financial Instruments: Recognition and Measurement” in its entirety with IFRS 9 which is intended to reduce the complexity in the classification and measurement of financial instruments.

The Company has not early adopted any amendment, standard or interpretation that has been issued but is not yet effective.

NOTE 4 – CASH AND CASH EQUIVALENTS

	January 31, 2015	April 30, 2014
Cash and cash equivalents consist of:	\$	\$
Cash	435,747	78,710

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Notes to the Condensed Interim Consolidated Financial Statements

For the Three and Nine Months Ended January 31, 2015 and 2014

(Unaudited – Expressed in Canadian Dollars)

NOTE 5 – MARKETABLE SECURITIES

Marketable securities consist of 733,007 shares in Global Resources Investment Trust PLC (“GRIT”) which were acquired on February 28, 2014 in exchange for the issue of 12,000,000 common shares in the Company at a value of \$0.11 per share.

As of January 31, 2015 the GRIT shares were recorded at a fair value of \$329,165 (April 30, 2014 – \$847,448) based on the GRIT share trading price of CAD\$0.449 (GBP £0.235). Due to the persistent reduction in market price, management has determined that the GRIT shares were impaired as at January 31, 2015. The impairment resulted in the Company recognizing an unrealized loss of \$990,835 in the consolidated statement of loss for each of the three and nine months ended January 31, 2015 (2014 - \$nil). Previously the adjustment to fair value was recorded through other comprehensive income. As a result of the impairment, all previously recorded adjustments to fair value related to the GRIT investment were reclassified from other comprehensive income to net loss including \$472,552 during the year ended April 30, 2014, and \$444,177 during the six months ended October 31, 2014. In addition during the three months ended January 31, 2015 there was an additional \$74,105 decline in fair value. During the three and nine months ended January 31, 2014 there were \$nil adjustments.

NOTE 6 – INVENTORY

	January 31, 2015	April 30, 2014
	\$	\$
Stockpiled gold-bearing material and in process inventory	1,160,701	8,128
Gold and loaded carbon	204,950	400,100
Materials and supplies	140,431	-
	1,506,082	408,228

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Notes to the Condensed Interim Consolidated Financial Statements

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(Unaudited – Expressed in Canadian Dollars)

NOTE 7 – PROPERTY, PLANT AND EQUIPMENT

	Chala Plant	Computer	Furniture and Equipment	Total
	\$	\$	\$	\$
Costs:				
Balance, April 30, 2013	-	19,308	23,040	42,348
Additions	1,035,105	404	35,423	1,070,932
Foreign exchange	-	281	195	476
Balance, April 30, 2014	1,035,105	19,993	58,658	1,113,756
Additions	2,690,990	465	1,020	2,692,475
Foreign exchange	606,687	710	843	608,240
Balance, January 31, 2015	4,332,782	21,168	60,521	4,414,471
Accumulated Depreciation:				
Balance, April 30, 2013	-	5,960	4,729	10,689
Depreciation	-	3,271	6,085	9,356
Foreign exchange	-	142	113	255
Balance, April 30, 2014	-	9,373	10,927	20,300
Depreciation	-	1,981	4,963	6,944
Foreign exchange	-	257	463	720
Balance, January 31, 2015	-	11,611	16,353	27,964
Net Carrying Value:				
April 30, 2014	1,035,105	10,620	47,731	1,093,456
January 31, 2015	4,332,782	9,557	44,168	4,386,507

On June 6, 2013, the Company entered into a Letter of Intent to acquire 100% of a permitted and operational milling facility (“Chala Plant”) in Southern Peru for USD\$240,000. Of this amount, USD\$150,000 has been paid and the remaining USD\$90,000 has been accrued and is payable once transfer of the permitted facility is complete. Transfer of formal title is subject to a number of conditions. A finder fee of USD\$40,000 and a sourcing and technical advice fee of USD\$59,000, inclusive of value added taxes (“VAT”), were paid in connection with the acquisition of the milling facility. An additional USD\$59,000, including VAT for sourcing and technical advice, was paid once the plant became operational and had processed 250 tons of gold-bearing material. All VAT paid is not currently refundable to the Company, but the amounts may be used in the future to offset amounts due to the Peruvian tax administration by the Company, resulting from VAT charged on future sales.

As at January 31, 2015, total plant upgrade costs and capitalized pre-operating costs of \$3,726,095 have been incurred.

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Notes to the Condensed Interim Consolidated Financial Statements

For the Three and Nine Months Ended January 31, 2015 and 2014

(Unaudited – Expressed in Canadian Dollars)

NOTE 7 – PROPERTY, PLANT AND EQUIPMENT (continued)

Depreciation during the three and nine months ended January 31, 2015 was \$1,516 and \$7,746 (2014 – \$2,276 and \$4,997), of which \$nil and \$802 was capitalized to pre-operating costs of the Chala Plant (2014 – \$nil and \$nil) and \$nil and \$nil was capitalized to exploration and evaluation assets (2014 – \$928 and \$1,824).

NOTE 8 – EXPLORATION AND EVALUATION ASSETS**(a) Corizona Project**

Pursuant to an Assignment of Contractual Position Agreement formalized under Peruvian law on January 25, 2013, and amended on May 28, 2013 and June 5, 2013, between the Company and Canadian Mining S.A. (“Canadian Mining”), a privately held Peruvian company, the Company was granted an exclusive right to acquire 100% of a mining lease and purchase option for a mineral property (“the Corizona Project”) located in Peru in exchange for cash of USD\$50,000 (paid).

Pursuant to the underlying Mining Lease with Purchase Option Agreement dated January 24, 2013, between Canadian Mining and the Peruvian owner of the mineral property, Sociedad Minera Corizona Limited Liability Lima (“SMRL”), Canadian Mining was entitled to conduct mining activity on the Corizona Project property and held an option to purchase the Corizona Project until February 27, 2015.

In order to earn its interest in the mineral property option the Company was required to pay SMRL cash of USD\$730,000 at the date of signing the transfer of the concession, USD\$730,000 at the date such transfer was registered in the Lima, Peru Mining Registry office and was also required to pay USD\$490,000 to Canadian Mining within five days of the date that the option was legally acquired by the Company. A finder fee of \$20,000 was paid with respect to the option assignment acquisition.

On June 5, 2013, the Company committed to a three year renewable Joint Venture Agreement with Canadian Mining for purposes of development and operation of the Corizona Project and further exploration and evaluation. Pursuant to the terms of this agreement the joint venture would be operated by Canadian Mining and the Company would contribute all of the initial funding in exchange for an 80% share of the Corizona Project’s net profits.

During the nine months ended January 31, 2015 the Company terminated the Joint Venture Agreement between itself and Canadian Mining and commenced discussions with SMRL in order to continue exploration activity and acquire an option to purchase the Corizona property. For accounting purposes due to the uncertainty of successfully acquiring an option to purchase the Corizona property from SMRL, a write-down of exploration and evaluation assets of \$367,337 was recorded during the year ended April 30, 2014.

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NOTE 8 – EXPLORATION AND EVALUATION ASSETS (continued)

During the three months ended January 31, 2015 the Company determined that the likelihood of successful re-negotiations with SMRL was remote and wrote-down the remaining \$20,000 balance. Accordingly the Company no longer has any right to acquire Corizona project nor any ongoing obligations to either Canadian Mining or SMRL pursuant to the referenced transactions.

As at January 31, 2015, the Company has paid the following amounts with respect to the Corizona Project:

	Corizona Project Peru
	\$
Balance, April 30, 2013	195,390
Exploration costs:	
Field expenses	78,639
Geology	40,586
Office and administration	1,234
Site advisory	10,018
Rent, utilities and maintenance	17,166
Travel and accommodation	29,276
Value added tax	13,244
Foreign exchange	1,784
	191,947
Write-down of exploration and evaluation assets through April, 30, 2014	(367,337)
Balance, April 30, 2014	20,000
Write-down of exploration and evaluation assets during the nine months ended January 31, 2015	(20,000)
Balance, January 31, 2015	-

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NOTE 8 – EXPLORATION AND EVALUATION ASSETS (continued)**(b) Las Huaquillas Project**

	Las Huaquillas Project Peru
	\$
Balance, April 30, 2013	2,392,978
Exploration costs:	
Field expenses	1,343
Geology	93
Office and administration	2,497
Professional fees	8,673
Rent, utilities and maintenance	10,584
Travel and accommodation	198
Value added tax	2,358
Wages and contract labor	51,324
Foreign exchange	(17,718)
	59,352
Write-down of exploration and evaluation assets	(2,452,330)
Balance, April 30, 2014 and January 31, 2015	-

On March 25, 2011 and later amended on January 18, 2012, the Company entered into a definitive letter agreement (the “Agreement”) with Rial Minera SAC (“Rial”) and its shareholders (collectively the “Optionors”) pursuant to which the Company was granted an option to acquire all of the issued and outstanding shares of Rial (the “Rial Shares”). Rial is a private Peruvian company that owns a 100% interest in the Las Huaquillas gold-copper project (the “Las Huaquillas Project”). Pursuant to the Agreement, the Company could acquire 100% of the Rial Shares, by paying an aggregate of USD\$5,000,000 to the Optionors; issuing 8,000,000 common shares of the Company; and incurring exploration expenditures of USD\$10,000,000 over a period of four years. As at January 31, 2015, the Company has paid USD\$375,000 and issued 325,000 shares for acquisition costs payable pursuant to the terms of the Agreement. As further consideration for the acquisition, the Company entered into a finder fees agreement dated July 31, 2011 and later amended by a letter agreement dated January 19, 2012, to pay finder fees of USD\$282,500 and to issue 400,000 common shares of the Company over a period of four years. As at January 31, 2015, the Company had issued 16,250 shares and paid USD\$35,625 in cash pursuant to the terms of this finder fees agreement.

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NOTE 8 – EXPLORATION AND EVALUATION ASSETS (continued)

After entering into the two agreements the Company expended considerable time and expense to obtain the requisite drilling permits for the Las Huaquillas Project and in June 2013, these drill permits were received. After the Company determined that it was unable to source a joint venture partner or formalize an amended agreement with the Optionors the Company terminated the option. For financial reporting purposes, due to the absence of sufficient verifiable information to support a recoverable value of the Las Huaquillas Project and drilling permits thereon, this value has been deemed to be zero. Accordingly a write-down of exploration and evaluation assets of \$2,452,330 was recorded during the year ended April 30, 2014.

NOTE 9 – PROMISSORY NOTES PAYABLE

During the year ended April 30, 2014, two directors and officers of the Company advanced to the Company a total of \$170,000 in cash in exchange for promissory notes. The notes were unsecured and payable on demand with an interest rate of 20% per annum calculated and paid quarterly in arrears. \$50,000 of the principal was repaid during the year ended April 30, 2014 and the remaining \$120,000 was repaid during the nine months ended January 31, 2015.

During December 2015, two directors and officers and two officers of the Company advanced to the Company a total of \$205,000 in cash in exchange for short term promissory notes. The notes are unsecured and payable on demand with an interest rate of 20% per annum payable on maturity. Subsequent to period end the full \$205,000 principal balance plus interest was repaid.

On January 14, 2015, the Company received USD\$200,000 in cash in exchange for a promissory note. The note is unsecured, has a six month term, and an interest rate of 20% per annum calculated and payable on the maturity date.

Interest expense of \$17,063 and \$20,099 was incurred and paid with respect to these promissory notes during the three and nine months ended January 31, 2015, respectively.

On October 22, 2013 and November 6, 2013, the Company closed a non-brokered private placement of secured, redeemable promissory notes for gross proceeds of \$420,000. Of this amount an aggregate of \$150,000 was issued to directors and officers, or companies controlled by them. The promissory notes mature after 24 months and bear interest at 20% per annum. At the option of one of the subscribers, accrued interest of \$30,899 has been added to the principal of the promissory notes instead of being paid in cash. Subscribers are entitled to redeem their investment principal plus accrued interest on or after six months by providing 30 days written notice in advance of three month promissory note rollover periods. The notes are secured by a security interest in all of the Company's present and after acquired property pursuant to an underlying Security Agreement but are subordinate to any security held by holders of the Convertible Debentures.

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NOTE 9 – PROMISSORY NOTES PAYABLE (continued)

During the nine months ended January 31, 2015, \$100,000 of the promissory notes was redeemed by an officer of the Company. Subsequent to period end \$50,000 of the promissory notes was redeemed by a company controlled by a director of the Company.

A cash finder fee of \$2,500 and legal and regulatory costs of \$2,540 incurred in connection with the financing were charged against the promissory notes amount payable. Interest expense of \$19,494 and \$61,207 has been recorded with respect to these promissory notes during the three and nine months ended January 31, 2015, and \$1,775 of interest expense incurred to date has been included in accounts payable and accrued liabilities.

NOTE 10 – CONVERTIBLE DEBENTURES

	Liability Component	Equity Component
	\$	\$
Balance, April 30, 2013	-	-
October 30, 2013 convertible debenture issuance	198,664	76,336
Issuance costs allocated	(8,456)	(3,249)
Accretion and amortization	7,143	-
Balance, April 30, 2014	197,351	73,087
May 23, 2014 convertible debenture issuance	234,785	90,215
Issuance costs allocated	(13,218)	(5,079)
Accretion and amortization	22,923	-
Conversion to common shares	(99,460)	(158,223)
Balance, January 31, 2015	342,381	-

On October 30, 2013, the Company completed a secured convertible debenture offering for gross proceeds of \$275,000. Of this amount \$75,000 was issued to two directors and officers or to individuals to whom they were related. The debentures mature on October 30, 2018 although are redeemable at the Company's option after October 30, 2016. At the date of issue \$198,664 was attributed to the liability component of the convertible debenture and \$76,336 to equity.

The debentures are secured by a security interest in all of the Company's present and after acquired property pursuant to an underlying Security Agreement and hold preference to any security held by holders of the promissory notes.

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NOTE 10 – CONVERTIBLE DEBENTURES (continued)

Until October 30, 2014 each debenture holder had the option to convert up to 20% of the debenture principal and all of the interest payable into common shares by providing 30 days written notice in advance of three month debenture rollover periods. The conversion of debenture principal was based on a share price of \$0.10 and the conversion of any interest payable was based on the greater of \$0.10 per share or the closing share price on the date the Company received notice from the holder. On October 30, 2014, \$55,000 of the convertible debentures were converted to 550,000 common shares of the Company.

Interest on the debentures is payable at the rate of 10% per annum calculated and paid quarterly in arrears. Professional fees of \$11,705 have been incurred in connection with the debenture offering and have been recorded against the liability and equity components on a pro-rata basis. During the three and nine months ended January 31, 2015, with respect to this debenture offering the Company recorded accretion expense and amortization of issuance costs of \$3,047 and \$10,459 respectively, and interest expense of \$5,545 and \$19,333 respectively, all of which has been paid as of January 31, 2015.

On May 23, 2014, the Company closed a second debenture financing for gross proceeds of \$325,000. The Company had received all of the proceeds in advance of the closing and accordingly they were reflected as current liabilities on the Consolidated Statements of Financial Position as at April 30, 2014. The debentures bear interest at a rate of 10% per annum, calculated and paid quarterly in arrears, 25% of which shall be convertible into shares during the first year of the debenture term. Also during the first year of the debenture term a maximum of 25% of the principal may, at the option of the holder, be converted into common shares of the Company at a price of \$0.125 per common share. The debentures mature on May 23, 2019 and are redeemable by the Company at any time after May 23, 2017. They are secured by a security interest in all of the Company's present and after acquired property pursuant to a security agreement. At the date of issue \$234,785 was attributed to the liability component of the convertible debenture and \$90,215 to equity. On December 1, 2014, \$81,250 of the convertible debentures were converted to 650,000 common shares of the Company.

Professional fees of \$18,297 have been incurred in connection with the debenture offering and have been recorded against the liability and equity components on a pro-rata basis. During the three and nine months ended January 31, 2015, with respect to this second debenture offering the Company recorded accretion expense and amortization of issuance costs of \$4,231 and \$12,464 respectively, and interest expense of \$9,505 and \$25,231 respectively \$2,070 of which has been included in accounts payable and accrued liabilities as of January 31, 2015.

NOTE 11 – BOND PAYABLE

On May 20, 2014, the Company announced a bond financing for gross proceeds of \$5,500,000. On June 3, 2014, the Company closed the first tranche of this financing for gross proceeds of \$2,700,000.

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NOTE 11 – BOND PAYABLE (continued)

The first tranche bond bears interest at 10% per annum, calculated and payable quarterly in arrears commencing no later than November 12, 2014. The bond principal of \$2,700,000 is repayable in increments of \$170,454 on each of June 3, 2016, September 3, 2016, December 3, 2016 and March 3, 2017, with the remainder due June 3, 2017.

In connection with the financing the Company and the purchaser have entered into a financing fee agreement whereby the Company has a commitment to pay a financing fee equal to 3.5% of the net revenues from the Chala plant as defined by the agreement. All or a portion of the financing fee can be repurchased by the Company on either December 31, 2024 or December 31, 2029 in exchange for the cash payment of USD\$1,500,000 or a corresponding pro-rata portion thereof and otherwise the fee will continue to be payable until December 31, 2034.

In addition a finder fee of \$216,000 and professional fees of \$12,476 were paid in cash and 1,440,000 finder's warrants were issued in connection with the first tranche bond. The warrants are exercisable at \$0.15 for 3 years, and \$153,304 arising from the issue of these compensation warrants was charged against the bond amount payable and credited to warrant reserve.

For purposes of the calculations of compensation charge associated with the 1,440,000 finder's warrants granted, the following assumptions were used for the Black-Scholes model:

Risk-free interest rate	1.13%
Expected dividends	\$nil
Expected volatility	96%
Expected life	3 years

On August 29, 2014, the Company closed the second tranche of this financing after the gross proceeds of \$1,400,000 were received.

The second tranche bond bears interest at 10% per annum, calculated and payable quarterly in arrears commencing no later than February 19, 2015. In addition professional fees of \$3,779 and finder's fees of \$112,000 were paid in cash and 746,667 finder's warrants were issued in connection with the second tranche bond. The warrants are exercisable at \$0.15 for 3 years, and \$60,586 arising from the issue of these compensation warrants was charged against the bond amount payable and credited to warrant reserve.

For purposes of the calculations of compensation charge associated with the 746,667 finder's warrants granted, the following assumptions were used for the Black-Scholes model:

Risk-free interest rate	1.13%
Expected dividends	\$nil
Expected volatility	94%
Expected life	3 years

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NOTE 11 – BOND PAYABLE (continued)

On November 20, 2014, the Company received the third and final tranche gross proceeds of \$1,400,000.

The third tranche bond bears interest at 10% per annum, calculated and payable quarterly in arrears commencing no later than April 25, 2015. In addition professional fees of \$1,439 and finder's fees of \$112,000 were paid in cash and 746,667 finder's warrants were issued in connection with the third tranche bond. The warrants are exercisable at \$0.15 for 3 years, and \$71,398 arising from the issue of these compensation warrants was charged against the bond amount payable and credited to warrant reserve.

For purposes of the calculations of compensation charge associated with the 746,667 finder's warrants granted, the following assumptions were used for the Black-Scholes model:

Risk-free interest rate	1.13%
Expected dividends	\$nil
Expected volatility	93%
Expected life	3 years

The bond is secured by a security interest in all of the Company's present and after acquired property pursuant to an underlying Security Agreement but ranks secondary to any prior ranking security held by holders of the promissory notes and debentures.

Pursuant to the terms of the bond financing agreement the Company has granted the right of first refusal for future debt and equity financings subject to certain restrictions as outlined in those agreements.

NOTE 12 – SHARE CAPITAL AND RESERVES**(a) Authorized**

Unlimited number of voting common shares without par value.

(b) Issued Share Capital

At January 31, 2015, there were 67,100,714 issued and fully paid common shares (April 30, 2014 – 63,574,674).

(c) Share Issuances

On October 30, 2014, 550,000 common shares were issued pursuant to conversion of \$55,000 of the convertible notes (see Note 11). A reclassification of \$40,952 from the liability component and \$73,087 from the equity component of the convertible debentures to share capital was recorded on the conversion.

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NOTE 12 – SHARE CAPITAL AND RESERVES (continued)

On November 20, 2014, 650,000 common shares were issued pursuant to conversion of \$81,250 of the convertible notes (see Note 11). A reclassification of \$58,508 from the liability component and \$85,136 from the equity component of the convertible debentures to share capital was recorded on the conversion.

During the nine months ended January 31, 2015, the following common shares were also issued:

- 175,000 common shares were issued for proceeds of \$35,000 on the exercise of 175,000 warrants at \$0.20 per share. Subsequent to period end the Company issued 786,000 common shares on the exercise of 786,000 warrants at \$0.20 per share.
- 2,000,000 common shares were issued for proceeds of \$290,350 on the exercise of 260,000 stock options at \$0.125 per share, 210,000 stock options at \$0.135 per share, and 1,530,000 stock options at \$0.15 per share. A reclassification of \$231,035 from stock option reserve to share capital was recorded on the exercise of these options. Subsequent to period end the Company issued 300,000 common shares on the exercise of 100,000 stock options at \$0.125 per share, and 200,000 stock options at \$0.15 per share.
- 151,040 common shares were issued for services to a key Peruvian employee pursuant to his employment agreement which requires USD\$80,000 worth of the Company's common shares payable in four equal quarterly instalments with the first shares issued in December 2014, with such shares to be issued at the greater of (i) the maximum discount to the market price on the TSX-V at the end of such quarter as permitted by TSX-V policies, and (ii) CAD\$0.15. The shares will be subject to a four month hold period. Subsequent to period end the Company issued 129,200 common shares for services as required under this agreement.

(d) Stock Options

The Company adopted an incentive stock 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 to the Company, non-transferable 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. Stock options will be exercisable for a period of up to 10 years from the date of grant.

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NOTE 12 – SHARE CAPITAL AND RESERVES (continued)

In connection with the foregoing, the number of common shares reserved for issuance to any individual director or officer will not exceed five percent (5%) of the issued and outstanding common shares and the number of common shares reserved for issuance to all consultants will not exceed two percent (2%) of the issued and outstanding common shares. Options may be exercised no later than 30 days following cessation of the optionee's position with the Company, provided that if the cessation of office, directorship, or consulting arrangement was by reason of death, the option may be exercised within a maximum period of twelve months after such death, subject to the expiry date of such option.

The status of the options outstanding is as follows:

	Options #	Weighted Average Exercise Price \$
Balance, April 30, 2013	3,206,000	0.255
Granted	1,150,000	0.150
Forfeited	(558,000)	0.268
Balance, April 30, 2014	3,798,000	0.221
Granted	2,550,000	0.150
Exercised	(2,000,000)	0.145
Forfeited	(423,000)	0.368
Balance, January 31, 2015	3,925,000	0.198

The following table summarizes the options outstanding as at January 31, 2015:

Options #	Exercise Price \$	Expiry Date	Vesting Provisions #
100,000	0.125	April 7, 2015	Vested
150,000	0.250	February 9, 2017	Vested
250,000	0.150	October 5, 2017	Vested
520,000	0.150	October 30, 2017	Vested
325,000	0.150	May 30, 2018	Vested
200,000	0.150	October 31, 2018	Vested
1,200,000	0.150	June 4, 2019	Vested
500,000	0.150	August 29, 2019	Vested
75,000	0.220	September 23, 2020	Vested
10,000	0.500	May 13, 2021	Vested
595,000	0.430	July 11, 2021	Vested
3,925,000			

As at January 31, 2015, the weighted average remaining contractual life of the options is 4.10 years.

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NOTE 12 – SHARE CAPITAL AND RESERVES (continued)

During the three and nine months ended January 31, 2015, the Company recognized share-based payments of \$nil and \$350,172 (2014 – \$nil and \$105,658) for stock options granted and vested during the respective periods. The fair value of stock options granted during the nine months ended January 31, 2015 and 2014 was estimated using the Black-Scholes options pricing model with the following weighted average assumptions:

	2015	2014
Risk-free interest rate	2.00%	1.63%
Expected dividends	\$nil	\$nil
Expected volatility	158.94%	165.03%
Expected life	5.00 years	5.00 years

The weighted average fair value of stock options granted during the nine months ended January 31, 2015 was \$0.14 (2014 – \$0.09) per option.

(e) Warrants

The status of the share purchase warrants outstanding is as follows:

	Warrants	Weighted Average Exercise Price
	#	\$
Balance, April 30, 2013	18,767,143	0.273
Expired	(8,641,343)	0.360
Balance, April 30, 2014	10,125,800	0.200
Issued	2,933,334	0.150
Exercised	(175,000)	0.150
Balance, January 31, 2015	12,884,134	0.189

The following table summarizes the share purchase warrants outstanding at January 31, 2015:

Number of Warrants	Exercise Price	Expiry Date
#	\$	
9,950,800	0.200	April 5, 2016
1,440,000	0.150	May 20, 2017
746,667	0.150	August 29, 2017
746,667	0.150	November 20, 2017
12,884,134		

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NOTE 13 – RELATED PARTY TRANSACTIONS**(a) Related Party Transactions**

The Company incurred charges to directors and officers or to companies associated with these individuals during the three and nine months ended January 31, 2015 and 2014 as follows:

	Three months ended January 31,		Nine months ended January 31,	
	2015	2014	2015	2014
	\$	\$	\$	\$
Accounting fees in professional fees	15,944	30,683	74,954	59,379
Consulting and management fees	169,035	34,000	278,109	58,000
Director fees	36,000	-	36,000	-
Finance costs	19,080	8,583	36,943	8,583
Legal fees	-	19,958	50,472	28,845
	240,059	93,224	476,478	154,807

Accounting fees are paid to companies controlled by either a director or the CFO. Consulting and management fees are paid to companies controlled by the President, COO, CFO, or VP Operations & New Projects. Finance costs on interest bearing debt instruments were paid or accrued to companies controlled by the President, COO, CFO, or VP Operations & New Projects, or to a company controlled by a director. Legal fees and share issuance costs were paid to a legal firm with which the Corporate Secretary was previously associated with. During the nine months ended January 31, 2015 there was a \$100,000 repayment of promissory notes to an officer of the Company (See Note 9 for more details).

(b) Compensation of Key Management Personnel

The Company's key management personnel has authority and responsibility for planning, directing and controlling the activities of the Company and includes the Directors, President, CFO, and COO. Compensation in respect of services provided by key management consists of consulting and management fees paid to companies controlled by the President, CFO, and COO, accounting fees paid to companies controlled by a director or the CFO, and by the issue of options.

	Three months ended January 31,		Nine months ended January 31,	
	2015	2014	2015	2014
	\$	\$	\$	\$
Management, accounting and CFO fees included in Note 13(a) above	210,979	64,683	379,063	117,379
Share-based payments	-	-	209,962	32,367
	210,979	64,683	589,025	149,746

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NOTE 13 – RELATED PARTY TRANSACTIONS (continued)

There was no other compensation paid or payable to key management for employee services.

(c) Related Party Balances

All related party balances payable, including for business expense reimbursements, advances to the Company, annual bonuses as approved by the board of directors, and for services rendered as at January 31, 2015 are non-interest bearing and payable on demand and are comprised of \$141,473 (April 30, 2014 – \$101,526) payable to the President or company controlled by the President, \$82,670 (April 30, 2014 – \$nil) payable to the CFO or a company controlled by the CFO, \$169,609 (April 30, 2014 – \$70,111) payable to the COO or company controlled by the COO, \$44,138 (April 30, 2014 – \$nil) payable to the VP Operations & New Projects or a company controlled by the VP Operations & New Projects, and \$67,255 (April 30, 2014 – \$57,739) payable to a company controlled by a director.

NOTE 14 – COMMITMENTS

The Company has a consulting agreement with a company controlled by the President of the Company whereby it has committed to pay fixed monthly management fees of \$10,000, and whereby additional fees may be payable if certain conditions exist upon eventual termination of the contract.

NOTE 15 – SEGMENTED INFORMATION

The Company operates in one reportable operating segment, currently being the exploration and evaluation of mineral properties for development and gold milling facilities in Peru. Segmented information is provided on the basis of geographic segments consistent with the Company's core long-term and operating assets as follows:

January 31, 2015	Canada	Peru	Total
	\$	\$	\$
Inventory	-	1,506,082	1,506,082
Property, plant and equipment	3,750	4,382,757	4,386,507
Exploration and evaluation assets	-	-	-
Total long-term and operating assets	3,750	5,888,839	5,892,589
April 30, 2014	Canada	Peru	Total
	\$	\$	\$
Inventory	-	408,228	408,228
Other assets	23,421	-	23,421
Property, plant and equipment	2,851	1,090,605	1,093,456
Exploration and evaluation assets	-	20,000	20,000
Total long-term and operating assets	26,272	1,518,833	1,545,105

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NOTE 16 – SUPPLEMENTAL CASH FLOW INFORMATION

Interest and income taxes paid in cash during the nine months ended January 31, 2015 were \$250,816 and \$nil (2014 – \$33,908 and \$nil).

Investing and financing activities that do not have a direct impact on current cash flows are excluded from the statements of cash flows. During the nine months ended January 31, 2014, \$114,516 of accrued mining property and exploration asset expenditures included in accounts payable.

During the nine months ended January 31, 2015, the following transactions were excluded from the statements of cash flows:

The Company issued 2,933,334 finder's warrants at the fair value of \$285,288 pursuant to the bond financing.

\$136,250 of the convertible debentures were converted to 1,200,000 common shares of the Company. A reclassification of \$99,461 from the liability component and \$158,222 from the equity component of the convertible debentures to share capital was recorded on the conversion.

As at January 31, 2015, the Company had accrued \$110,138 (January 31, 2014 - \$114,516) in property, plant and equipment expenditures through accounts payable and accrued liabilities, a decrease of \$140,624 from April 30, 2014 (increase of \$114,516 from April 30, 2013).

NOTE 17 – SUBSEQUENT EVENTS**(a) Debenture Financing**

Subsequent to January 1, 2015 the Company closed a non-brokered private placement of debentures (the "Debenture Financing") for gross proceeds of USD\$1,600,000 including a USD\$100,000 over-subscription. Pursuant to the closing of the Debenture Financing, the Company issued 64 units (the "Units"), with each Unit comprising one non-convertible debenture (the "Debentures") in the principal amount of USD\$25,000, and 25,000 non-transferable warrants (the "Warrants"). Each Warrant will be exercisable into one common share of the Company at a price of CAD\$0.25 until a date that is 12 months from the respective closing date of the Debenture Financing. The holders of the Debentures will be entitled to receive interest at the rate of 14% per annum, calculated and paid quarterly in arrears. The term of the Debentures is 12 months. A finder's fee of 8% of the gross proceeds of the Debenture Financing will be payable in cash by the Company to SC Strategy Consult AG (the "Finder"). The Company will also issue to the Finder that number of finder's warrants equal to 8% of the proceeds of the Debenture Financing, divided by the exercise price of CAD\$0.25 (each a "Finder Warrant"). Each Finder Warrant will be exercisable into one common share of the Company at a price of CAD\$0.25 until a date that is 18 months from the closing date of the Debenture Financing.

INCA ONE GOLD CORP.

(Formerly Inca One Resources Corp.)

Notes to the Condensed Interim Consolidated Financial Statements

For the Three and Nine Months Ended January 31, 2015 and 2014

(Unaudited – Expressed in Canadian Dollars)

NOTE 17 – SUBSEQUENT EVENTS (continued)**(b) Convertible Loan**

Subsequent to January 31, 2015, the Company negotiated the terms of a convertible loan with a group of lenders led by Promerita Financial Corp. (“Promerita”) for gross proceeds of USD\$1,500,000 (the “Convertible Loan”). The Convertible Loan will bear interest at a rate of 15% per annum and will be drawn down in three tranches over the next three months of USD\$600,000, USD\$500,000, and USD\$400,000, respectively, with the third tranche at the option of the Company. Each tranche of the Convertible Loan will have a 12-month term and will be subject to a 12-month renewal option, subject to certain conditions. Each will be secured by a pledge of the inventory and related assets of the Company’s subsidiary, Chala One S.A.C. The Company will pay an arrangement fee of 5% of the proceeds of the Convertible Loan to Promerita for its role in arranging the Convertible Loan. In certain circumstances, up to 40% of the outstanding indebtedness under the Convertible Loan will be convertible into common shares of Inca One (“Common Shares”) at the option of the Lenders at a conversion price of CAD\$0.25. The conversion amount will be based on a fixed foreign exchange rate which will result in maximum of 2,987,800 Common Shares issuable upon conversion.

(c) Stock Options and Warrants

Subsequent to January 31, 2015, 1,086,000 common shares were issued on the exercise of 300,000 stock options and 786,000 warrants. Please see Note 12 (c) for more detail.

(d) Share Based Payments

Subsequent to January 31, 2015, 129,200 common shares were issued for services to a key Peruvian employee as part of their employment agreement. Please see Note 12 (c) for more detail.