INCA ONE RESOURCES CORP.

(An Exploration Stage Company)

Condensed Interim Consolidated Financial Statements
For the Three and Six Months Ended October 31, 2013 and 2012
(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 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 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 interim consolidated financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim consolidated financial statements by an entity's auditor.

INCA ONE RESOURCES CORP.

(An Exploration Stage Company)
Condensed Interim Consolidated Statements of Financial Position
(Unaudited – Expressed in Canadian Dollars)

	Note	October 31, 2013	April 30, 2013
		$	$
Assets			
Current:			
Cash and cash equivalents	4	234,844	684,724
Receivables	5	67,016	49,181
Prepaid expenses and deposits		77,618	42,338
Inventory – stockpiled ore		74,347	-
		453,825	776,243
Plant and equipment	6	529,097	31,659
Mining property and development asset	7	346,213	195,390
Exploration and evaluation assets	8	-	2,392,978
Total assets		1,329,135	3,396,270
Liabilities			
Current:			
Accounts payable and accrued liabilities	12	417,969	179,183
Promissory notes payable – current portion	9(a)	150,000	-
		567,969	179,183
Promissory notes payable	9(b)	264,960	-
Convertible debentures – liability component	10	190,208	-
		1,023,137	179,183
Shareholders' Equity			
Share capital	11	9,224,893	9,206,889
Reserves	11	661,387	688,801
Convertible debentures – equity component	10	73,087	-
Deficit		(9,653,369)	(6,678,603)
		305,998	3,217,087
Total liabilities and shareholders' equity		1,329,135	3,396,270

Nature of operations and going concern (Note 1)
Commitments (Notes 7, 8, 9, 10, 11, 13 and 15)
Subsequent events (Note 15)

Approved on behalf of the Board of Directors on December 30, 2013

"Edward Kelly"	*"Robert McMorran"*
Director	Director

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

INCA ONE RESOURCES CORP.

(An Exploration Stage Company)
Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
(Unaudited – Expressed in Canadian Dollars)

	Note	Three months ended October 31, 2013	Three months ended October 31, 2012	Six months ended October 31, 2013	Six months ended October 31, 2012
		$	$	$	$
Administrative expenses:					
Consulting and management fees	12	39,647	42,847	66,105	105,647
Depreciation		1,731	256	2,720	487
Office, rent and administration	12	23,586	38,805	42,005	80,628
Professional fees	12	66,977	9,865	115,250	11,865
Regulatory fees		5,526	4,795	6,460	5,211
Share-based payments	11, 12	16,461	98,400	105,658	118,955
Transfer agent and shareholder information		72,191	5,129	159,614	6,375
Travel, advertising and promotion		31,780	56,571	100,717	111,281
Total administrative expenses		(257,899)	(256,668)	(598,529)	(440,449)
Other income (expense):					
Foreign exchange loss		(904)	(12,079)	(5,179)	(7,509)
Finance and other costs	12	(16,402)	(3,489)	(18,432)	(4,681)
Finance income		29	-	1,048	940
Write-down of exploration and evaluation assets		(2,452,330)	-	(2,452,330)	-
		(2,469,607)	(15,568)	(2,474,893)	(11,250)
Net loss for the period		(2,727,506)	(272,236)	(3,073,422)	(451,699)
Other comprehensive income (loss):					
Foreign currency translation adjustment		27,923	34,377	(16,412)	25,943
Comprehensive loss for the period		(2,699,583)	(237,859)	(3,089,834)	(425,756)
Basic and diluted loss per share		(0.01,)	(0.01)	(0.01)	(0.02)
Weighted average number of common shares outstanding		43,489,174	25,497,520	43,489,174	24,134,947

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

INCA ONE RESOURCES CORP.

(An Exploration Stage Company)
Condensed Interim Consolidated Statements of Changes in Equity
(Unaudited – Expressed in Canadian Dollars)

	Share Capital		Reserves					Convertible debenture – equity component	Deficit	Total shareholders' equity
	Common shares	Amount	Stock options	Warrants	Foreign currency translation	Other	Total			
	#	$	$	$	$	$	$	$	$	$
Balance, April 30, 2012	22,772,374	6,955,586	527,402	335,145	(221)	42,931	905,257	-	(5,829,628)	2,031,215
Comprehensive loss for the period	-	-	-	-	25,943	-	25,943	-	(451,699)	(425,756)
Private placement	11,181,800	1,118,180	-	-	-	-	-	-	-	1,118,180
Share issuance costs – cash	-	(75,204)	-	-	-	-	-	-	-	(75,204)
Share issuance costs – warrants	-	(18,004)	-	18,004	-	-	18,004	-	-	-
Expired warrants	-	275,000	-	(275,000)	-	-	(275,000)	-	-	-
Share-based payments	-	-	134,509	-	-	-	134,509	-	-	134,509
Balance, October 31, 2012	33,954,174	8,255,558	661,911	78,149	25,722	42,931	808,713	-	(6,281,327)	2,782,944
Comprehensive loss for the period	-	-	-	-	(32,175)	-	(32,175)	-	(431,288)	(463,463)
Private placement	9,535,000	953,500	-	-	-	-	-	-	-	953,500
Share issuance costs – cash	-	(78,741)	-	-	-	-	-	-	-	(78,741)
Share issuance costs – warrants	-	(26,504)	-	26,504	-	-	26,504	-	-	-
Expired warrants	-	60,145	-	(60,145)	-	-	(60,145)	-	-	-
Expired options	-	-	(34,012)	-	-	-	(34,012)	-	34,012	-
Reallocation of shares returned to treasury	-	42,931	-	-	-	(42,931)	(42,931)	-	-	-
Share-based payments	-	-	22,847	-	-	-	22,847	-	-	22,847
Balance, April 30, 2013	43,489,174	9,206,889	650,746	44,508	(6,453)	-	688,801	-	(6, 678,603)	3,217,087
Comprehensive loss for the year	-	-	-	-	(16,412)	-	(16,412)	-	(3,073,422)	(3,089,834)
Convertible debenture	-	-	-	-	-	-	-	76,336	-	76,336
Convertible debenture 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, October 31, 2013	43,489,174	9,224,893	657,748	26,504	(22,865)	-	661,387	73,087	(9,653,369)	305,998

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

INCA ONE RESOURCES CORP.
(An Exploration Stage Company)
Condensed Interim Consolidated Statements of Cash Flows
(Unaudited – Expressed in Canadian Dollars)

	Six months ended October 31, 2013	2012
	$	$
Cash flows provided by (used in):		
Operating activities:		
Net loss for the period	(3,073,422)	(451,699)
Items not involving cash:		
Depreciation	2,720	487
Share-based payments	105,658	118,955
Write-down of exploration and evaluation assets	2,452,330	-
Interest payable	(11,277)	-
Changes in non-cash operating working capital:		
Receivables	(17,835)	69,933
Prepaid expenses and deposits	(35,280)	7,478
Ore inventory	(74,347)	-
Accounts payable and accrued liabilities	164,710	(66,744)
	(486,743)	(321,590)
Financing activities:		
Promissory notes payable, net of issuance costs	414,960	-
Convertible debenture, net of issuance costs	263,295	-
Interest payable	11,277	-
Proceeds on issuance of common shares	-	1,118,180
Share issuance cost	-	(75,204)
	689,532	1,042,976
Investing activities:		
Purchase of plant and equipment	(502,163)	(3,205)
Mining property and development asset	(77,594)	-
Exploration and evaluation assets	(75,169)	(493,425)
	(654,926)	(496,630)
Increase (decrease) in cash and cash equivalents	(452,137)	224,756
Effect of exchange rates on cash held in foreign currencies	2,257	3,923
Cash and cash equivalents, beginning of period	684,724	543,030
Cash and cash equivalents, end of period	234,844	771,709
Supplementary information:		
Cash paid for interest	2,219	-
Cash paid for income taxes	-	-
Non-cash financing and investing activities:		
Broker warrants issued for finder's fees	-	18,004
Accrued mining property and exploration asset expenditures included in accounts payable	74,076	73,777
Share-based payments capitalized to exploration assets	-	15,554

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

NOTE 1 – NATURE OF OPERATIONS AND GOING CONCERN

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 May 11, 2011, the Company changed its name from SUB Capital Inc. to Inca One Metals Corp. and on October 26, 2011, to Inca One Resources 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 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 six months ended October 31, 2013, the Company incurred a net loss of $3,073,422 and the accumulated deficit as at October 31, 2013 was $9,653,369. As at October 31, 2013, the Company had a working capital deficiency of $114,144 which will not be sufficient to finance exploration and operating costs over the next twelve months without additional funding. Management intends to finance operating costs over the next year with funds raised from equity financings, debt financings and net profits from its Peruvian mining interests but there is no certainty that these funds will be received. These conditions cast significant doubt on the Company's ability to continue as a going concern. These 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. Subsequent to October 31, 2013, the Company completed a non-brokered private placement of shares for gross proceeds of $511,550.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Presentation

The condensed interim consolidated 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 condensed interim consolidated financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the Company's annual consolidated financial statements for the year ended April 30, 2013.

These condensed interim consolidated financial statements were approved and authorized for issue by the Board of Directors of the Company on December 30, 2013.

(b) Basis of Consolidation

The consolidated financial statements are presented in Canadian dollars unless otherwise noted. The consolidated financial statements include the accounts of the Company, its wholly owned subsidiaries, Inca One Metals Peru S.A. ("IO Metals"), Dynasty One S.A., Chala One S.A.C., Corizona One S.A., and Minera Huaquillas SAC ("Minera"), a private company incorporated in Peru (Note 8). Although Minera is not a subsidiary of the Company the Company consolidates 100% of its operations as they have effective control and therefore the right to obtain the majority of the benefits and are exposed to the risks of the activities of Minera.

The Company conducts a portion of its business through a joint venture whereby the joint venture participants are bound by a contractual agreement establishing joint control. Joint control exists when unanimous consent of the joint venture participants is required regarding strategic, financial and operating policies of the joint venture. The Company has chosen to account for its interest in the joint venture as a joint operation whereby the Company's proportionate interest in the assets, liabilities, revenues and expenses are recognized within each applicable line item of the consolidated financial statements. The Company's share of results in its joint venture will be recognized in the Company's consolidated financial statements from the date the Company obtained joint control to the date at which it loses joint control.

(c) Use of Estimates and Judgments

The preparation of these financial statements in accordance with IAS 1, *Presentation of Financial Statements*, requires management to make certain critical accounting estimates and to exercise judgment in applying the Company's accounting policies. Estimates and judgments 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. 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 mineral property interests, the commencement date of commercial production, the functional currency, the valuation of convertible debentures and share-based compensation.

(d) Significant Accounting Policies

The accounting policies and methods of computation applied by the Company in these condensed interim consolidated 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, 2013, except for the following accounting policies adopted in the current financial period:

(i) Inventory

Finished goods, work-in-process and stockpiled ore are measured at the lower of average cost and net realizable value. Net realizable value is the amount estimated to be obtained from sale of the inventory in the normal course of business, less any anticipated costs to be incurred prior to its sale. The production cost of inventories is determined on a weighted average basis and includes cost of raw materials, direct labour, overhead and depreciation of plant and equipment.

Any write-down of inventory is recognized as an expense in profit or loss in the period the write-down occurs. Reversal of any write-down of inventory, arising from an increase in net realizable value, is recognized in profit or loss as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs. Prior to commencement of commercial production, write-down of inventory is capitalized to plant and equipment.

(ii)Revenue

Revenue is recognized when:

- The significant risks and rewards of ownership have been transferred;
- Neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold has been retained;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Company; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue is measured at the fair value of consideration received or receivable. Proceeds from the sale of finished goods produced prior to the date that the Chala One plant commences commercial production are credited to plant and equipment.

(iii)Promissory notes payable

Promissory notes payable are recognized initially at fair value, net of transaction costs incurred. The notes are subsequently stated at amortized cost with any difference between the proceeds and redemption value recognized in the profit or loss over the term of the debt using cost with any difference between the proceeds and redemption value recognized in the profit or loss over the term of the debt using the effective interest rate method. Debt is classified as current unless the Corporation has an unconditional right to defer settlement for at least 12 months after the statement of financial position date.

(iv) Convertible debentures

Convertible debentures are separated into their liability and equity components on the consolidated statement of financial position. The liability component is initially recognized at fair value, calculated as the net present value of the liability and accounted for at amortized cost using the effective interest rate method. The effective interest rate used is the estimated rate for debt with similar terms at the time of issue. The fair value of the equity component (conversion feature) is 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.

NOTE 3 – RECENT ACCOUNTING PRONOUNCEMENTS

The following new standards and amendments were adopted effective May 1, 2013. Adoption of these standards and amendments had no significant impact on the financial results or disclosures.

(Unaudited – Expressed in Canadian Dollars)

New standard IFRS 11 "Joint Arrangements"
This standard supercedes IAS 31 "Interests in Joint Ventures" and SIC-13 "Jointly Controlled Entities-Non-monetary Contributions by Venturers", and establishes principles for financial reporting by parties to a joint arrangement.

New standard IFRS 12 "Disclosure of Interest in Other Entities"
This is a new standard which applies to entities that have an interest in a subsidiary, a joint arrangement, an associate or an unconsolidated structured entity. The standard carries forward existing disclosures and also introduces significant additional disclosure that address the nature of, and risks associated with, an entity's interests in other entities.

New standard IFRS 13, Fair Value Measurement
This is a comprehensive standard for fair value measurement and disclosure for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and does not always reflect a clear measurement basis or consistent disclosures.

IAS 27, Separate Financial Statements and IAS 28, Investments in Associates and Joint Ventures (amendment)
IAS 27 addresses accounting for subsidiaries, jointly controlled entities and associates in non-consolidated financial statements. IAS 28 has been amended to include joint ventures in its scope and to address the changes in IFRS 10 – 13.

IAS 19, Employee Benefits (amendment)
This standard has been amended to make significant changes to the recognition and measurement of defined benefit pension expense and termination benefits and to enhance the disclosure of all employee benefits including redefining short term and other long-term benefits, guidance on the treatment of taxes related to benefit plans, guidance on risk/cost sharing features, and expanded disclosures.

IAS 1, Presentation of Financial Statements (amendment)
This standard has been amended to require entities to separate items presented in Other Comprehensive Income ("OCI") into two groups, based on whether or not items may be recycled in the future. Entities that choose to present OCI items before tax will be required to show the amount of tax related to the two groups separately.

The following IFRS Standards, Amendments and Interpretations have been issued but are not yet adopted:

IFRS 7 (Amendment)	Financial Instruments: Disclosure
IFRS 9	Financial Instruments: Classification and Measurement
IFRS 10	Consolidated Financial Statements
IAS 32 (Amendment)	Financial Instruments: Presentation
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine

(Unaudited – Expressed in Canadian Dollars)

The Company anticipates that the application of these standards and amendments will not have a material impact on the results of operations and the financial position of the Company.

NOTE 4 – CASH AND CASH EQUIVALENTS

	October 31, 2013	April 30, 2013
Cash and cash equivalents consist of:	$	$
Cash	234,844	606,724
Guaranteed Investment Certificates	-	78,000
	234,844	684,724

NOTE 5 – RECEIVABLES

	October 31, 2013	April 30, 2013
	$	$
Trade accounts receivable – Chala One plant operations	60,069	-
GST recoverable	6,947	16,720
Other receivable	-	7,461
Share subscription receivable	-	25,000
	67,016	49,181

NOTE 6 – PLANT AND EQUIPMENT

	Chala One Plant	Computer	Furniture and Equipment	Total
	$	**$**	**$**	**$**
Costs:				
Balance, April 30, 2012	-	14,865	8,381	23,246
Additions	-	4,128	14,256	18,384
Foreign exchange	-	315	403	718
Balance, April 30, 2013	-	19,308	23,040	42,348
Additions	483,399	-	18,764	502,163
Foreign exchange	-	(131)	(134)	(265)
Balance, October 31, 2013	483,399	19,177	41,670	544,246
Accumulated Depreciation:				
Balance, April 30, 2012	-	2,391	1,257	3,648
Depreciation	-	3,529	3,426	6,955
Foreign exchange	-	40	46	86
Balance, April 30, 2013	-	5,960	4,729	10,689

(Unaudited – Expressed in Canadian Dollars)

Depreciation	-	1,532	3,012	4,544
Foreign exchange	-	(46)	(38)	(84)
Balance, October 31, 2013	-	7,446	7,703	15,149
Net Book Value:				
April 30, 2012	-	12,474	7,124	19,598
April 30, 2013	-	13,348	18,311	31,659
October 31, 2013	483,399	11,731	33,967	529,097

On June 6, 2013, the Company entered into a Letter of Intent to acquire 100% of a permitted and operational milling facility ("Chala One") in Southern Peru for US$240,000. Of this amount, US$150,000 has been paid and the remaining US$90,000 is expected to be payable within one year, once transfer of the permitted facility is complete. Completion of the acquisition of the milling facility is subject to a number of conditions including completion of a definitive agreement. A finder fee of US$40,000 and a sourcing and technical advice fee of US$59,000, inclusive of value added taxes ("VAT"), have now been paid in connection with the acquisition of the milling facility. An additional US$29,500, including VAT for sourcing and technical advice, was paid once the plant became operational and US$29,500 was paid subsequent to October 31, 2013 once the plant had processed 250 tons of ore. 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 October 31, 2013, additional plant upgrade costs of $153,777 and pre-operating costs of $100,604 have been incurred, and pre-operating revenues of $60,069 have been credited to plant and equipment.

The Company is in the process of formalizing an agreement to pay Canadian Mining 20% of net profits from all operations of the Chala One plant in exchange for ongoing project management assistance.

Depreciation during the three and six months ended October 31, 2013 was $2,659 and $4,544 (2012 – $1,033 and $2,404), of which $928 and $1,824 was capitalized to exploration and evaluation assets (2012 – $777 and $1,917).

NOTE 7 – MINING PROPERTY AND DEVELOPMENT ASSET

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 US$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 is entitled to conduct mining activity on the Corizona Project property and holds an option to purchase the Corizona Project until February 27, 2015.

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

(Unaudited – Expressed in Canadian Dollars)

Effective March 27, 2013 the Company entered into a Service Provision Agreement with Canadian Mining whereby the Company committed to pay cash of US$50,000 to Canadian Mining for the provision of sourcing and technical advice which results in the Company acquiring a plant, and an additional US$50,000 payable once this plant becomes operational. On June 6, 2013 the Company entered into a contract to purchase the Chala One plant and has recorded US$75,000 in satisfaction of this service provision commitment – see Note 6.

The Company has also agreed to pay Canadian Mining US$125,000 per plant in stages for sourcing and technical advice leading to the acquisition of each of three additional plants.

On May 7, 2013, the Company and Canadian Mining secured a toll milling agreement with a Peruvian ore processor Grupo Dore to process the bulk sample material produced from the Corizona Project. The agreement states that the Company and Canadian Mining will fulfill all necessary requirements to sell bulk sample material from the Corizona Project, and will pay to Grupo Dore the cost to mill its material, including a capital charge plus a toll milling fee per ton of bulk sample material produced. A finder fee of US$25,000 was paid with respect to this agreement.

As agreed to in January 2013 but not formalized legally until 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 will be operated by Canadian Mining and the Company will contribute all of the initial funding in exchange for an 80% share of the Corizona Project's net profits.

As at October 31, 2013 the Company has paid the following amounts with respect to the Corizona Project:

	Corizona Project Peru
	$
Balance, April 30, 2012	-
Acquisition costs:	
Option payments	50,235
Finder fee – cash	20,000
Professional and regulatory fees	22,064
	92,299
Development costs:	
Field expenses	25,845
Geology	8,497
Office and administration	1,156
Plant sourcing	30,228
Site advisory and development	10,269
Rent, utilities and maintenance	9,936

(Unaudited – Expressed in Canadian Dollars)

Travel and accommodation	9,831
Value added tax	7,329
	103,091
Balance, April 30, 2013	195,390
Development costs:	
Field expenses	62,417
Geology	32,574
Office and administration	1,158
Site advisory and development	6,851
Rent, utilities and maintenance	13,232
Travel and accommodation	25,407
Value added tax	10,038
Foreign exchange	(854)
	150,823
Balance, October 31, 2013	346,213

NOTE 8 – EXPLORATION AND EVALUATION ASSETS

	Las Huaquillas Project Peru
	$
Balance, April 30, 2012	1,395,072
Exploration costs:	
Field expenses	204,054
Geology	43,479
Office and administration	30,833
Professional fees	110,090
Rent, utilities and maintenance	29,881
Travel and accommodation	75,807
Value added tax	26,118
Wages and contract labor	468,679
Foreign exchange	8,965
	997,906
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

(Unaudited – Expressed in Canadian Dollars)

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, October 31, 2013	-

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 US$5,000,000 to the Optionors; issuing 8,000,000 common shares of the Company; and incurring exploration expenditures of US$10,000,000 over a period of four years: As at October 31, 2013, the Company has paid US$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 US$282,500 and to issue 400,000 common shares of the Company over a period of four years. As at October 31, 2013, the Company had issued 16,250 shares and paid US$35,625 in cash pursuant to the terms of this finder fees agreement.

After entering into the two agreements the Company has 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. Since that time the Company has been conducting a search for a joint venture partner and has also been working towards formalization of an amended agreement with the Optionors, but has been unable to achieve either goal As a result Management is currently in the process of terminating the option. Further for financial reporting purposes, due to the absence of sufficient verifiable information to support a recoverable value of the Las Huaquillas Property and drilling permits thereon, this value has been deemed to be zero. Accordingly a write-down of exploration and evaluation assets held by the Company of $2,452,330 has been recorded during the three months ended October 31, 2013.

NOTE 9 – PROMISSORY NOTES PAYABLE

(a) Promissory Notes Payable – current portion

During the six months ended October 31, 2013, two directors and officers of the Company advanced to the Company a total of $150,000 in exchange for promissory notes. The notes are unsecured and payable on demand with an interest rate of 20% per annum calculated and paid quarterly in arrears. As at October 31, 2013 interest expense of $4,843 was recorded with respect to these promissory notes.

(b) Promissory Notes Payable – long term portion

On October 22, 2013, the Company closed the first $270,000 tranche of up to $600,000 in gross proceeds from a non-brokered private placement of secured, redeemable promissory notes. Of this amount $150,000 was issued to a director and officer and to a company controlled by a director. The first tranche of promissory notes mature on October 22, 2015 and bear interest at 20% per annum calculated and paid quarterly in arrears. Subscribers are entitled to redeem their investment principal plus accrued interest on or after April 22, 2014 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.

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. Due to the short ten day period in which these promissory notes were outstanding, amortized cost at October 31, 2013 was estimated to be equal to the fair value recorded on inception. As at October 31, 2013 interest expense of $2,003 has been recorded with respect to these promissory notes.

NOTE 10 – CONVERTIBLE DEBENTURES

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 who they were related. The debentures mature on October 30, 2018 although are redeemable at the Company's option after October 30, 2016.

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.

Until October 30, 2014 each debenture holder has 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 will be based on a share price of $0.10 and the conversion of any interest payable will be based on the greater of $0.10 per share or the closing share price on the date the Company receives notice from the Holder.

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 was 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.

Interest on the debentures is payable at the rate of 10% per annum calculated and paid quarterly in arrears. As at October 31, 2013 interest expense of $6,651 has been recorded with respect to these debentures. 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. Due to the short two day period in which these debentures were outstanding, amortized cost at October 31, 2013 was estimated to be equal to the fair value recorded on inception.

(Unaudited – Expressed in Canadian Dollars)

	Liability Component	Equity Component
	$	$
Balance, April 30, 2013		
October 30, 2013 - Amount at date of issue	198,664	76,336
Issuance costs allocated	(8,456)	(3,249)
Balance, October 31, 2013	190,208	73,087

NOTE 11 – SHARE CAPITAL AND RESERVES

(a) Authorized

Unlimited number of voting common shares without par value.

(b) Issued Share Capital

At October 31, 2013, there were 43,489,174 issued and fully paid common shares (April 30, 2013 – 43,489,174).

(c) Escrow Securities

As of October 31, 2013, the Company had nil (April 30, 2013 – 334,934) common shares and nil (April 30, 2013 – 39,000) stock options held in escrow.

(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.

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:

(Unaudited – Expressed in Canadian Dollars)

	Options	Weighted Average Exercise Price
	#	$
Balance, April 30, 2012	2,261,000	0.313
Granted	1,085,000	0.150
Forfeited	(140,000)	0.380
Balance, April 30, 2013	3,206,000	0.255
Granted	1,150,000	0.150
Forfeited	(458,000)	0.260
Balance, October 31, 2013	3,898,000	0.219

The following table summarizes the options outstanding as at October 31, 2013:

Options	Exercise Price	Expiry Date	Vesting Provisions
#	$		#
311,000	0.135	February 18, 2015	Vested
360,000	0.125	April 7, 2015	Vested
150,000	0.250	February 9, 2017	Vested
250,000	0.150	October 5, 2017	Vested
675,000	0.150	October 30, 2017	Vested
950,000	0.150	May 30, 2018	Vested
200,000	0.150	October 31, 2018	Vested
124,000	0.220	September 23, 2020	Vested
208,000	0.500	May 13, 2021	Vested
670,000	0.430	July 11, 2021	Vested
3,898,000			

As at October 31, 2013, the weighted average remaining contractual life of the options is 4.63 years.

On May 30, 2013 and October 31, 2013 the Company granted respectively 950,000 and 200,000 fully vested options to directors, officers, employees and consultants exercisable at $0.15 per shares for a period of five years. Accordingly during the three and six months ended October 31, 2013, the Company recognized share-based payments of $16,461 and $105,658 (2012 – $98,400 and $118,955) for stock options granted or vested during the period, and an additional $nil and $nil (2012 – $12,638 and $15,554) was included under wages and contract labour in exploration and evaluation assets. The fair value of stock options granted during the six months ended October 31, 2013 was estimated using the Black-Scholes options pricing model with the following weighted average assumptions:

	2013	2012
Risk-free interest rate	1.63%	1.63%
Expected dividends	$nil	$nil
Expected volatility	165.03%	184.61%
Expected life	5.00 years	4.99 years

(Unaudited – Expressed in Canadian Dollars)

The weighted average fair value of stock options granted during the six months ended October 31, 2013 was $0.09 (2012 – $0.11) per option.

(e) Warrants

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

	Warrants	Weighted Average Exercise Price
	#	$
Balance, April 30, 2012	3,760,352	0.956
Issued	16,267,143	0.200
Expired	(1,260,352)	1.360
Balance, April 30, 2013	18,767,143	0.273
Expired	(8,641,343)	0.360
Balance, October 31, 2013	10,125,800	0.200

The following table summarizes the share purchase warrants outstanding at October 31, 2013:

Number of Warrants	Exercise Price	Expiry Date
10,125,800	0.200	April 5, 2016

NOTE 12 – RELATED PARTY TRANSACTIONS

(a) Related Party Transactions

The Company incurred charges to directors and officers, former directors and officers, or to companies associated with these individuals as follows:

	Three months ended October 31, 2013	Three months ended October 31, 2012	Six months ended October 31, 2013	Six months ended October 31, 2012
	$	$	$	$
Accounting fees	30,683	-	59,379	-
Consulting and management fees	34,000	24,000	58,000	48,000
Finance costs	8,583	-	8,583	-
Legal fees	19,958	900	28,845	2,900
Office, rent and administration [(1)]	-	33,350	-	65,950
	93,224	58,250	154,807	116,850

[(1)] Of these fees, $7,500 and $15,000 were allocated to the former CFO of the Company for the three months and six months ended October 31, 2012 respectively.

(Unaudited – Expressed in Canadian Dollars)

(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, Chief Financial Officer, and Chief Operating Officer. Compensation in respect of services provided by key management consists of consulting and management fees paid to the President and the COO, accounting and administration fees paid to companies in which the CFO is, or former CFO was, an associate and by the issue of options.

	Three months ended October 31, 2013	Three months ended October 31, 2012	Six months ended October 31, 2013	Six months ended October 31, 2012
	$	$	$	$
Management, accounting and CFO administration fees	64,683	31,500	117,379	63,000
Share-based payments	-	90,338	32,367	130,157
	64,683	121,838	149,746	193,157

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

(c) Related Party Balances

All related party balances payable are non-interest bearing and payable on demand and are comprised of $18,545 and $1,203 (April 30, 2013 – $10,080 and $nil) payable to the President for travel expenses and interest expense, $26,546 (April 30, 2013 – $8,836) payable to a company controlled by the President for management fees, $11,120 and $6,914 (April 30, 2013 – $nil and $nil) payable to a company controlled by the Chief Operating Officer for consulting fees, and interest expense and $51,756 and $466 (April 30, 2013 – $7,371 and $nil) for accounting and administration fees and interest expense payable to a company controlled by a director and in which the CFO is an associate.

NOTE 13 – COMMITMENT

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 $8,000. Additional fees may be payable if certain conditions exist upon eventual termination of the contract.

NOTE 14 – SEGMENTED INFORMATION

The Company operates in one reportable operating segment, being the exploration and evaluation of mineral properties for development. Segmented information is provided on the basis of geographic segments consistent with its operations as follows:

(Unaudited – Expressed in Canadian Dollars)

October 31, 2013	Canada	Peru	Total
	$	$	$
Current assets	208,100	245,725	453,825
Plant and equipment	3,495	525,602	529,097
Mining property and development asset	-	346,213	346,213
Total assets	211,595	1,117,540	1,329,135

April 30, 2013	Canada	Peru	Total
	$	$	$
Current assets	750,068	26,175	776,243
Equipment	3,981	27,678	31,659
Mining property and development asset	-	195,390	195,390
Exploration and evaluation assets	-	2,392,978	2,392,978
Total assets	754,049	2,642,221	3,396,270

NOTE 15 – SUBSEQUENT EVENTS

(a) Private Placement with Global Resources Investments Ltd.

On November 7, 2013, the Company announced that it has settled on terms to undertake a private placement with Global Resources Investments Ltd ("GRIL") to raise $1,200,000 through the sale of 10,000,000 common shares at $0.12 per share. In consideration for acquiring the Company's shares, it is intended that GRIL will issue and deliver to the Company 716,589 ordinary shares of Global Resources Investment Trust PLC ("GRIT), an investment trust which has applied to trade its shares on the London Stock Exchange.

A finder's fee in the form of common shares will be payable in connection with the private placement.

Closing of the transaction is subject to a number of conditions precedent, including approval of the TSX-V, and GRIT successfully listing on the London Stock Exchange.

(b) Non-Brokered Private Placements

In December, 2013 the Company completed a private placement of 5,115,500 shares at $0.10 per share for gross proceeds of $511,550. All of the shares were acquired by directors and officers of the Company who sold an equivalent number of shares in the market at a price of $0.10. The Company has agreed to reimburse the subscribers for the cost of the sale of their shares in the market.