



## **INCA ONE GOLD CORP. TO ACQUIRE STANDARD TOLLING CORP. UNDER PLAN OF ARRANGEMENT**

**VANCOUVER, BC - October 7, 2015 - INCA ONE GOLD CORP. (TSX.V: IO)** (“**Inca One**”) and **STANDARD TOLLING CORP. (TSX.V: TON)** (“**Standard**”) (jointly the “**Parties**”) are pleased to announce that the companies have entered into a binding letter of intent today (“**Binding LOI**”) pursuant to which Inca One has agreed to acquire all of the issued and outstanding shares of Standard under a plan of arrangement at a share exchange ratio (the “**Exchange Ratio**”) of 0.55 shares of Inca One for each one share of Standard (the “**Transaction**”) which is approximately a 23% premium to Standard’s share price based on the 10 day volume weighted average share price (“**VWAP**”) of the Parties through October 6, 2015. All dollar amounts in this press release are presented in Canadian dollars, unless otherwise stated.

The Binding LOI contains the basic business terms for the transaction and requires the Parties to finalize in good faith a definitive agreement (the “**Definitive Agreement**”) as soon as possible but in no event later than sixty (60) days from the date the Binding LOI was executed, with the Transaction to be completed on or before February 6, 2016.

The Transaction, and finalization of the Definitive Agreement, is subject to the satisfactory completion of due diligence by the Parties, shareholder approval by Standard, board approval by each of Standard and Inca One, TSX Venture Exchange (the “**Exchange**”) approval, court approval, and other customary conditions. The Binding LOI also includes standstill, lock up, and confidentiality provisions, representations and warranties, and a \$250,000 break fee in favor of Inca One.

The Transaction will also provide for the issuance by Inca One of replacement stock options (the “**Replacement Options**”) and replacement warrants (the “**Replacement Warrants**”) to holders of options and warrants of Standard who do not exercise such options or warrants prior to the effective time of the Transaction, at exercise prices adjusted by the Exchange Ratio. Each Replacement Option and Replacement Warrant will have the same vesting conditions, exercise date and ultimate expiry date as the warrant or option of Standard it replaces. The Replacement Options will be governed by the terms of the Inca One stock option plan, except that the time for exercising a Replacement Option, after ceasing to be a director, officer, employee or consultant, as applicable, will be governed by the Standard stock option plan.

In addition, prior to closing and subject to Exchange approval, Inca One will participate in a non-brokered private placement of 6,000,000 Standard common shares at a price of \$0.055 per share for total gross proceeds of \$330,000 totalling approximately 9.9% of the outstanding shares of Standard.

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Anticipated highlights of the combined company include:

- The first gold processor to have processing plants in both Northern and Southern Peru.
- Combined permitted capacity of 200 tonnes per day (“TPD”).
- Combination of commercial mineral purchase teams to increase visibility of mineral feed and an enhanced marketing presence.
- Increase in funds available for inventory purchases from Standard’s ore note facility and the ability to accelerate additional mineral purchases.
- Estimated inventory value, refundable IGV relating to mineral purchases, and funds dedicated for mineral purchases exceeding US\$4.0 million.
- Immediate focus on maximizing production at Inca One’s processing plant, Chala One, in Southern Peru.
- Northern processing plant, in interim, to be transitioned into a regional mineral buying depot until commissioning plans are finalized.
- Expect meaningful increase in revenues and operating cash flow.
- Multiple synergies and costs savings opportunities expected including the combination of offices in each Lima and Vancouver, and a reduction in per tonne costs.
- Leveraging the complimentary skills of two successful finance teams responsible for sourcing over \$20 million in funding over the last 18 months, for both Inca One and Standard, from both the European and North American capital markets.

Mr. Leonard Clough, President and CEO of Standard, commented “The fundamental basis of this transaction lies in our collective belief that gradually ramping up and fully optimizing one processing plant is better than operating two plants below full capacity at potentially non-optimized margins. While the capital cost to complete construction at the Northern gold plant is relatively modest, the challenges associated with achieving sustainable margins, commissioning costs, potential export licencing delays, and time associated with recovering the 18% IGV/VAT, all in a capital-starved market, increase uncertainty, and make the commissioning exercise seem somewhat unrealistic at this time. While the business opportunity of toll processing remains solid, staying power is critical, and we believe a combination with Inca One helps achieve that. I look forward to assisting Edward Kelly and his team in sharing the new story, one of free cash flow, sustainability, and calculated expansion.”

Mr. Edward Kelly, President and CEO of Inca One, responded “This Transaction is transformational for Inca One. Having only recently stabilized net revenue margins within the current quarter, our focus is now on throughput. The Transaction with Standard combines a mineral purchasing team with success in securing mill feed in the North with Inca’s strength in the South. While we do not anticipate any major hurdles reaching full capacity at Chala One, we are being mindful of unit costs and cash flow, the two major requirements of our expansion plans beyond 100 TPD. This Transaction is a significant building block for our organization and we look forward to welcoming Leonard Clough and the Standard family to Inca One.”



The Binding LOI includes an agreement between the Parties to enter into a mineral purchase agreement to take effect during the period between signing of the Binding LOI and closing of the Transaction, under which Standard will sell to Inca One, on commercial terms, mill feed purchased by Standard and funded under its US\$2,250,000 Ore Note Facility. A total of approximately US\$400,000 has already been purchased by Standard under the Ore Note Facility and will be immediately available for sale to Inca One.

The Binding LOI also includes an agreement of Standard to loan to Inca One, or its Peruvian subsidiary Chala One SAC (“**Chala One**”), the sum of US\$550,000 (the “Loan”) as soon as possible after the execution of the Binding LOI. The Loan will be advanced to Inca One by Standard in one advance of US\$495,000 being the principal sum of the Loan less US\$55,000 prepaid interest on the date that is no later than two business days after execution of the Binding LOI. The Loan will be used by Inca One for general working capital purposes and mineral purchases and will accrue annual interest of 20%. Interest on the Loan will be calculated monthly in arrears and will be paid on the maturity date of the Loan with an adjustment for prepaid interest. One of the maturity date conditions is the recovery of Chala One’s IGV which as at July 31, 2015 was approximately \$2.2 million.

Full details of the Transaction will be included in a management information circular of Standard to be filed with the regulatory authorities and mailed to Standard shareholders in accordance with applicable securities laws.

### **About Inca One Gold Corp.**

Inca One is a Canadian-based mineral processing company with a gold milling facility in Peru, servicing government-permitted small-scale miners. As part of the terms of the original purchase agreement for the Chala, Peru processing facility, Inca One has an agreement between its wholly owned subsidiary, Chala One SAC, and the seller and initial permit applicant, to operate under the umbrella of formalization until the successful completion of all the environmental and operating permits. Peru, a highly mineral-rich country, is one of the world's top producers of gold, silver, copper and zinc, with substantial production coming from small scale miners who need government permitted milling facilities to process their mineral (such as the Company's Chala One Plant).

### **About Standard Tolling Corp.**

Standard Tolling is completing the construction of its first custom gold processing plant with a 100 TPD capacity, located in Northern Peru. The Company purchases ore from government permitted small-scale miners, processes it, and sells gold dore. The plant is located within a prolific gold belt with close proximity to Rio Alto’s La Arena gold mine.



**On behalf of the Board of Inca One**

*Edward Kelly*  
President & CEO  
**INCA ONE GOLD CORP.**

**On behalf of the Board of Standard**

*Leonard Clough*  
President & CEO  
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**SPECIAL NOTE REGARDING FORWARD LOOKING STATEMENTS**

This news release includes certain "Forward-Looking Statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995 and "forward-looking information" under applicable Canadian securities laws. When used in this news release, the words "anticipate", "believe", "estimate", "expect", "target", "plan", "forecast", "may", "schedule" and similar words or expressions, identify forward-looking statements or information. These forward-looking statements or information relate to, among other things: anticipated benefits of the Transaction to Inca One, Standard and their respective shareholders; the timing and receipt of required shareholder, court, stock exchange and regulatory approvals for the Transaction; the ability of Inca One and Standard to satisfy the other conditions to, and to complete, the Transaction; future growth potential for Inca One, Standard and their respective businesses and assets; future plans for the respective properties of Inca One and Standard; future asset development plans; and estimates of production costs.

In respect of the forward-looking statements and information concerning the anticipated completion of the proposed Transaction and the anticipated timing for completion of the Transaction, the parties have provided them in reliance on certain assumptions that they believe are reasonable at this time, including assumptions as to the time required to prepare and mail shareholder meeting materials, including the required management information circular; the ability of the parties to receive, in a timely manner, the necessary shareholder, court, stock exchange, and regulatory approvals; and the ability of the parties to satisfy, in a timely manner, the other conditions to the closing of the Transaction. These dates may change for a number of reasons, including unforeseen delays in preparing meeting material; inability to secure necessary shareholder, court, stock exchange and regulatory approvals in the time assumed or the need for additional time to satisfy the other conditions to the completion of the Transaction. Accordingly, readers should not place undue reliance on the forward-looking statements and information contained in this news release concerning these times.

Forward-looking information relating to future growth potential for Inca One, Standard and their respective businesses, future asset development and estimates of production costs is based on management of the applicable parties' reasonable assumptions, estimates, expectations, analyses and opinions, which are based on such



management's experience and perception of trends, current conditions and expected developments, and other factors that management believes are relevant and reasonable in the circumstances, but which may prove to be incorrect. Assumptions have been made regarding, among other things, the price of certain metals; costs of development and production; estimated production rates for metals produced by the parties; the estimated costs of development of development projects; Inca One and/or Standard's ability to operate in a safe and effective manner and their ability to obtain financing on reasonable terms.

These statements reflect the parties' respective current views with respect to future events and are necessarily based upon a number of assumptions and estimates that, while considered reasonable by the respective parties, are inherently subject to significant business, economic, competitive, political and social uncertainties and contingencies. Many factors, both known and unknown, could cause actual results, performance or achievements to be materially different from the results, performance or achievements that are or may be expressed or implied by such forward-looking statements or information and the parties have made assumptions and estimates based on or related to many of these factors. Such factors include, without limitation: satisfaction or waiver of all applicable conditions to closing of the Transaction including, without limitation, receipt of all necessary shareholder, court, stock exchange and regulatory approvals or consents and lack of material changes with respect to Inca One and Standard and their respective businesses, all as more particularly set forth in the Binding LOI; the synergies expected from the Transaction not being realized; business integration risks; fluctuations in general macro-economic conditions; fluctuations in securities markets and the market price of Inca One's shares; fluctuations in the spot and forward price of base metals or certain other commodities (such as natural gas, fuel oil and electricity); fluctuations in the currency markets; changes in national and local government, legislation, taxation, controls, regulations and political or economic developments in the jurisdictions where the parties assets are held; operating or technical difficulties in connection with mining or development activities; risks and hazards associated with the business of mineral exploration, development and mining (including environmental hazards, industrial accidents, unusual or unexpected formations, pressures, cave-ins and flooding); risks relating to the credit worthiness or financial condition of suppliers, refiners and other parties with whom the parties do business; inability to obtain adequate insurance to cover risks and hazards; and the presence of laws and regulations that may impose restrictions on mining; employee relations; relationships with and claims by local communities and indigenous populations; availability and increasing costs associated with mining inputs and labour; the speculative nature of mineral exploration and development, including the risks of obtaining necessary licenses, permits and approvals from government authorities. In addition, the failure of a party to comply with the terms of the Binding LOI (or the Definitive Agreement) may result in that party being required to pay a non-completion or other fee to the other party, the result of which could have a material adverse effect on the paying party's financial position and results of operations and its ability to fund growth prospects and current operations.

Readers are cautioned against attributing undue certainty to forward-looking statements or information. Although the parties have attempted to identify important factors that could cause actual results to differ materially, there may be other factors that cause results not to be anticipated, estimated or intended. The parties do not intend, and do not assume any obligation, to update these forward-looking statements or information to reflect changes in assumptions or changes in circumstances or any other events affecting such statements or information, other than as required by applicable law.