



INCA ONE GOLD CORP.

Condensed Interim Consolidated Financial Statements
For the Three and Nine Months Ended January 31, 2024, and 2023
(Unaudited - Expressed in US Dollars)

NOTICE TO READER

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

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

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

INCA ONE GOLD CORP.

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

	Note	January 31, 2024	April 30, 2023
		\$	\$
Assets			
Current:			
Cash		1,249,528	761,542
Receivables	3	3,170,540	2,977,070
Prepaid expenses and deposits	4	1,057,599	1,164,369
Inventory	5	7,202,197	5,949,862
Total current assets		12,679,864	10,852,843
Long term receivable	6	283,224	296,303
Property, plant and equipment	7	8,702,492	9,589,852
Right of use assets	9	1,384,685	198,932
Total assets		23,050,265	20,937,930
Liabilities			
Current:			
Accounts payable and accrued liabilities	8	5,438,643	4,107,411
Contractual liabilities payable to Equinox	10	3,434,349	2,450,069
Loans payable	11	2,176,245	2,156,111
Deferred revenue		2,445,000	1,488,000
Gold loan	12	7,588,820	7,953,755
Current portion of lease liabilities	9	557,253	56,532
Total current liabilities		21,640,310	18,211,878
Accounts payable and accrued liabilities		148,845	93,074
Contractual liabilities payable to Equinox	10	1,626,473	3,140,319
Loans payable	11	957,297	944,536
Asset retirement and reclamation obligations	13	2,012,257	1,915,366
Deferred income tax		441,513	441,513
Lease liabilities	9	816,622	99,323
Total liabilities		27,643,317	24,846,009
Shareholders' Equity			
Share capital	14	33,768,344	32,537,441
Equity reserves	14	5,735,218	5,482,275
Convertible debentures – equity component	11	12,895	12,895
Accumulated other comprehensive income		(418,688)	(324,673)
Deficit		(44,925,792)	(42,846,001)
Shareholders' equity (deficiency) attributable to Inca One		(5,828,023)	(5,138,063)
Non-controlling interest		1,234,971	1,229,984
Total shareholders' equity		(4,593,052)	(3,908,079)
Total liabilities and shareholders' equity		23,050,265	20,937,930

Nature of operations and going concern (note 1)

Commitments (note 16)

Approved on behalf of the Board of Directors on March 28, 2024

“Bruce Bragagnolo”

Director

“Edward Kelly”

Director

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

INCA ONE GOLD CORP.

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

	Notes	Three Months Ended January 31,		Nine Months Ended January 31,	
		2024	2023	2024	2023
		\$	\$	\$	\$
Revenue		12,093,807	12,466,384	33,317,933	33,570,189
Cost of goods sold					
Cost of operations	18	(10,623,051)	(10,911,116)	(29,957,191)	(30,324,008)
Depreciation	18	(443,371)	(302,454)	(1,056,788)	(904,623)
Total cost of goods sold		(11,066,422)	(11,213,570)	(31,013,979)	(31,228,631)
Gross operating margin		1,027,385	1,252,814	2,303,954	2,341,558
Corporate and administrative expenses	18	(721,448)	(951,981)	(2,201,291)	(2,630,363)
Gain (Loss) from operations		305,937	300,833	102,663	(288,805)
Impairments net of reversal of prior year im		-	-	-	7,000
Finance costs	18	(754,953)	(1,536,823)	(1,910,131)	(3,029,526)
Loss on gold loan remeasurement	13	(267,336)	-	(267,336)	-
Net loss for the period		(716,352)	(1,235,990)	(2,074,804)	(3,311,331)
Deferred income tax expense		-	(12,667)	-	(12,267)
Net loss for the period		(716,352)	(1,248,257)	(2,074,804)	(3,323,598)
Other comprehensive income:					
Foreign currency translation adjustment		(255,210)	(171,076)	(94,015)	272,729
Comprehensive loss for the period		(971,562)	(1,419,333)	(2,168,819)	(3,050,869)
Net loss and comprehensive loss attributable to:					
Inca One Gold Corp.'s shareholders		(972,976)	(1,420,379)	(2,173,806)	(3,065,163)
Non-controlling interest		1,414	1,046	4,987	14,294
		(971,562)	(1,419,333)	(2,168,819)	(3,050,869)
Weighted average shares outstanding					
Basic		42,797,301	39,252,152	41,405,200	39,263,124
Diluted		42,797,301	39,252,152	41,405,200	39,263,124
Loss per share					
Basic		(0.02)	(0.03)	(0.05)	(0.08)
Diluted		(0.02)	(0.03)	(0.05)	(0.08)

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

INCA ONE GOLD CORP.

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

	Common shares	Share capital	Equity reserves	Convertible debenture – equity component	Non-controlling interest	Accumulated other comprehensive (loss) income	Deficit	Total shareholders' equity
	#	\$	\$	\$	\$	\$	\$	\$
Balance, April 30, 2022	39,200,670	32,194,972	5,435,660	-	1,220,375	(697,831)	(37,131,873)	1,021,303
Comprehensive income (loss) for the period	-	-	-	-	14,294	272,729	(3,337,892)	(3,050,869)
Warrants exercised (note 14 (e))	115,982	23,949	(8,115)	-	-	-	-	15,834
Share-based payments (note 14 (d))	-	-	86,696	-	-	-	-	86,696
Balance January 31, 2023	39,316,652	32,218,921	5,514,241	-	1,234,669	(425,102)	(40,469,765)	(1,927,036)
Comprehensive income (loss) for the period	-	-	-	-	(4,685)	100,429	(2,376,236)	(2,280,492)
Convertible debentures – equity component (note 12 (d))	-	-	-	12,895	-	-	-	12,895
Shares issued pursuant to agreement with Equinox	281,843	134,556	-	-	-	-	-	134,556
Shares issued for debt settlement (note 14 (c))	466,000	73,281	-	-	-	-	-	73,281
Warrants exercised	546,094	110,683	(38,209)	-	-	-	-	72,474
Share-based payments	-	-	6,243	-	-	-	-	6,243
Balance, April 30, 2023	40,610,589	32,537,441	5,482,275	12,895	1,229,984	(324,673)	(42,846,001)	(3,908,079)
Comprehensive income (loss) for the period	-	-	-	-	4,987	(94,015)	(2,079,791)	(2,168,819)
Issuance of shares on private placement, net of share issue costs	6,969,000	264,323	257,009	-	-	-	-	521,332
Shares issued pursuant to agreement with Equinox	1,848,843	896,161	-	-	-	-	-	896,161
Options exercised (note 14 (e))	431,000	70,419	(13,419)	-	-	-	-	57,000
Share-based payments (note 14 (d))	-	-	9,353	-	-	-	-	9,353
Balance January 31, 2024	49,859,432	33,768,344	5,735,218	12,895	1,234,971	(418,688)	(44,925,792)	(4,593,052)

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

INCA ONE GOLD CORP.

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

	Nine Months Ended January 31,	
	2024	2023
Cash flows provided by (used in):	\$	\$
Operating activities:		
Net loss for the period	(2,074,804)	(3,323,598)
Items not involving cash:		
Depreciation	970,192	944,976
Depreciation of right of use assets	213,201	60,877
Share-based payments	9,354	86,696
Accretion of asset retirement and reclamation obligations	96,891	67,603
Interest expense	800,417	513,546
Unrealized foreign exchange	(37,447)	70,117
Fair value adjustment on long term receivable	(20,590)	(35,923)
Accretion of contractual liabilities payable to Equinox	270,652	347,660
Change in fair value of derivatives	698,829	2,045,517
Loss on gold loan remeasurement	267,336	-
Changes in non-cash operating working capital:		
Receivables	(126,710)	674,740
Prepaid expenses and deposits	106,770	(298,792)
Inventory	(1,252,335)	4,000,657
Accounts payable and accrued liabilities	1,003,060	(1,692,392)
Deferred revenue	957,000	(840,000)
Net cash provided by operating activities	1,881,816	2,621,684
Financing activities:		
Proceeds from issuance of shares (including exercised warrants and options)	579,141	15,835
Proceeds from loans (net of repayments)	7,373	557,174
Payments of Gold Loans	(1,331,100)	(2,632,746)
Decrease in restricted cash	-	(23,212)
Interest paid	(565,878)	(407,978)
Net cash used in financing activities	(1,310,464)	(2,490,927)
Investing activities:		
Purchase of property, plant and equipment	(70,449)	(178,802)
Net cash used in investing activities	(70,449)	(178,802)
Increase (decrease) in cash	500,903	(48,045)
Effect of exchange rates on cash held in foreign currencies	(12,917)	3,856
Cash, beginning of the year	761,542	1,565,378
Cash, end of the period	1,249,528	1,521,189

Supplemental disclosure with respect to cash flows (note 19)

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

INCA ONE GOLD CORP.

Notes to the Condensed Interim Consolidated Financial Statements
For the Three and Nine Months Ended January 31, 2024 and 2023
(Unaudited - Expressed in US Dollars)

NOTE 1 – NATURE OF OPERATIONS AND GOING CONCERN

Inca One Gold 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 "TSXV") under the symbol "INCA", on the OTCQB under the symbol "INCAF", on the Frankfurt Stock Exchange under the symbol "SU9.F", and the Santiago Stock Exchange Venture under the symbol "IOCL". The head office and principal address of the Company are located at Suite 850 - 1140 West Pender Street, Vancouver, Canada, V6E 4G1 and its registered office is located at 10th Floor, 595 Howe Street, Vancouver, Canada, V6C 2T5.

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

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

These condensed interim consolidated financial statements are prepared on a going concern basis, which contemplates that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. For the nine months ended January 31, 2024, the Company had a comprehensive loss of \$2.2 million, a deficit of \$44.9 million and working capital deficit of \$8.9 million. These conditions indicate a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. Management intends to fund operating and administration costs and debt and debt service costs over the year with the proceeds from gold doré sales at the Company's gold ore processing facilities in Peru and where required, from debt and equity financing and proceeds from option and warrant exercises.

The Company's ability to continue as a going concern is dependent upon its ability to generate net income and positive cash flows from its mineral processing operations and its ability to raise equity capital or debt sufficient to meet current and future obligations. These condensed interim consolidated financial statements do not reflect the adjustments to the carrying values and classifications of assets and liabilities that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

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(Unaudited - Expressed in US Dollars)

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

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

These condensed interim consolidated financial statements have been prepared using the significant accounting policies and measurement bases summarized below and were approved by the board of directors for issue on March 28, 2024.

(b) Basis of consolidation

The condensed interim consolidated financial statements are presented in US dollars unless otherwise noted and include the accounts of the Company and its subsidiaries listed below:

	Country of Incorporation	Equity Interest
Chala One S.A.C.	Peru	100%
Inca One Metals Peru S.A.	Peru	100%
Dynasty One S.A.	Peru	100%
Corizona S.A.C.	Peru	100%
Anthem United Inc.	Canada	100%
Anthem United (Holdings) Inc.	Canada	100%
Oro Proceso Co. S.A.C.	Peru	100%
EMC Green Group S.A.C.	Peru	90.14%
Koricancha Joint Venture	Peru	90.14%

(c) Changes in accounting policies and disclosures

There were no new standards effective May 1, 2023 that impacted these condensed interim consolidated financial statements or are expected to have a material effect in the future.

(d) Significant accounting judgements and estimates

The preparation of financial statements in conformity with IFRS requires the Company to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. Management believes the estimates and assumptions used in these condensed interim consolidated financial statements are reasonable; however, actual results could differ from those estimates and could impact future results of operations and cash flows. The Company’s significant accounting judgments and estimates were presented in note 2 of the audited annual consolidated financial statements for the years ended April 30, 2023 and 2022.

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NOTE 3 – RECEIVABLES

	January 31, 2024	April 30, 2023
	\$	\$
GST recoverable (Canada)	7,031	9,334
IGV recoverable (Peru)	3,119,821	2,958,791
Other	43,688	8,945
	3,170,540	2,977,070

NOTE 4 – PREPAID EXPENSES AND DEPOSITS

	January 31, 2024	April 30, 2023
	\$	\$
Other deposits and advances	135,611	108,959
Prepaid taxes	431,503	693,020
Prepaid expenses	490,485	362,390
	1,057,599	1,164,369

NOTE 5 – INVENTORY

	January 31, 2024	April 30, 2023
	\$	\$
Ore stockpiles and gold in process	3,557,363	3,270,726
Finished goods – gold doré bars	3,174,512	2,253,003
Materials and supplies	470,322	426,133
	7,202,197	5,949,862

As at January 31, 2024 and April 30, 2023, the Company recorded the value of its mineral in stockpiles, tanks and finished products at cost.

The amount of inventory recognized as expense for the three and nine months ended January 31, 2024 was \$8.9 million and \$23.7 million respectively (three and nine months ended January 31, 2023 - \$5.3 million and \$19.7 million respectively).

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Notes to the Condensed Interim Consolidated Financial Statements
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(Unaudited - Expressed in US Dollars)

NOTE 6 – LONG TERM RECEIVABLE

	January 31, 2024	April 30, 2023
	\$	\$
Beginning of year ⁽¹⁾	296,303	292,074
Transferred to IGV recoverable (Peru)	(33,669)	(44,892)
Change in estimate ⁽²⁾	20,590	49,121
	283,224	296,303

⁽¹⁾ Estimated fair value of the 50% of the right to claim refunds of prior years' general sales taxes ("Historical IGV") recognized as part of the acquisition of Anthem United Inc, from Equinox Gold Corp.

⁽²⁾ The Company used a discount rate of 11% (April 30, 2023 – 11%) and a duration of approximately 11 years (April 30, 2023 – 11.8 years)

NOTE 7 – PROPERTY, PLANT AND EQUIPMENT

	Plant	Computers	Furniture and Equipment	Total
	\$	\$	\$	\$
Costs:				
Balance, April 30, 2022	16,353,034	209,037	121,404	16,683,475
Additions	370,924	-	-	370,924
Change in ARO reserve	420,974	-	-	420,974
Reclassification	(88,518)	102,193	(13,675)	-
Balance, April 30, 2023	17,056,414	311,230	107,729	17,475,373
Additions	82,832	-	-	82,832
Reclassification	(93,053)	31,183	61,870	-
Balance, January 31, 2024	17,046,193	342,413	169,599	17,558,205

	Plant	Computers	Furniture and Equipment	Total
	\$	\$	\$	\$
Accumulated Depreciation:				
Balance, April 30, 2022	6,292,291	165,761	113,567	6,571,619
Depreciation	1,255,474	45,427	13,001	1,313,902
Reclassification	27,045	-	(27,045)	-
Balance, April 30, 2023	7,574,810	211,188	99,523	7,885,521
Depreciation	812,788	105,241	52,163	970,192
Reclassification	82,508	(56,411)	(26,097)	-
Balance, January 31, 2024	8,470,106	260,018	125,589	8,855,713
Net Book Value:				
April 30, 2023	9,481,604	100,042	8,206	9,589,852
January 31, 2024	8,576,087	82,395	44,010	8,702,492

INCA ONE GOLD CORP.

Notes to the Condensed Interim Consolidated Financial Statements
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NOTE 8 – ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	January 31, 2024	April 30, 2023
	\$	\$
Trade accounts payable and accruals ^(a)	5,197,765	4,004,470
Accrued interest	240,878	102,941
	5,438,643	4,107,411

^(a) Includes tax liabilities of which \$0.02 million has been classified as current and \$0.1 million has been classified as non-current liabilities.

NOTE 9 – LEASES

The Company has leases for the land of its Chala One plant, for administrative offices in Lima and Vancouver and vehicle leases in Peru, which have initial terms between 3 to 30 years. Certain leases include an option to renew the lease after the end of the contract term.

Right-of-use assets

	Land	Buildings	Vehicles	Total
	\$	\$	\$	\$
Costs:				
Balance, April 30, 2022	139,520	197,519	-	337,039
Additions	2,795	3,528	-	6,323
Balance, April 30, 2023	142,315	201,047	-	343,362
Additions	-	-	1,382,288	1,382,288
Change in estimation	16,666	-	-	16,666
Balance, January 31, 2024	158,981	201,047	1,382,288	1,742,316

	Land	Buildings	Vehicles	Total
	\$	\$	\$	\$

Accumulated Depreciation:

Balance, April 30, 2022	1,453	61,594	-	63,047
Depreciation	4,512	76,871	-	81,383
Balance, April 30, 2023	5,965	138,465	-	144,430
Depreciation	4,369	40,934	167,898	213,201
Balance, January 31, 2024	10,334	179,399	167,898	357,631

Net Book Value:

April 30, 2023	136,350	62,582	-	198,932
January 31, 2024	148,647	21,648	1,214,390	1,384,685

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NOTE 9 – LEASES (continued)Lease liabilities

	January 31, 2024	April 30, 2023
	\$	\$
Beginning of year	155,855	226,682
New lease Liability	1,382,288	3,773
Payment of lease liabilities	(164,268)	(74,600)
	1,373,875	155,855

The following table presents future lease payments:

	\$
Within one year	557,253
Within more than one to five years	716,105
After five years	100,517
Balance as at January 31, 2024	1,373,875

NOTE 10 – CONTRACTUAL LIABILITIES PAYABLE TO EQUINOX

As result of the Acquisition of Anthem, the Company entered into non-interest bearing promissory notes with Equinox which as at January 31, 2024, had a face value of CAD\$5.85 million (April 30, 2023, CAD\$ 7.06 million) with the following details:

Face Value as at inception	Payments	Face Value as at January 31, 2024	due date	Payable in:	Carrying value (c) as at January 31, 2024
CAD\$	CAD\$	CAD\$			USDS
1,500,000	-	1,500,000	Deferred Indefinitely ^(a)	Cash	1,119,654
2,500,000	(2,500,000)	-	August 20, 2023	Cash or shares ^(b)	-
2,500,000	(645,955)	1,854,045	August 20, 2024	Cash or shares ^(b)	1,300,389
2,500,000	-	2,500,000	August 20, 2025	Cash or shares ^(b)	1,626,473
9,000,000	(3,145,955)	5,854,045			4,046,516

(a) On August 18, 2023 the Company agreed with Equinox to defer this cash payment (which was due on August 20, 2022) indefinitely and the accrual of interest at the annual rate of 13%. Accrued interest of \$0.2 million has been included in accounts payable as at January 31, 2024

(b) As per the share purchase agreement with Equinox, Inca One has the discretion to pay in cash or shares based on the higher of the preceding 20-day volume weighted average price of Inca One shares and CAD\$0.65, subject to Equinox's ownership of Inca One Shares not exceeding 19.99% of the outstanding Inca One Shares (the "Equinox Ownership Limit").

(c) The carrying value has been estimated considering a discount rate of 9.59%.

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NOTE 10 – CONTRACTUAL LIABILITIES PAYABLE TO EQUINOX (continued)

The acquisition of Anthem also has a provision to pay in cash to Equinox, an amount equal to 50% of Historical IGV recoveries. As at January 31, 2024, the estimated balance payable to Equinox is approximately \$0.31 million and is classified as a current liability.

Additionally, the Company must pay in cash to Equinox, the difference between the amount of working capital at August 21, 2018 and \$3.0 million. Anthem's working capital at such date was \$3.7 million and therefore the estimated amount payable would be \$0.7 million. On August 18, 2023 the Company agreed with Equinox the deferral of this payment initially due on August 20, 2023 to August 20, 2024 and the accrual of a 13% annual interest rate from the date of this agreement. Accrued interest of \$0.04 million has been included in accounts payable at January 31, 2024.

The following table is a reconciliation of the movement related to these contractual liabilities as at January 31, 2024:

	April 30, 2023	OCI ^(a)	Accretion adjustments	Payments (note 15 (c))	New liability recognized	Reclass.	January 31, 2024
	\$	\$	\$	\$	\$	\$	\$
Current Contractual Liabilities							
<u>Promissory Notes Payable</u>							
In cash	1,104,728	14,926	-	-	-	-	1,119,654
In cash or shares	385,124	21,711	90,905	(896,161)	-	1,698,810	1,300,389
<u>Working Capital Payable</u>							
In cash	677,256	-	20,420	-	-	-	697,676
<u>Historical IGV</u>							
Payable in cash	282,961	-	-	-	33,669	-	316,630
Total Current	2,450,069	36,637	111,325	(896,161)	33,669	1,698,810	3,434,349
Non- Current Contractual Liabilities							
<u>Promissory Notes Payable</u>							
In cash or shares	3,140,319	(28,950)	122,768	-	-	(1,698,810)	1,535,327

(a) Other Comprehensive Income

NOTE 11 – LOANS PAYABLE

	January 31, 2024	April 30, 2023
Current Liabilities		
Promissory note ^(a)	1,633,845	1,411,437
USD Contingent Debenture ^(b)	542,400	744,674
Total Current loans payable	2,176,245	2,156,111
Non-current Liabilities		
CAD Unsecured Convertible debenture ^(c)	957,297	944,536

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NOTE 11 – LOANS PAYABLE (continued)

As at January 31, 2024, the Company had the following loans payable:

- (a) The Company received \$1.6 million from different lenders in exchange for 45 to 60 day promissory notes with an annual interest rate of between 18% to 20%.
- (b) In September 2016, the Company completed a comprehensive capital restructuring which included issuing contingent debentures (the “Contingent Debentures”), which have an annual interest rate of 12% payable quarterly and had a 12 months term of maturity. During October 2023, the Company agreed the extension of the term to October 31, 2024. Accrued interest of \$0.02 million has been included in accounts payable at January 31, 2024.
- (c) On April 17, 2023 the Company completed an unsecured convertible debenture (the “Convertible Debentures”) financing for gross proceeds of CAD\$1.3 million. Each unit has a price of CAD\$1,000 and a maturity term of 36 months from the date of issuance. The principal amount of each Convertible Debenture is convertible into units of the Company at a conversion price of CAD\$ 0.17 per Unit at the option of the holder of a Convertible Debenture at any time prior to the close of business on April 17, 2026.

Each Unit is comprised of one common share in the capital of the Company and one common share purchase warrant. Each warrant entitles the holder thereof to purchase one common share at a price of \$0.25 per common share for a period of twenty-four (24) months from the date of issuance thereof, subject to applicable policies of the TSXV.

Each Convertible Debenture bears interest at a rate of 12% per annum payable quarterly in arrears. All interest accrued on the Convertible Debentures will be payable in cash or Common Shares at the election of the Convertible Debenture holder, following written notice by a holder to the Company, provided that the Debenture Holder provides written notice to the Company no less than ten (10) trading days prior to the applicable interest payment, at a price equal to the Market Price (as defined in the policies of the TSXV) of the common shares on the TSXV on the applicable interest payment date.

In accordance with IFRS 9, each Convertible Debenture is separated into its liability and equity components. 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 12.42% as discount 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 as result an amount of \$0.01 million has been recorded as part of shareholder equity.

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NOTE 12 – GOLD LOAN

On August 6, 2021, the Company arranged an initial \$9 million gold pre-payment facility (the “Facility”) which was drawn in two tranches of \$6 and \$3 million respectively with an additional tranche of \$1.5 million agreed on April 25, 2022. As result the Company committed to deliver a total of 7,103 ounces, of which 3,714 ounces have been delivered as of January 31, 2024.

On October 14, 2022, March 30, 2023 and November 27, 2023 the payment dates for the Facility have been restructured to extend the term of the Facility to February 29, 2024. In exchange for the extensions, the Company agreed to pay an additional 1,186 ounces, of which 825 ounces have been delivered as of January 31, 2024.

Subsequent to January 31, 2024, the Company agreed to extend the term of the Facility to August 28, 2024. In exchange for the extensions, the Company agreed to pay an additional 450 ounces. The additional ounces will be paid in 7 monthly tranches of 75 ounces and the final payment for the Facility will now be 3,675 ounces due on August 28, 2024.

The Facility was considered under the scope of IFRS 9 – Financial Instruments and was determined to be a financial liability with an embedded derivative, the Company elected to measure the entire instrument at fair value which has been calculated as the discounted cash flow of the expected gold deliveries considering the future price of gold on each delivery date as quoted in the active futures markets and an annual discount rate of 14.47%.

The Facility is secured by a Canadian general security agreement and has a registered lien as security over the Chala One Plant.

The following table reconciles the movement of the Facility as at January 31, 2024:

	April 30, 2023	Re- measurement of fair value (a)	Fair value loss		Delivery	January 31, 2024
			Unrealized	Realized		
	\$	\$	\$	\$	\$	\$
Current						
Gold loan	7,953,755	267,336	652,272	46,557	(1,331,100)	7,588,820

NOTE 13 – ASSET RETIREMENT AND RECLAMATION PROVISION

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

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NOTE 13 – ASSET RETIREMENT AND RECLAMATION PROVISION (continued)

	January 31, 2024	April 30, 2023
	\$	\$
Beginning of year	1,915,366	1,391,454
Accretion	96,891	102,938
Change in estimate	-	420,974
	2,012,257	1,915,366

As at January 31, 2024, the estimated undiscounted cash flow required to settle the asset retirement obligation for both the “Chala Plant” and “Kori One Plant” and their related tailings ponds is approximately \$0.8 million and \$1.0 million respectively (April 30, 2023 – \$0.8 million and \$1.0 million respectively) and are projected to be disbursed over 2036 and 2042 respectively. A 6.90% (April 30, 2023 – 6.90%) discount rate (Peruvian government bond rate) and an average of 5.90% (April 30, 2023 – 5.90%) inflation rate was used to calculate the present value of these provisions.

NOTE 14 – SHARE CAPITAL AND EQUITY RESERVES**(a) Authorized**

Unlimited number of voting common shares without par value.

(b) Issued Share Capital

At January 31, 2024, there were 49,859,432 shares issued and outstanding (April 30, 2023 – 40,610,589).

(c) Share Issuances

During the nine months ended January 31, 2024, 2,279,843 common shares were issued as the result of:

- Issuance of 1,848,843 shares at CAD\$0.65 per share as partial payment of its note payable to Equinox (note 10).
- Issuance of 431,000 shares for proceeds of \$0.01 million on the exercise of same number of stock options at CAD\$0.18 per share.

On January 9, 2024, the Company closed the first tranche of a private placement and issued 6,969,000 units (the “Units”) for gross proceeds of \$0.5 million at CAD\$0.10 per Unit. Each Unit was comprised of one common share and one full, transferable common share purchase warrant. The total value of the warrants contained in the Units issued was \$0.2 million, with the remainder allocated to common shares. In connection with this private placement a total 10,800 non-transferable common shares purchase warrant were issued as finder’s fees

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NOTE 14 – SHARE CAPITAL AND EQUITY RESERVES (continued)**(d) Share-based Options**

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

The following table is a reconciliation of the movement in share-based options for the period:

	Share-based Options #	Weighted Average Exercise Price CAD\$
Balance, April 30, 2022	3,528,546	0.48
Granted	1,960,000	0.18
Expired/cancelled	(1,709,546)	0.55
Balance, April 30, 2023	3,779,000	0.29
Exercised	(431,000)	0.18
Expired/cancelled	(37,500)	0.50
Balance, January 31, 2024	3,310,500	0.31

The following table summarizes the share-based options outstanding as at January 31, 2024:

Share-based Options #	Exercise Price CAD\$	Expiry Date	Vesting Provisions
915,000	0.37	March 2, 2024	Vested
300,000	0.55	December 18, 2024	Unvested
1,469,000	0.18	December 20, 2024	Vested
50,000	0.22	January 17, 2025	Vested
10,000	0.19	February 15, 2025	Vested
155,900	0.50	March 5, 2025	Unvested
75,000	0.38	June 30, 2025	Unvested
150,000	0.37	March 2, 2026	Unvested
185,600	0.37	April 21, 2026	Unvested
3,310,500 ⁽¹⁾			

(1) As at January 31, 2024, the total number of exercisable options is 3,073,950 share-based options

As at January 31, 2024, the weighted average remaining contractual life of the share-based options was 0.82 years (April 30, 2023 – 1.57 years).

During the three and nine months ended January 31, 2024, the Company recognized share-based payments of \$0.01 million and \$0.01 million respectively (three and nine months ended January 31, 2023 - \$0.01 million and \$0.01 respectively) for share-based options vested during the period.

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NOTE 14 – SHARE CAPITAL AND EQUITY RESERVES (continued)**(e) Warrants**

The following table is a reconciliation of the movement in warrants for the period:

	Warrants #	Weighted Average Exercise Price CAD\$
Balance April 30, 2022	2,195,721	0.47
Exercised	(662,076)	0.18
Balance, April 30, 2023	1,533,645	0.41
Issued (note 14 (c))	6,979,800	0.15
Balance, January 31, 2024	8,513,445	0.20

The following table summarizes the share purchase warrants as at January 31, 2024:

Warrants #	Exercise Price CAD\$	Expiry Date
995,364	0.30	May 26, 2024
538,281	0.60	May 26, 2024
6,979,800	0.15	January 8, 2027
8,513,445		

As at January 31, 2024, the weighted average remaining contractual life of the warrants was 2.47 years (April 30, 2023 – 1.07 years).

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NOTE 15 – RELATED PARTY TRANSACTIONS**(a) Related Party Transactions**

Management and consulting fees were paid to companies controlled by the CEO and VP Operations & New Projects. The Company incurred charges to directors and officers or to companies associated with these individuals during the three and nine months ended January 31, 2024 and 2023 as follows:

	Three Months Ended		Nine Months Ended	
	January 31,		January 31,	
	2024	2023	2024	2023
	\$	\$	\$	\$
Management, salaries and consulting fees	96,160	148,345	285,842	511,511
Director fees	7,156	7,042	21,273	21,568
Share-based payment	-	60,634	-	60,634
Professional fees	1,568	-	1,568	-
	104,884	216,021	308,683	593,713

(b) Compensation of Key Management Personnel

The Company's key management personnel have authority and responsibility for planning, directing and controlling the activities of the Company and includes the Directors, CEO, CFO, and VP Operations & New Projects. Compensation in respect of services provided by key management consists of consulting and management fees paid to companies controlled by the CEO and VP Operations & New Projects and by the issue of options.

The compensation for key management personnel for the three and nine months ended January 31, 2024 and 2023 as follows:

	Three Months Ended		Nine Months Ended	
	January 31,		January 31,	
	2024	2023	2024	2023
	\$	\$	\$	\$
Management fees	58,945	86,831	173,877	297,092
Salaries	37,665	61,514	111,965	214,419
Share-based payment	-	44,678	-	44,678
	96,160	193,023	285,842	556,189

(c) Related Party Balances

All related party balances payable, including for business expenses reimbursements, annual bonuses are approved by the board of directors, and for services rendered as at January 31, 2024 are non-interest bearing and payable on demand, with the exception of CAD convertible debentures. Those balances include \$0.3 million (April 30, 2023 - \$0.6 million) payable to the CEO and a company controlled by the CEO and \$0.2 million (April 30, 2023 - \$0.6 million) payable to the CFO.

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NOTE 16 – COMMITMENTS

As at January 31, 2024, the Company had a commitment to sell approximately 1,792 ounces of gold doré (April 30, 2023 - 786 ounces of gold doré) to a third party, which was settled subsequent to January 31, 2024; the fair value of this commitment is \$2.45 million (April 30, 2023 - \$1.49 million) and have been classified as current deferred revenues in the condensed interim consolidated statement of financial position.

A summary of liabilities and future operating commitments at January 31, 2024 are as follows:

	Total	Within One Year	One to Five Years	Greater than Five Years
Maturity analysis of financial liabilities	\$	\$	\$	\$
Accounts payable and accrued liabilities	5,587,488	5,438,643	148,845	-
Contractual liabilities payable to Equinox	5,060,822	3,434,349	1,626,473	-
Loans payable	3,133,542	2,176,245	957,297	-
Gold loan	7,588,820	7,588,820	-	-
Lease liabilities	1,373,875	557,253	716,105	100,517
	22,744,547	19,195,310	3,448,720	100,517
Commitments				
Gold sale deferred revenue	2,445,000	2,445,000	-	-
Asset retirement and reclamation obligations	2,012,257	-	-	2,012,257
	4,457,257	2,445,000	-	2,012,257
	27,201,804	21,640,310	3,448,720	2,112,774

NOTE 17 – SEGMENTED INFORMATION

All of the Company's operating and capital assets are located in Peru except for \$0.9 million (April 30, 2023 - \$1.0 million) of cash and other current assets which are held in Canada.

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

	Three Months Ended January 31,		Nine Months Ended January 31,	
	2024	2023	2024	2023
Peru segment	\$	\$	\$	\$
Revenue	12,077,643	12,466,787	33,266,909	33,530,790
Cost of goods	(11,052,404)	(11,213,967)	(30,968,259)	(31,189,949)
Gross margin	1,025,239	1,252,820	2,298,650	2,340,841
Gain (loss) for the period	(287,116)	(897,940)	(663,900)	(803,927)

During the three and nine months ended January 31, 2024, the Company received 100% of its metal revenues from one customer, noting that the Company has business relationships with other customers, and is not dependent on them.

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NOTE 18 – INFORMATION INCLUDED IN THE CONDENSED INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended		Nine Months Ended	
	January 31,		January 31,	
	2024	2023	2024	2023
Cost of goods sold:	\$	\$	\$	\$
Ore	8,963,387	5,281,405	23,762,896	19,660,497
Salaries, benefits and other employee expenses	786,323	617,931	2,177,015	2,049,478
Production supplies	702,499	500,286	2,054,048	1,955,462
Transportation	143,538	79,522	605,605	277,813
Other production costs	787,736	783,806	2,565,772	2,460,105
Depreciation of property plant and equipment	325,370	302,454	938,787	904,623
Depreciation of right-of-use assets	118,001	-	118,001	-
Variation of finished goods – gold doré bars	(323,463)	4,694,640	(921,508)	1,877,761
Variation of ore stock piles and gold in process	(436,969)	(1,046,474)	(286,637)	2,042,892
Total cost of goods sold	11,066,422	11,213,570	31,013,979	31,228,631

	Three Months Ended		Nine Months Ended	
	January 31,		January 31,	
	2024	2023	2024	2023
	\$	\$	\$	\$
Corporate and administrative expenses:				
Consulting fees	10,402	5,120	34,060	9,760
Management fees and salaries	391,711	399,471	1,204,508	1,234,598
Depreciation	11,517	29,144	31,405	40,353
Depreciation – right of use assets	16,685	20,505	95,200	60,877
Directors fees	7,025	7,042	21,142	21,568
Investor relations and regulatory fees	32,075	38,561	89,913	115,284
Advertising and corporate development	2,075	-	17,062	3,564
Office, rent, utilities, insurance and other	130,500	198,885	355,787	588,750
Professional fees	106,097	148,811	262,995	397,354
Share-based payments	2,838	68,535	9,354	86,696
Travel and accommodation	10,523	35,907	79,865	71,559
Total corporate and administrative expenses	721,448	951,981	2,201,291	2,630,363

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NOTE 18 – INFORMATION INCLUDED IN THE CONDENSED INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS (continued)

	Three Months Ended January 31,		Nine Months Ended January 31,	
	2024	2023	2024	2023
	\$	\$	\$	\$
Finance costs:				
Accretion expense ^(a)	(32,296)	(22,696)	(96,891)	(67,603)
Interest costs	(303,825)	(208,171)	(800,417)	(513,546)
Foreign exchange gain (loss)	45,436	128,951	(63,932)	(91,123)
Fair value loss on financial instruments	(396,858)	(1,340,727)	(698,829)	(2,045,517)
Accretion of contractual liabilities payable to Equinox	(76,625)	(107,599)	(270,652)	(347,660)
Change in value on long term receivable	9,215	13,419	20,590	35,923
Total finance costs	(754,953)	(1,536,823)	(1,910,131)	(3,029,526)

(a) Asset retirement and reclamation provision

NOTE 19 – SUPPLEMENTAL CASH FLOW INFORMATION

Interest and taxes paid in cash during the nine months ended January 31, 2024, were \$0.6 million (January 31, 2023 - \$0.4 million) and \$0.5 million (January 31, 2023 - \$0.3 million) respectively. Investing and financing activities that do not have a direct impact on current cash flows are excluded from the statements of cash flows.