



INCA ONE RESOURCES CORP.
(An Exploration Stage Company)

Condensed Interim Consolidated Financial Statements
For the Three and Six Months Ended October 31, 2012 and 2011
(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, 2012 | April 30, 2012 |
|--|------|------------------|----------------|
| | | \$ | \$ |
| Assets | | | |
| Current: | | | |
| Cash and cash equivalents | 3 | 771,709 | 543,030 |
| Receivables | 4 | 64,388 | 134,321 |
| Prepaid expenses and deposits | | 28,696 | 36,174 |
| | | 864,793 | 713,525 |
| Equipment | 5 | 21,282 | 19,598 |
| Exploration and evaluation assets | 6 | 2,000,882 | 1,395,072 |
| | | 2,886,957 | 2,128,195 |
| Liabilities | | | |
| Current: | | | |
| Accounts payable and accrued liabilities | 8 | 104,013 | 96,980 |
| Shareholders' Equity | | | |
| Share capital | 7 | 8,255,558 | 6,955,586 |
| Reserves | 7 | 808,713 | 905,257 |
| Deficit | | (6,281,327) | (5,829,628) |
| | | 2,782,944 | 2,031,215 |
| | | 2,886,957 | 2,128,195 |

Nature of operations and going concern (Note 1)

Commitments (Notes 6 and 9)

Subsequent event (Note 11)

Approved on behalf of the Board of Directors on December 27, 2012

“Edward Kelly”

Director

“Robert McMorran”

Director

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

INCA ONE RESOURCES CORP.

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Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

(Unaudited – Expressed in Canadian Dollars)

| | Note | Three months ended October 31 | | Six months ended October 31 | |
|---|------|----------------------------------|-------------------|--------------------------------|-------------------|
| | | 2012 | 2011 | 2012 | 2011 |
| | | \$ | \$ | \$ | \$ |
| Administrative expenses: | | | | | |
| Consulting and management fees | 7 | 42,847 | 55,820 | 105,647 | 99,010 |
| Depreciation | | 256 | 431 | 487 | 639 |
| Office, rent and administration | 7 | 38,805 | 29,879 | 80,628 | 53,822 |
| Professional fees | | 9,865 | 20,875 | 11,865 | 37,513 |
| Regulatory fees | | 4,795 | 5,079 | 5,211 | 7,983 |
| Share-based payments | 7 | 98,400 | 78,392 | 118,955 | 299,636 |
| Transfer agent and shareholder information | | 5,129 | 2,567 | 6,375 | 9,072 |
| Travel, advertising and promotion | | 56,571 | 55,311 | 111,281 | 129,492 |
| Total administrative expenses | | (256,668) | (248,354) | (440,449) | (637,167) |
| Other income (expense): | | | | | |
| Foreign exchange (loss) gain | | (12,079) | 1,825 | (7,509) | 1,825 |
| Finance and other costs | | (3,489) | (558) | (4,681) | (2,541) |
| Finance income | | - | 4,049 | 940 | 5,138 |
| | | (15,568) | 5,316 | (11,250) | 4,422 |
| Net loss for the period | | (272,236) | (243,038) | (451,699) | (632,745) |
| Other comprehensive income: | | | | | |
| Foreign currency translation adjustment | | 34,377 | 31 | 25,943 | 31 |
| Comprehensive loss for the period | | (237,859) | (243,007) | (425,756) | (632,714) |
| Basic and diluted loss per share | | (0.01) | (0.01) | (0.02) | (0.03) |
| Weighted average number of common shares outstanding | | 25,497,520 | 22,480,037 | 24,134,947 | 20,662,446 |

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INCA ONE RESOURCES CORP.

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Condensed Interim Consolidated Statements of Changes in Equity

(Unaudited – Expressed in Canadian Dollars)

| | Notes | Share Capital | | Reserves | | | | Deficit | Total shareholders' equity | |
|---|-------|------------------|-----------|------------------|-----------|------------------------------------|--------|-----------|----------------------------------|-----------|
| | | Common shares | Amount | Stock options | Warrants | Foreign currency translation | Other | | | Total |
| | | # | \$ | \$ | \$ | \$ | \$ | | | \$ |
| Balance, May 1, 2011 | | 16,471,707 | 4,848,237 | 113,891 | 360,145 | - | 42,931 | 516,967 | (4,650,089) | 715,115 |
| Comprehensive loss for the period | | - | - | - | - | 31 | - | 31 | (632,745) | (632,714) |
| Private placement | 6(c) | 5,000,000 | 2,000,000 | - | - | - | - | - | - | 2,000,000 |
| Share issuance costs | 6(c) | 87,750 | (148,481) | - | - | - | - | - | - | (148,481) |
| Exercise of warrants | 6(f) | 751,667 | 93,958 | - | - | - | - | - | - | 93,958 |
| Shares issued for exploration and evaluation assets | 5 | 200,000 | 74,000 | - | - | - | - | - | - | 74,000 |
| Share-based payments | | - | - | 299,636 | - | - | - | 299,636 | - | 299,636 |
| Balance, October 31, 2011 | | 22,511,124 | 6,867,714 | 413,527 | 360,145 | 31 | 42,931 | 816,634 | (5,282,834) | 2,401,514 |
| Comprehensive loss for the period | | - | - | - | - | (252) | - | (252) | (546,794) | (547,046) |
| Shares issued for exploration and evaluation assets | 5 | 141,250 | 36,512 | - | - | - | - | - | - | 36,512 |
| Expired warrants | | - | 25,000 | - | (25,000) | - | - | (25,000) | - | - |
| Exercise of options | 6(e) | 120,000 | 26,360 | (11,360) | - | - | - | (11,360) | - | 15,000 |
| Share-based payments | | - | - | 125,235 | - | - | - | 125,235 | - | 125,235 |
| 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 | 6(c) | 11,181,800 | 1,118,180 | - | - | - | - | - | - | 1,118,180 |
| Share issuance costs – cash | 6(c) | - | (75,204) | - | - | - | - | - | - | (75,204) |
| Share issuance costs – warrants | 6(c) | - | (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 |

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

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Condensed Interim Consolidated Statements of Cash Flows

(Unaudited – Expressed in Canadian Dollars)

| | Six months ended October 31, | |
|---|------------------------------|-----------|
| | 2012 | 2011 |
| | \$ | \$ |
| Cash provided by (used in): | | |
| Operating activities: | | |
| Net loss for the period | (451,699) | (632,745) |
| Items not involving cash: | | |
| Depreciation | 487 | 639 |
| Share-based payments | 118,955 | 299,636 |
| Changes in non-cash working capital accounts: | | |
| Receivables | 69,933 | (105,835) |
| Prepaid expenses and deposits | 7,478 | (93,397) |
| Accounts payable and accrued liabilities | (66,744) | (53,023) |
| | (321,590) | (584,725) |
| Financing activities: | | |
| Repayment of loans payable | - | (120,000) |
| Proceeds on issuance of common shares | 1,118,180 | 2,093,958 |
| Share issuance cost | (75,204) | (148,481) |
| | 1,042,976 | 1,825,477 |
| Investing activities: | | |
| Purchase of equipment | (3,205) | (6,782) |
| Exploration and evaluation assets | (493,425) | (449,966) |
| | (496,630) | (456,748) |
| Increase in cash and cash equivalents | 224,756 | 784,004 |
| Effect of exchange rates on cash held in foreign currencies | 3,923 | 1,629 |
| Cash and cash equivalents, beginning of period | 543,030 | 700,853 |
| Cash and cash equivalents, end of period | 771,709 | 1,486,486 |
| Non-cash financing and investing activities: | | |
| Shares issued for finder's fees | - | 35,100 |
| Broker warrants issued for finder's fees | 18,004 | - |
| Shares issued for exploration and evaluation assets | - | 74,000 |
| Exploration and evaluation expenditures in consideration for accounts payable and accrued liabilities | 73,777 | - |
| Share-based payments capitalized to exploration and evaluation assets (Note 5) | 15,554 | - |

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Notes to the Condensed Interim Consolidated Financial Statements

For the Three and Six months ended October 31, 2012

(Unaudited – Expressed in Canadian Dollars)

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. 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 ("Exchange") under the symbol "IO". The head office and principal address of the Company are located at Suite 1125 – 595 Howe Street, Vancouver, Canada V6C 2T5 and its registered office is located at Suite 2600 – 1066 West Hastings Street, Vancouver, Canada, V6E 3X1.

These condensed interim consolidated financial statements 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, 2012, the Company incurred a loss of \$451,699 and the accumulated deficit as at October 31, 2012 was \$6,281,327. As at October 31, 2012, the Company had working capital of \$760,780 which may not be sufficient to finance exploration and operating costs over the next twelve months without additional funding. These conditions cast significant doubt on the Company's ability to continue as a going concern. These condensed interim consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications 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.

NOTE 2 – 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"). 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, 2012.

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, 2012.

These condensed interim consolidated financial statements were approved and authorized for issue by the Board of Directors of the Company on December 27, 2012.

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The area involving a higher degree of judgment or complexity where assumptions and estimates are significant to the financial statements are considered to be the carrying value of and title to exploration and evaluation assets, fair value measurements for financial instruments and share-based compensation.

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The process of estimating the recoverability of mineral properties involves both judgement and uncertainty as it relies on both an interpretation of technical geological data as well as economic considerations including current and estimated future commodity prices and exploration costs. As new data or information is received these estimates may change.

The Company uses the fair-value method of accounting for share-based compensation related to incentive stock options granted, modified or settled. Under this method, compensation cost attributable to all incentive stock options granted is measured at fair value at the grant date and expensed over the vesting period with a corresponding increase to warrant reserve. In determining the fair value, the Company makes estimates of the expected volatility of the stock as well as estimated forfeiture rate and an estimated discount rate. Changes to these estimates could result in the fair value of the share-based compensation being different than the amount recorded.

NOTE 3 – CASH AND CASH EQUIVALENTS

| | October 31, 2012 | April 30, 2012 |
|---------------------------------------|---------------------|-------------------|
| Cash and cash equivalents consist of: | \$ | \$ |
| Cash | 771,709 | 106,486 |
| Guaranteed Investment Certificates | - | 1,380,000 |
| | 771,709 | 1,486,486 |

NOTE 4 – RECEIVABLES

| | October 31, 2012 | April 30, 2012 |
|---------------------|---------------------|-------------------|
| | \$ | \$ |
| HST recoverable | 21,937 | 128,021 |
| Interest receivable | - | 3,603 |
| Other receivable | 42,451 | 2,697 |
| | 64,388 | 134,321 |

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NOTE 5 – EQUIPMENT

| | Computer | Furniture | Total |
|----------------------------------|----------|-----------|--------|
| | \$ | \$ | \$ |
| Costs: | | | |
| Balance, April 30, 2011 | 2,731 | - | 2,731 |
| Additions | 12,134 | 8,381 | 20,515 |
| Balance, April 30, 2012 | 14,865 | 8,381 | 23,246 |
| Additions | 2,491 | 714 | 3,205 |
| Foreign exchange | 564 | 441 | 1,005 |
| Balance, October 31, 2012 | 17,920 | 9,536 | 27,456 |
| Accumulated Depreciation: | | | |
| Balance, April 30, 2011 | 410 | - | 410 |
| Depreciation | 1,981 | 1,257 | 3,238 |
| Balance, April 30, 2012 | 2,391 | 1,257 | 3,648 |
| Depreciation | 1,823 | 581 | 2,404 |
| Foreign exchange | 56 | 66 | 122 |
| Balance, October 31, 2012 | 4,270 | 1,904 | 6,174 |
| Net Book Value: | | | |
| April 30, 2011 | 2,321 | - | 2,321 |
| April 30, 2012 | 12,474 | 7,124 | 19,598 |
| October 31, 2012 | 13,650 | 7,632 | 21,282 |

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NOTE 6 – EXPLORATION AND EVALUATION ASSETS

| | Las Huaquillas project Peru |
|--|--------------------------------|
| | \$ |
| Balance, April 30, 2011 | 158,097 |
| Acquisition costs: | |
| Option payments and finder's fee – cash | 334,452 |
| Option payments and finder's fee – common shares | 110,512 |
| Staking | 49,381 |
| Professional and regulatory fees | 61,660 |
| | <u>556,005</u> |
| Exploration costs: | |
| Field costs | 85,479 |
| Geology | 42,216 |
| Office and administration | 25,795 |
| Mineral concession fees | 21,211 |
| Professional fees | 125,988 |
| Rent, utilities and maintenance | 14,567 |
| Travel and accommodation | 51,716 |
| Value added tax ⁽¹⁾ | 23,000 |
| Wages and contract labor | 290,998 |
| | <u>680,970</u> |
| Balance, April 30, 2012 | 1,395,072 |
| Exploration costs: | |
| Field costs | 134,061 |
| Geology | 25,979 |
| Office and administration | 17,248 |
| Professional fees | 65,409 |
| Rent, utilities and maintenance | 17,828 |
| Travel and accommodation | 46,379 |
| Value added tax ⁽¹⁾ | 14,452 |
| Wages and contract labor | 267,537 |
| Foreign exchange | 16,917 |
| | <u>605,810</u> |
| Balance, October 31, 2012 | 2,000,882 |

⁽¹⁾ Expenses incurred by the Company in Peru, including exploration expenses, are subject to Peruvian Value Added Tax (“VAT”). The VAT 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.

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On March 25, 2011, 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 “Project”) located in the Department of Cajamarca in northern Peru. Pursuant to the Agreement, the Company can acquire 100% of the Rial Shares, of which 95% may be acquired by (a) paying an aggregate of US\$5,000,000 to the Optionors; (b) issuing 5,000,000 common shares of the Company to the Optionors; and (c) incurring exploration expenditures of US\$10,000,000 over a period of four years as follows:

| | Cash US\$ | Common shares # | |
|---|------------------|-----------------------|--------|
| Within 5 days of execution of the Letter Agreement | 75,000 Paid | - | |
| Within 5 days of Exchange approval | 125,000 Paid | 200,000 | Issued |
| Concurrently with the execution of the public deed formalizing the mining assignment agreement dated July 26, 2011 | 50,000 Paid | - | |
| On or before January 26, 2012 | 125,000 Paid | 125,000 | Issued |
| Within 5 days from the date on which the Supreme Decree is granted and published in the Official Gazette "El Peruano" | 125,000 | 125,000 | |
| On or before July 26, 2012 ⁽¹⁾ | 375,000 | 375,000 | |
| On or before July 26, 2013 ⁽¹⁾ | 1,500,000 | 1,500,000 | |
| On or before July 26, 2014 ⁽¹⁾ | 1,500,000 | 1,550,000 | |
| On or before July 26, 2015 ⁽¹⁾ | 1,125,000 | 1,125,000 | |
| Total | 5,000,000 | 5,000,000 | |

⁽¹⁾ Subject to the Amended Agreement dated January 18, 2012.

Upon the Company acquiring 95% of the Rial Shares, a 1% net smelter royalty shall be payable to the Optionors on all future production. After completion of the above cash and share payments and exploration expenditures, the Company may earn a further 5% of the Rial Shares by issuing an additional 3,000,000 common shares of the Company to one of the Optionors within 15 days of notice of exercise of the option (“Second Option”). In addition, the Company shall issue to one of the Optionors as bonus payments one common share of the Company per each new ounce of gold or gold equivalent that is found or determined to exist on the Project, in excess of 560,000 ounces of gold or gold equivalent, to be delivered upon public announcement of such discovery.

Pursuant to the Agreement, Rial entered into a mining assignment agreement dated July 26, 2011 with Minera Huaquillas SAC (“Minera”), a Peruvian company engaged in the exploration of mineral

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properties, whereby Rial assigned all of its exploration rights and obligations related to the Project to Minera for a period of four years. On May 24, 2011, the Company entered into a loan agreement with Minera pursuant to which the Company will advance to Minera up to US\$100,000 to fund its exploration activities on the Project. The loan is non-interest bearing and due within one year from the date of the last amount advanced. As at October 31, 2012, the Company advanced \$85,158 under the loan agreement and the balance was eliminated on consolidation.

On January 18, 2012, the Company signed an amended agreement with the Optionors (“Amended Agreement”) whereby if by June 27, 2012, Minera has not received the permits required to carry out exploration activities in the Project (“drill permits”), all options payments due starting from July 26, 2012 shall be deferred until the drill permits have been obtained. ⁽¹⁾

As consideration for the acquisition, the Company entered into a finder’s fee agreement dated July 31, 2011, to pay a finder’s fee of US\$282,500 and 400,000 common shares over a period of four years as follows:

| | Cash US\$ | Common shares # |
|---|----------------|-----------------------|
| Within 5 days of execution of the Letter Agreement | 7,500 Paid | - |
| Within 5 days of Exchange approval | 12,500 Paid | 10,000 Issued |
| Concurrently with the execution of the public deed formalizing the Mining Assignment Agreement dated July 26, 2011 | 5,000 Paid | - |
| On or before January 26, 2012 | 10,625 Paid | 6,250 Issued |
| Within 5 days from the date on which the Supreme Decree is granted and published in the Official Gazette "EI Peruano" | 9,375 | 6,250 |
| On or before July 26, 2012 ⁽¹⁾ | 28,125 | 18,750 |
| On or before July 26, 2013 ⁽¹⁾ | 78,125 | 75,000 |
| On or before July 26, 2014 ⁽¹⁾ | 75,000 | 77,500 |
| On or before July 26, 2015 ⁽¹⁾ | 56,250 | 56,250 |
| Within 15 days as of the date on which the Second Option is exercised by the Company ⁽¹⁾ | - | 150,000 |
| Total | 282,500 | 400,000 |

⁽¹⁾ Pursuant to a letter agreement with the finder dated January 19, 2012, the payment of finder’s fees will be deferred and will resume upon resumption of the Company’s option payments to the Optionors.

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NOTE 7 – SHARE CAPITAL AND RESERVES

(a) Authorized

Unlimited number of voting common shares without par value.

(b) Issued share capital

At October 31, 2012, there were 33,954,174 issued and fully paid common shares (April 30, 2012 – 22,772,374).

(c) Share issuances

During the six months ended October 31, 2012, the Company completed a private placement of 11,181,800 units at \$0.10 per unit for gross proceeds of \$1,118,180. Each unit consisted of one common share and one-half of one share purchase warrant. Each share purchase warrant entitles the holder to acquire one additional common share of the Company at \$0.20 per share for a period of one year.

In connection with the private placement finder's fees were paid consisting of cash of \$55,194 and 550,443 share purchase warrants with each warrant having terms identical to warrants issued as part of the unit financing. Share-based compensation of \$18,004 arising from the issue of these compensation warrants was charged to share issue costs and credited to warrant reserves. Other share issuance costs with respect to the private placement included legal fees of \$14,419, and regulatory expenses of \$5,591.

For purposes of the calculations of compensation charge associated with agent's units granted, the following assumptions were used for the Black-Scholes model.

| | |
|-------------------------|--------|
| Risk-free interest rate | .78% |
| Expected life | 1 year |
| Expected volatility | 109% |
| Expected dividends | \$nil |

(d) Escrow securities

As of October 31, 2012, the Company had 669,867 (April 30, 2012 – 1,004,800) common shares and 78,000 (April 30, 2012 – 117,000) stock options held in escrow.

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(e) Stock options

The status of the options outstanding is as follows:

| | Options # | Weighted Average Exercise Price \$ |
|---------------------------|--------------|---|
| Balance, May 1, 2011 | 1,035,000 | 0.140 |
| Granted | 1,346,000 | 0.429 |
| Exercised | (120,000) | (0.125) |
| Balance, April 30, 2012 | 2,261,000 | 0.313 |
| Granted | 1,025,000 | 0.150 |
| Balance, October 31, 2012 | 3,286,000 | 0.262 |

The following table summarizes the options outstanding and exercisable as at October 31, 2012:

| Options # | Exercise Price \$ | Expiry Date | Options Exercisable # |
|------------------------|-------------------------|--------------------|-----------------------------|
| 311,000 ⁽¹⁾ | 0.135 | February 18, 2015 | 311,000 |
| 480,000 ⁽¹⁾ | 0.125 | April 7, 2015 | 480,000 |
| 124,000 | 0.220 | September 23, 2020 | 124,000 |
| 376,000 | 0.500 | May 13, 2021 | 329,000 |
| 820,000 | 0.430 | July 11, 2021 | 736,250 |
| 150,000 | 0.250 | February 9, 2017 | 150,000 |
| 250,000 | 0.150 | October 5, 2017 | 62,500 |
| 775,000 | 0.150 | October 30, 2017 | 775,000 |
| 3,286,000 | 0.262 | | 2,967,750 |

⁽¹⁾ Of these options, 36,000 and 42,000 are held in escrow respectively (Note 7 (d)).

The weighted average remaining contractual life of the outstanding options is 5.77 years.

During the six months ended October 31, 2012, the Company recognized share-based payments of \$134,509 (2011 - \$299,636) for stock options granted and vested during the period, of which \$15,554 (2011 - \$nil) was included under wages and contract labour in exploration and evaluation assets.

The fair value of stock options granted was estimated using the Black-Scholes options pricing model with the following weighted average assumptions:

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| | October 31, 2012 | October 31, 2011 |
|----------------------------------|------------------|------------------|
| Risk-free annual interest rate | 1.63% | 2.21% |
| Expected annual dividend yield | 0% | 0% |
| Expected stock price volatility | 184.61% | 196.49% |
| Average expected life of options | 4.99 years | 5.61 years |

The weighted average fair value of stock options granted during the six months ended October 31, 2012 was \$0.11 (2011- \$0.38) per option.

(f) Warrants

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

| | Warrants # | Weighted Average Exercise Price \$ |
|---------------------------|---------------|--|
| Balance, May 1, 2011 | 2,137,019 | 0.965 |
| Issued | 2,500,000 | 0.750 |
| Expired | (125,000) | 2.000 |
| Exercised | (751,667) | 0.125 |
| Balance, April 30, 2012 | 3,760,352 | 0.956 |
| Issued | 6,141,343 | 0.200 |
| Expired | (916,666) | 1.500 |
| Balance, October 31, 2012 | 8,985,029 | 0.384 |

The following table summarizes the share purchase warrants outstanding at October 31, 2012:

| Warrants # | Exercise Price \$ | Expiry Date |
|---------------|-------------------------|--------------------|
| 343,686 | 1.000 | December 12, 2012 |
| 2,500,000 | 0.750 | June 30, 2013 |
| 1,442,843 | 0.200 | September 28, 2013 |
| 4,698,500 | 0.200 | October 12, 2013 |
| 8,985,029 | | |

On December 12, 2012, 343,686 of these warrants expired.

INCA ONE RESOURCES CORP.

(An Exploration Stage Company)

Notes to the Condensed Interim Consolidated Financial Statements

For the Three and Six months ended October 31, 2012

(Unaudited – Expressed in Canadian Dollars)

NOTE 8 – RELATED PARTY TRANSACTIONS

(a) Related party transactions

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

| | Three months ended October 31 | | Six months ended October 31 | |
|--|----------------------------------|--------|--------------------------------|--------|
| | 2012 | 2011 | 2012 | 2011 |
| | \$ | \$ | \$ | \$ |
| Office, rent and administration ⁽¹⁾ | 33,350 | 29,900 | 65,950 | 39,800 |
| Legal fees | 900 | 2,500 | 2,900 | 16,182 |
| Interest | - | - | - | 493 |
| | 34,250 | 32,400 | 68,850 | 56,475 |

⁽¹⁾ Of these fees, \$7,500 was allocated to the former CFO of the Company for the three months ended October 31, 2012 (six months ended October 31, 2012 – \$15,000).

Transactions with related parties are recorded at the exchange amount, being the price agreed between the parties.

(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 consists of its Directors, Chief Executive Officer and Chief Financial Officer.

| | Three months ended October 31 | | Six months ended October 31 | |
|---------------------------------------|----------------------------------|--------|--------------------------------|---------|
| | 2012 | 2011 | 2012 | 2011 |
| | \$ | \$ | \$ | \$ |
| Short-term benefits – management fees | 31,500 | 24,000 | 63,000 | 42,000 |
| Share-based payments | 90,338 | 40,400 | 130,157 | 149,650 |
| | 121,838 | 64,400 | 193,157 | 191,650 |

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For the Three and Six months ended October 31, 2012

(Unaudited – Expressed in Canadian Dollars)

(c) Related party balances

The following related party amounts were included in (i) accounts payable and accrued liabilities and (ii) prepaid expenses and deposits:

| | October 31, 2012 | April 30, 2012 |
|--|---------------------|-------------------|
| | \$ | \$ |
| Director and officer of the Company- travel expenses (i) | 7,900 | 13,264 |
| Company having an officer in common - prepaid rent (ii) | 1,200 | 1,200 |

NOTE 9 – COMMITMENT

On October 5, 2012, the Company entered into a one year investor relations agreement whereby it has agreed to pay \$7,500 per month for 12 months.

NOTE 10 – 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:

| October 31, 2012 | Canada | Peru | Total |
|-----------------------------------|---------|-----------|-----------|
| | \$ | \$ | \$ |
| Current assets | 824,023 | 40,770 | 864,793 |
| Equipment | 3,410 | 17,872 | 21,282 |
| Exploration and evaluation assets | - | 2,000,882 | 2,000,882 |
| | 827,433 | 2,059,524 | 2,886,957 |

| April 30, 2012 | Canada | Peru | Total |
|-----------------------------------|---------|-----------|-----------|
| | \$ | \$ | \$ |
| Current assets | 579,059 | 134,466 | 713,525 |
| Equipment | 2,836 | 16,762 | 19,598 |
| Exploration and evaluation assets | - | 1,395,072 | 1,395,072 |
| | 581,895 | 1,546,300 | 2,128,195 |

NOTE 11 – SUBSEQUENT EVENT

Subsequent to October 31, 2012, the Company granted 60,000 incentive stock options to employees having an exercise price of \$0.15 each expiring December 12, 2017.