



INCA ONE GOLD CORP.

Consolidated Financial Statements
For the Year Ended April 30, 2023, and 2022
(Expressed in US Dollars)

Independent Auditor's Report

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To the shareholders of [Inca One Gold Corp.](#)

Opinion

We have audited the consolidated financial statements of Inca One Gold Corp. (the "Company"), which comprise the consolidated statements of financial position as at April 30, 2023 and 2022, and the consolidated statements of operations and comprehensive loss, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Inca One Gold Corp. as at April 30, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 1 in the financial statements, which indicates that the Company incurred a comprehensive loss of \$5,331,361 for the year ended April 30, 2023. As at April 30, 2023, the Company had an accumulated deficit of \$42,846,001. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Except for the matter described in the Material Uncertainty Related to Going Concern section, we have determined that there are no other key audit matters to communicate in our report.

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the Management Discussion and Analysis but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs), and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because of the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Robert J. Riecken.



Vancouver, Canada
August 24, 2023

Chartered Professional Accountants

INCA ONE GOLD CORP.

Consolidated Statements of Financial Position (Expressed in US Dollars)

	Note	April 30, 2023	April 30, 2022
		\$	\$
Assets			
Current:			
Cash		761,542	1,565,378
Restricted cash	4	-	284,547
Receivables	3	2,977,070	3,216,672
Derivative financial asset	4	-	528,320
Prepaid expenses and deposits	5	1,164,369	1,291,106
Inventory	6	5,949,862	8,174,011
Total current assets		10,852,843	15,060,034
Long term receivable	7	296,303	292,074
Property, plant and equipment	8	9,589,852	10,111,856
Right of use assets	10	198,932	273,992
Total assets		20,937,930	25,737,956
Liabilities			
Current:			
Accounts payable and accrued liabilities	9	4,107,411	4,829,497
Contractual liabilities payable to Equinox	11	2,450,069	1,384,129
Loans payable	12	2,156,111	2,173,301
Deferred revenue	17	1,488,000	840,000
Current portion of gold loan	13	7,953,755	8,712,330
Current portion of lease liabilities	10	56,532	81,092
Total current liabilities		18,211,878	18,020,349
Accounts payable and accrued liabilities	9	93,074	90,609
Contractual liabilities payable to Equinox	11	3,140,319	4,115,881
Loans payable	12	944,536	11,459
Gold loan	13	-	516,518
Asset retirement and reclamation obligations	14	1,915,366	1,391,454
Deferred income tax	22	441,513	424,793
Lease liabilities	10	99,323	145,590
Total liabilities		24,846,009	24,716,653
Shareholders' Equity			
Share capital	15	32,537,441	32,194,972
Equity reserves	15	5,482,275	5,435,660
Convertible debentures – equity component	12	12,895	-
Accumulated other comprehensive income		(324,673)	(697,831)
Deficit		(42,846,001)	(37,131,873)
Shareholders' equity (deficiency) attributable to Inca One		(5,138,063)	(199,072)
Non-controlling interest		1,229,984	1,220,375
Total shareholders' equity		(3,908,079)	1,021,303
Total liabilities and shareholders' equity		20,937,930	25,737,956

Nature of operations and going concern (note 1)

Commitments (note 17)

Approved on behalf of the Board of Directors on August 24, 2023

"Bruce Bragagnolo"

Director

"Edward Kelly"

Director

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

INCA ONE GOLD CORP.

Consolidated Statements of Operations and Comprehensive Loss
(Expressed in US Dollars)

	Notes	Year Ended April 30,	
		2023	2022
		\$	\$
Revenue		40,227,202	47,146,334
Cost of goods sold			
Cost of operations	21	(36,862,159)	(43,781,106)
Depreciation	21	(1,275,121)	(1,154,041)
Total cost of goods sold		(38,137,280)	(44,935,147)
Gross operating margin		2,089,922	2,211,187
Corporate and administrative expenses	21	(2,948,857)	(3,645,882)
Loss from operations		(858,935)	(1,434,695)
Finance costs	21	(3,948,530)	(2,213,370)
Loss on gold loan remeasurement	13	(954,651)	-
Restructuring loss		74,317	-
Recognition of contingent debenture	12	-	(779,310)
Net loss before income taxes		(5,687,799)	(4,427,375)
Deferred income tax expense		(16,720)	(424,793)
Net loss for the year		(5,704,519)	(4,852,168)
Other comprehensive income:			
Foreign currency translation adjustment		373,158	294,858
Comprehensive loss for the year		(5,331,361)	(4,557,310)
Net loss and comprehensive loss attributable to:			
Inca One Gold Corp.'s shareholders		(5,340,970)	(4,548,563)
Non-controlling interest		9,609	(8,747)
		(5,331,361)	(4,557,310)
Weighted average shares outstanding			
Basic		39,527,926	38,316,840
Diluted		39,527,926	38,316,840
Loss per share			
Basic		(0.14)	(0.13)
Diluted		(0.14)	(0.13)

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

INCA ONE GOLD CORP.

Consolidated Statements of Changes in Equity (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, 2021	35,503,583	31,012,161	5,216,367	-	1,229,122	(992,689)	(32,288,452)	4,176,509
Comprehensive income (loss) for the year	-	-	-	-	(8,747)	294,858	(4,843,421)	(4,557,310)
Issuance of shares on private placement, net of share issue costs	1,533,645	337,891	165,941	-	-	-	-	503,832
Shares issued pursuant to agreement with Equinox	1,096,842	557,768	-	-	-	-	-	557,768
Warrants exercised	100,000	21,225	(6,997)	-	-	-	-	14,228
Options exercised	966,600	265,927	(57,950)	-	-	-	-	207,977
Share-based payments	-	-	118,299	-	-	-	-	118,299
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 loss for the year	-	-	-	-	9,609	373,158	(5,714,128)	(5,331,361)
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 15 (c))	466,000	73,281	-	-	-	-	-	73,281
Warrants exercised (note 15 (e))	662,076	134,632	(46,324)	-	-	-	-	88,308
Share-based payments (note 15 (d))	-	-	92,939	-	-	-	-	92,939
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)

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

INCA ONE GOLD CORP.

Consolidated Statements of Cash Flows
(Expressed in US Dollars)

	Year Ended April 30,	
	2023	2022
Cash flows provided by (used in):	\$	\$
Operating activities:		
Net loss for the year	(5,704,519)	(4,852,168)
Items not involving cash:		
Depreciation	1,313,902	1,175,693
Depreciation of right of use assets	81,383	63,047
Share-based payments	92,939	118,299
Accretion expense	-	6,904
Accretion of asset retirement and reclamation obligations	102,938	77,900
Interest expense	753,622	472,316
Unrealized foreign exchange	63,319	(2,166)
Fair value adjustment on long term receivable	(49,121)	(18,353)
Accretion of contractual liabilities payable to Equinox	462,108	516,947
Change in fair value of derivatives	2,655,808	1,128,159
Loss on gold loan remeasurement	954,651	-
Restructuring cost	(74,317)	-
Income tax provision	16,720	424,793
Recognition of contingent debenture	-	779,310
Changes in non-cash operating working capital:		
Receivables	329,130	(2,072,742)
Prepaid expenses and deposits	(556,164)	129,339
Inventory	2,224,149	(3,510,662)
Accounts payable and accrued liabilities	(856,377)	2,015,567
Deferred revenue	648,000	360,000
Net cash provided (used in) by operating activities	2,458,171	(3,187,817)
Financing activities:		
Proceeds from issuance of shares (including exercised warrants and options)	88,308	726,036
Proceeds from issuance of convertible debentures	957,431	-
Proceeds from liquidation of derivative financial assets	-	323,749
Proceeds from loans (net of repayments)	867,985	238,085
Proceeds from Gold Loans (net of repayment)	(3,344,939)	3,964,569
Payment of notes payable	(862,000)	(68,000)
Payment of secured debenture	-	(1,279,836)
Decrease in restricted cash	(23,212)	(109,547)
Interest paid	(617,438)	(476,778)
Net cash provided by (used in) financing activities	(2,933,865)	3,318,278
Investing activities:		
Purchase of property, plant and equipment	(334,094)	(532,841)
Net cash used in investing activities	(334,094)	(532,841)
Decrease in cash	(809,788)	(402,380)
Effect of exchange rates on cash held in foreign currencies	5,952	4,184
Cash, beginning of the year	1,565,378	1,963,574
Cash, end of the year	761,542	1,565,378

Supplemental disclosure with respect to cash flows (note 23)

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

INCA ONE GOLD CORP.

Notes to the Consolidated Financial Statements
For the Years Ended April 30, 2023 and 2022
(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 "TSX-V") 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 ("TPD") 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 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 year ended April 30, 2023, the Company had comprehensive loss of \$5.3 million, a deficit of \$42.8 million and working capital deficit of \$7.4 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 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.

INCA ONE GOLD CORP.

Notes to the Consolidated Financial Statements
For the Years Ended April 30, 2023 and 2022
(Expressed in US Dollars)

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

These 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 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 August 24, 2023.

(b) Basis of consolidation

The 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, 2022 that impacted these 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 consolidated financial statements are reasonable; however, actual results could differ from those estimates and could impact future results of operations and cash flows.

INCA ONE GOLD CORP.

Notes to the Consolidated Financial Statements
For the Years Ended April 30, 2023 and 2022
(Expressed in US Dollars)

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant accounting judgments

Critical judgments exercised in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements include but are not limited to the following:

(i) *Going concern*

The financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The assessment of the Company's ability to source future operations and continue as a going concern involves judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. If the going concern assumption were not appropriate for the consolidated financial statements, then adjustments to the carrying value of assets and liabilities, the reported revenue and expenses and the statement of financial position would be necessary (note 1).

(ii) *Debt-holder or shareholder*

Management assessed the relationship between the debt-holders and their potential shareholdings in the Company, with reference to IFRIC 19 – Extinguishing Financial Liabilities with Equity Instruments. Based on the facts of the transaction, management has concluded that the debt-holders were acting solely in their capacity as debt holders and not shareholders.

(iii) *Replacement debt - extinguishment versus modification*

Management assessed the impact of the modification of the term for its Gold Loan to determine if the application of the new terms would qualify as either an extinguishment or modification of the old debt. Based on these factors, management concluded that the transaction should be treated as an extinguishment.

(iv) *Functional currency*

The functional currency for each of the Company's subsidiaries is the currency of the primary economic environment in which the entity operates. Determination of functional currency involves certain judgements to determine the primary economic environment of an entity. The Company re-evaluates the functional currency of its entities when there is a change in events and conditions which previously determined the primary economic environment of an entity.

INCA ONE GOLD CORP.

Notes to the Consolidated Financial Statements
For the Years Ended April 30, 2023 and 2022
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NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (continued)

(v) *Gold Loan*

Management performed a qualitative assessment regarding its pre-payment facility (note 13) and determined that is under the scope of IFRS 9. The facility is considered a financial liability with an embedded derivative. The Company has elected to fair value the gold loan at fair value through profit and loss.

(vi) *Contingent debenture*

Management has performed an assessment of its daily production capacity against the contingent debenture criteria in assessing whether or not a liability exists. As a result of current production levels the Company recognized the liability in its consolidated financial statements (note 12 (c)).

(vii) *Convertible debenture*

Each convertible debenture or debenture unit with warrants is separated into its liability and equity components. The fair value of the liability component at the time of issue is estimated by measuring the fair value of similar liability that does not have a conversion feature. The amount allocated to the equity component (conversion or warrant feature) is determined at the time of issue as the difference between the face value of the debenture and the fair value of the liability component. Changes in the input assumptions can materially affect the fair value estimates and the Company's classification between debt and equity components.

Significant estimates and assumptions

Information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustments are as follows:

(i) *Value of share-based compensation and share-purchase warrants*

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

Proceeds received on the sale of shares and share-purchase warrants are allocated using the residual method. Under the residual method, the Company measures first the warrant component using the Black-Scholes model (described in the previous paragraph) with the residual amount being allocated to the capital.

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(Expressed in US Dollars)

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (continued)

(ii) Fair value measurement

Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

(iii) Deferred Revenue

The advances related to the future sale of gold doré pursuant to contracts qualify as deferred revenue and represents the estimated amount (net of adjustments) that will eventually be recognized as revenue when the appropriate revenue recognition criteria are met.

(iv) Depreciation

Property, plant and equipment depreciation is determined at rates which will reduce original cost to estimated residual value over the expected useful life of each asset. The expected useful lives used to compute depreciation could be materially affected by changes in the underlying estimates. Changes in estimates can be the result of actual future production differing from current forecasts of future production, differences between estimated and actual useful lives and costs of production and differences in gold prices.

Significant judgement is involved in the estimation of useful life and residual values for the computation of depreciation and no assurance can be given that actual useful lives and residual values will not differ significantly from current assumptions.

(v) Right of use assets/lease liability

Management uses estimation in determining the incremental borrowing rate used to measure the lease liability, specific to the asset, underlying currency and geographic location

(vi) Inventory

Expenditures incurred, and depreciation of assets used in production activities are deferred and accumulated as the cost of stockpiled gold-bearing material, in-process inventory and finished goods - gold doré inventory. These deferred amounts are carried at the lower of cost and net realizable value ("NRV") and are subject to significant measurement uncertainty.

Write-downs of stockpiled gold-bearing material and in process inventory and finished goods - gold inventory resulting from NRV impairments are reported as a component of current period costs. The primary factors that influence the need to record write-downs include prevailing and long-term metal prices and prevailing costs for production inputs such as labour, fuel and energy, materials and supplies, as well as realized material grades and actual production levels.

INCA ONE GOLD CORP.

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(Expressed in US Dollars)

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (continued)

Costs are attributed to the material in process based on current gold-bearing material purchases, including applicable depreciation and depletion relating to production operations incurred up to the point of placing the material in the leach tanks. Costs are removed from material in process based on the average cost per estimated recoverable ounce of gold in the leach tanks as the gold is recovered. Estimates of recoverable gold in the leach tanks are calculated from the quantities of material placed in the tanks, the grade of material placed in the leach tanks and an estimated percentage of recovery. Timing and ultimate recovery of gold contained in leach tanks can vary significantly from the estimates.

The quantities of recoverable gold placed in the leach tanks are reconciled to the quantities of gold actually recovered (metallurgical balancing), by comparing the grades of material placed in the leach tanks to actual ounces recovered. The nature of the leaching process inherently limits the ability to precisely monitor inventory levels. As a result, the metallurgical balancing process is constantly monitored and the engineering estimates are refined based on actual results over time. The ultimate recovery of gold from a leach tank will not be known until the leaching process is completed.

The allocation of costs to stockpiled gold-bearing material and in process inventory and finished goods gold inventory, and the determination of NRV involve the use of estimates. There is a high degree of judgement in estimating future costs, future production levels, gold prices, and the ultimate estimated recovery for material in process. There can be no assurance that actual results will not differ significantly from estimates used in the determination of the carrying value of inventories.

(vii) Asset retirement and reclamation obligations

The Company assesses its asset retirement and reclamation obligation at each reporting date. Significant estimates and assumptions are made in determining the asset retirement obligation as there are numerous factors that will affect the ultimate amount payable. These factors include estimates of the extent and costs of rehabilitation activities, technological changes, the area of land requiring reclamation, regulatory changes, cost increases as compared to the inflation rates, and changes in discount rates.

These uncertainties may result in future actual expenditures differing from the amounts currently provided. The provision at reporting date represents management's best estimate of the present value of the future rehabilitation costs required.

(viii) Deferred taxes

Deferred tax assets and liabilities are measured using the tax rates expected to be in effect in future periods. Management estimates these future tax rates based on information available at the period end.

INCA ONE GOLD CORP.

Notes to the Consolidated Financial Statements
For the Years Ended April 30, 2023 and 2022
(Expressed in US Dollars)

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (continued)*(ix) Contingencies*

Due to the nature of the Company's operations, various legal and tax matters can arise from time to time. In the event that management's estimate of the future resolution of these matters changes, the Company will recognize the effects of the changes in its consolidated financial statements for the period in which such changes occur.

(e) Foreign Currency Translation*(i) Functional currency and presentation currency*

The functional currency of a company is the currency of the primary economic environment in which the company operates. The presentation currency for a company is the currency in which the company chooses to present its financial statements.

The functional currency of Inca One Gold Corp. is the Canadian dollar and the functional currency of all of its subsidiaries is the US dollar.

(ii) Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of transaction. Foreign currency gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are included in profit or loss.

(iii) Consolidated entities

The results and financial position of consolidated entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Monetary assets and liabilities are translated at the closing rate at the reporting date;
- Non-monetary assets and equity are translated using the exchange rates at the date of the transaction. Non-monetary items measured at fair value are translated using the exchange rate at the date when the fair value was determined; and
- Income and expenses for each income statement are translated at exchange rates at the dates of the transactions and where appropriate, approximated by the average exchange rates for the period.
- The resulting exchange differences are recognized in other comprehensive income.

(f) Cash

Cash includes short-term deposits that are cashable at any time at the option of the holder.

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NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (continued)**(g) Inventory**

Finished goods, work-in-process, stockpiled gold-bearing materials, and materials and supplies are measured at the lower of 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 cost of inventories is determined on a weighted average basis and includes cost of production consumables, direct labor, applicable overhead and depreciation of property, 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 inventory recognized as an expense in the period in which the reversal occurs.

(h) Property, Plant and Equipment

Property, plant and equipment are carried at cost less accumulated depreciation and accumulated impairment losses. Depreciation is determined at rates which will reduce original cost to estimated residual value over the expected useful life of each asset.

The expected useful lives used to compute depreciation is as follows:

Plant and equipment	5 to 30 years straight line basis
Computers	3 years declining-balance basis
Furniture and office equipment	5 years declining-balance basis

(i) Impairment of Non-Financial Assets

The carrying amount of the Company's non-financial assets (which includes property, plant and equipment) is reviewed at each financial reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized when the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in profit or loss for the period.

The recoverable amount of assets is the greater of an asset's fair value less cost of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

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NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (continued)**(j) Borrowing Costs**

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of the asset until the asset is substantially ready for its intended use. Other borrowing costs are recognized as an expense in the period incurred.

(k) Assets Retirement and Reclamation Obligations, Contingent Liabilities and Contingent Assets

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the ongoing production and or by further expansion of plant's facilities. The Company records the estimated present value of future cash flows associated with site reclamation as a liability when the liability is incurred with a corresponding increase in the carrying value of the related assets. Discount rates using a pre-tax, risk-free rate that reflect the time value of money are used to calculate the net present value. The liability is accreted over time to reflect the unwinding of the discount with the accretion expense included in finance costs in the consolidated statement of operations and comprehensive income. Changes in estimates or circumstances include changes in legal or regulatory requirements, increased obligations arising from plant capabilities expansions, changes to cost estimates, changes to the inflation rate, discount rate and changes to the risk-free interest rates.

Asset retirement and reclamation obligations are determined on the basis of the best estimates of future costs, based on information available on the reporting date. Best estimates of future costs are the amount the Company would reasonably pay to settle its obligation on the closing date to transfer it to a third party on the same date. Future costs are discounted using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the liability. A corresponding asset is recognized in property, plant and equipment when establishing the provision.

The provision is reviewed at each reporting date to reflect changes in the estimated outflow of resources as a result of changes in obligations or legislation, changes in the current market-based discount rate or an increase that reflects the passage of time. The accretion expense is recognized in the consolidated statement of operations and comprehensive income as a financial cost as incurred. The cost of the related asset is adjusted to reflect changes in the reporting period. Costs of asset retirement are deducted from the provision when incurred.

(l) Leases

Upon lease commencement, the Company recognizes a right-of-use asset, which is initially measured at the amount of the lease liability plus any direct costs incurred, which is then amortized over the life of the lease on a straight-line basis. The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted at the rate implicit in the lease; if the implicit lease rate cannot be determined, the incremental borrowing rate is used. Payments against the lease are then offset against the lease liability. The lease liability and right-of-use asset are subsequently remeasured to reflect changes to the terms of the lease. Assets and liabilities are recognized for all leases unless the lease term is twelve months or less or the underlying asset has a low value.

INCA ONE GOLD CORP.

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NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (continued)**(m) Share Capital**

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability.

The Company's common shares and share purchase warrants and options are classified as equity instruments. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax from the proceeds.

The proceeds from the exercise of stock options or warrants together with amounts previously recorded in reserves over the vesting periods are recorded as share capital. Share capital issued for non-monetary consideration is recorded at an amount based on fair value on the date of issue.

(n) Share-based Payments

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in profit or loss, unless they are related to the issuance of debts or shares or the purchase of assets. When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioral considerations.

All equity-settled share-based payments are reflected in reserves, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in stock option reserves is credited to share capital, adjusted for any consideration paid. Amounts recorded for forfeited or expired unexercised options are reversed in the period the forfeiture occurs.

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NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (continued)**(o) Revenue**

Revenue includes sales of precious metal derived from the mineral processing operation. Sales of precious metals are based on spot metal prices and are recognized when the Company has satisfied its performance obligation which includes but are not limited to whether: the Company has transferred control and physical possession, the Company has a present right to payment and the customer has legal title to the asset as well as bears the significant risks and rewards of the asset; any payment received before these conditions are met is considered as deferred revenue and is recognized in the consolidated statement of financial position as part of its short term liabilities.

(p) Earnings (loss) per Share

The Company calculates basic Earnings (loss) per share by dividing the net earnings (loss) attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the relevant period. Diluted earnings per share is calculated by adjusting the weighted average number of common shares outstanding by an amount that assumes that the proceeds to be received on the exercise of dilutive stock options and warrants are applied to repurchase common shares at the average market price for the period in calculating the net dilution impact. Stock options and warrants are dilutive when the Company has income from continuing operations and the average market price of the common shares during the period exceeds the exercise price of the options and warrants. All potential dilutive common shares are anti-dilutive for the years presented.

(q) Comprehensive Loss

Comprehensive loss consists of loss for the year and other comprehensive loss. Other comprehensive loss consists of gain or losses related to foreign currency translation.

(r) Financial Instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument. Financial assets and financial liabilities are measured initially at fair value. If the financial asset or liability is not subsequently accounted for at fair value through profit or loss, then the initial measurement includes transaction costs that are directly attributable to the asset's or liability's acquisition or origination.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognized when it is extinguished, discharged, cancelled or when it expires.

Under IFRS 9, the classification depends on the entity's business model for managing the financial asset and the cash flow characteristics of the asset. The classification and measurement of the Company's financial assets are as follows:

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NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets at amortized cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interests. These assets are subsequently measured at amortized cost using the effective interest method. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss. Discounting is omitted where the effect of discounting is immaterial. Financial assets at amortized cost include the Company's cash, restricted cash and receivables (excluding sales taxes receivable and advances to suppliers).

Financial assets at fair value through other comprehensive income

Assets that are held for collection of contractual cash flow and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest. These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI for debt instruments are reclassified to profit or loss; otherwise, no reclassification is made for equity instruments. The Company has no financial assets in this category.

Financial assets at fair value through profit or loss

Assets are classified in this category if they do not meet the criteria for amortized cost or fair value through other comprehensive income. These assets are subsequently measured at fair value. Net gains and losses including interest or dividend income, are recognized in profit of loss. The Company's financial assets at fair value through profit or loss includes its derivative financial assets.

Financial liabilities

The Company's financial liabilities include accounts payable and accrued liabilities (except wages and benefits payable), contractual liabilities payable to Equinox, loans payable that are classified at amortized cost and a gold loan classified at fair value though profit or loss.

Fair value measurement

Assets and liabilities measured at amortized cost for which the fair value is disclosed and assets and liabilities at fair value are classified using a fair value hierarchy which has the following levels:

- Level 1- valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2- valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3- valuation techniques using inputs for the asset or liability that are not based on observable market data.

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NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (continued)**Impairment of financial assets**

The Company uses the expected credit losses impairment model with respect to its financial assets carried at amortized cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since the initial recognition of the respective financial instrument. The Company accounts for expected credit losses over the life of financial assets measured at amortized cost under the simplified approach. Expected credit losses over the life of the asset are expected credit losses for all of the default events that a financial instrument may experience over its expected life.

The assessment of expected credit losses reflects reasonable and justifiable information about past events, current circumstances and forecasts of events and economic conditions and takes into account the factors specific to the accounts receivable, the general condition of the economy and a current as well as expected appreciation of the conditions prevailing at the balance sheet date, including the time value of the money, if any.

(s) Income taxes

Income tax expense comprises current and deferred tax. Current tax is the expected tax payable or receivable on the taxable income or loss for the year using tax rates enacted or substantively enacted at the reporting date. As the Company is in a loss position there is no current tax payable.

Deferred income tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the tax rates and laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis or to realize the assets and settle the liabilities simultaneously in each future period in which significant amounts of deferred tax liabilities and assets are expected to be settled or recovered.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(t) Non-controlling Interest

Non-controlling interests are recorded at their proportionate share of the fair value of identifiable net assets acquired on initial recognition. Subsequent to the acquisition date, adjustments are made to the carrying amount of the non-controlling interests for the non-controlling interests' share of changes to the subsidiary's equity. In the event a non-controlling interest is represented by a non-participating entity, then the non-controlling interest is not recognized until the entity has the right to receive its share of the subsidiary's net assets.

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NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (continued)

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are recorded as equity transactions. The carrying amount of non-controlling interests is adjusted to reflect the change in the non-controlling interests' relative interest in the subsidiary and the difference to the carrying amount of the non-controlling interests and the Company's share of proceeds received and/or consideration paid is recognized in equity and attributed to the shareholders of the Company.

NOTE 3 – RECEIVABLES

	April 30, 2023	April 30, 2022
	\$	\$
GST recoverable (Canada)	9,334	12,567
IGV recoverable (Peru)	2,958,791	3,199,814
Other	8,945	4,291
	2,977,070	3,216,672

NOTE 4 – DERIVATIVE FINANCIAL ASSETS

	April 30, 2023	April 30, 2022
	\$	\$
Beginning of year	528,320	50,940
Fair value gain (loss)	-	801,129
Fair value gain (loss) on disposition of assets net of commissions	(836,045)	(323,749)
Cash transferred from restricted cash	284,512	-
Cash transferred after disposition of assets	23,213	-
	-	528,320

During the year ended April 30, 2023, the Company liquidated its 44 contracts to buy 4,400 ounces of gold, and as result a loss of \$0.8 million has been recognized as fair value loss on financial instruments.

As at April 30, 2023 the Company was released of its obligation to maintaining restricted cash in a margin account as a collateral for its derivative assets which at the end of April 30, 2023 was \$nil (April 30, 2022 - \$0.28 million).

INCA ONE GOLD CORP.

Notes to the Consolidated Financial Statements
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NOTE 5 – PREPAID EXPENSES AND DEPOSITS

	April 30, 2023	April 30, 2022
	\$	\$
Other deposits and advances	108,959	133,277
Prepaid taxes	693,020	469,863
Prepaid expenses	362,390	71,796
Deferred financing cost (note 13)	-	616,170
	1,164,369	1,291,106

NOTE 6 – INVENTORY

	April 30, 2023	April 30, 2022
	\$	\$
Ore stockpiles and gold in process	3,270,726	5,698,215
Finished goods – gold doré bars	2,253,003	1,957,820
Materials and supplies	426,133	517,976
	5,949,862	8,174,011

As at April 30, 2023 and April 30, 2022, the Company recorded the value of its mineral in stockpiles, tanks and finished products at cost.

The amount of inventory recognized as expense as at April 30, 2023 was \$25.5 million (April 30, 2022 - \$37.4 million)

NOTE 7 – LONG TERM RECEIVABLE

As a result of the acquisition of Anthem United Inc. (“Anthem”) from Equinox Gold Corp. (“Equinox”), the Company acquired the right to claim refunds of prior years’ general sales taxes (“Historical IGV”) related to the construction of the Kori One Plant in Peru for approximately \$4.2 million of which \$1.4 million still remains to be collected. The Company has agreed to pay Equinox 50% of any amounts collected less costs to collect, the remainder of which is for the benefit of the Company.

As at April 30, 2023, the Company assessed that the collectability of the Historical IGV balance is uncertain and therefore has been reflected at its estimated fair value of \$0.3 million (April 30, 2022 \$0.3 million) and has been classified as a long-term receivable. The Company used a discount rate of 11% (April 30, 2022 – 11%), and a duration of approximately 11.8 years (April 30, 2022 – 12.5 years) for its estimation.

INCA ONE GOLD CORP.

Notes to the Consolidated Financial Statements
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NOTE 8 – PROPERTY, PLANT AND EQUIPMENT

	Plant	Computers	Furniture and Equipment	Total
	\$	\$	\$	\$
Costs:				
Balance, April 30, 2021	15,645,200	208,514	121,108	15,974,822
Additions	546,933	523	296	547,752
Change in ARO reserve	160,901	-	-	160,901
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
Accumulated Depreciation:				
Balance, April 30, 2021	5,144,993	148,254	102,679	5,395,926
Depreciation	1,147,298	17,507	10,888	1,175,693
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
Net Book Value:				
April 30, 2022	10,060,743	43,276	7,837	10,111,856
April 30, 2023	9,481,604	100,042	8,206	9,589,852

NOTE 9 – ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	April 30, 2023	April 30, 2022
	\$	\$
Trade accounts payable and accruals ^(a)	4,004,470	4,784,182
Accrued interest	102,941	45,315
	4,107,411	4,829,497

^(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

INCA ONE GOLD CORP.

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NOTE 10 – LEASES

The Company has leases for the land of its Chala One plant and for administrative offices in Lima and Vancouver, 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 \$	Total \$
Costs:			
Initial recognition	18,804	76,186	94,990
Additions	120,716	121,333	242,049
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
Accumulated Depreciation:			
Depreciation	1,453	61,594	63,047
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
Net Book Value:			
April 30, 2022	138,067	135,925	273,992
April 30, 2023	136,350	62,582	198,932

Lease liabilities

	April 30, 2023	April 30, 2022
	\$	\$
Beginning of year	226,682	-
Initial recognition	-	94,900
New lease Liability	3,773	242,090
Payment of lease liabilities	(74,600)	(110,308)
	155,855	226,682

INCA ONE GOLD CORP.

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NOTE 10 – LEASES (continued)

The following table presents future lease payments:

	\$
Within one year	56,532
Within more than one to five years	17,230
After five years	82,093
Balance as at April 30, 2023	155,855

NOTE 11 – 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 April 30, 2023, had a face value of CAD\$7.06 million (April 30, 2022, CAD\$ 7.24 million) with the following details:

Face Value as at inception	Payments	Face Value as at April 30, 2023	due date	Payable in:	Carrying value (c) as at April 30, 2023
CAD\$	CAD\$	CAD\$			USD\$
1,500,000	-	1,500,000	Deferred Indefinitely (a)	Cash	1,104,728
2,500,000	(1,944,207)	555,793	August 20, 2023	Cash or shares (b)	385,124
2,500,000	-	2,500,000	August 20, 2024	Cash or shares (b)	1,642,021
2,500,000	-	2,500,000	August 20, 2025	Cash or shares (b)	1,498,298
9,000,000	(1,944,207)	7,055,793			4,630,171

(a) On July 14, 2022 the Company agreed with Equinox to defer this cash payment (which was due on August 20, 2022) indefinitely.

(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%.

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 April 30, 2023, the estimated balance payable to Equinox is approximately \$0.28 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 payable on August 20, 2023. As at April 30, 2023, the fair value of this payment has been estimated at \$0.7 million considering a discount rate of 9.59% and is classified as a current liability.

INCA ONE GOLD CORP.

Notes to the Consolidated Financial Statements
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NOTE 11 – CONTRACTUAL LIABILITIES PAYABLE TO EQUINOX (continued)

The following table is a reconciliation of the movement related to these contractual liabilities as at April 30, 2022:

	April 30, 2021	OCI ^(a)	Accretion adjustments	Payments (note 15 (c))	New liability recognized	Reclass.	April 30, 2022
	\$	\$	\$	\$	\$	\$	\$
Current Contractual Liabilities							
<u>Promissory Notes Payable</u>							
In cash	-	(16,280)	69,216	-	-	1,093,124	1,146,060
<u>Historical IGV</u>							
Payable in cash	193,177	-	-	-	44,892	-	238,069
Total Current	193,177	(16,280)	69,216	-	44,892	1,093,124	1,384,129
Non-Current Contractual Liabilities							
<u>Promissory Notes Payable</u>							
In Cash	1,088,906	(27,915)	32,133	-	-	(1,093,124)	-
In cash or shares	3,851,543	(160,186)	362,779	(557,768)	-	-	3,496,368
<u>Working Capital Payable</u>							
In cash	566,694	-	52,819	-	-	-	619,513
Total Non-Current	5,507,143	(188,101)	447,731	(557,768)	-	(1,093,124)	4,115,881

(a) Other Comprehensive Income.

The following table is a reconciliation of the movement related to these contractual liabilities as at April 30, 2023:

	April 30, 2022	OCI ^(a)	Accretion adjustments	Payments (note 15 (c))	New liability recognized	Reclass.	April 30, 2023
	\$	\$	\$	\$	\$	\$	\$
Current Contractual Liabilities							
<u>Promissory Notes Payable</u>							
In cash	1,146,060	(67,698)	26,366	-	-	-	1,104,728
In cash or shares	-	(17,993)	63,219	(134,556)	-	474,454	385,124
<u>Working Capital Payable^(b)</u>							
In cash	-	-	39,064	-	-	638,192	677,256
<u>Historical IGV</u>							
Payable in cash	238,069	-	-	-	44,892	-	282,961
Total Current	1,384,129	(85,691)	128,649	(134,556)	44,892	1,112,646	2,450,069
Non-Current Contractual Liabilities							
<u>Promissory Notes Payable</u>							
In cash or shares	3,496,368	(196,375)	314,780	-	-	(474,454)	3,140,319
<u>Working Capital Payable</u>							
In cash	619,513	-	18,679	-	-	(638,192)	-
Total Non-Current	4,115,881	(196,375)	333,459	-	-	(1,112,646)	3,140,319

(a) Other Comprehensive Income

(b) On August 20, 2023 the Company agreed with Equinox to defer this payment (which was due on August 20, 2023) to August 20, 2024.

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NOTE 12 – LOANS PAYABLE

	April 30, 2023	April 30, 2022
Current Liabilities	\$	\$
Promissory note ^(a)	1,411,437	531,991
USD Notes Payable ^(b)	-	862,000
USD Contingent Debenture ^(c)	744,674	779,310
Total Current loans payable	2,156,111	2,173,301
Non-current Liabilities		
Promissory note	-	11,459
CAD Unsecured Convertible debenture ^(d)	944,536	-
Total Non-current loans payable	944,536	11,459

As at April 30, 2023, the Company had the following loans payable:

- (a) The Company received \$1.4 million from different lenders in exchange for 45 to 60 day promissory notes with an annual interest rate of 18%.
- (b) On March 16, 2020, the Company issued notes payable (the “Notes”) in the amount of \$0.93 million. The Notes had a three-year term, borne interest at an annual rate of 10% and were repayable at any time at the Company’s option. During May 2021, the Company made principal payments of \$0.07 million, the balance of \$0.86 million was fully paid during March 2023.
- (c) In September 2016, the Company completed a comprehensive capital restructuring which included issuing contingent debentures (the “Contingent Debentures”) totaling \$0.78 million. The Contingent Debentures were recognized as a current liability and as an expense on October 31, 2021, after the Company achieved production milestones. The Contingent Debentures have an annual interest rate of 12% payable quarterly and had a 12 months term of maturity. During October 2022, the Company agreed the extension of the term to October 31, 2023 with Contingent Debentures holders that represents \$0.74 million of the total debt; the balance of \$0.04 million was settled with shares (note 15 (c)). Accrued interest of \$0.02 million has been included in accounts payable at April 30, 2023.
- (d) On April 17, 2023 the Company closed its unsecured convertible debenture offering for gross proceeds of CAD\$ 1.3 million; of which CAD\$ 0.25 million and CAD\$ 0.49 million were subscribed by the CEO and CFO respectively. Each unit has a price of CAD\$ 1,000 and a maturity term of 36 months following to 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 the Maturity Date.

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 TSX Venture Exchange.

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NOTE 12 – LOANS PAYABLE (continued)

Each Convertible Debenture bears interest at a rate of 12% per annum payable quarterly in arrears with first payment due on July 17, 2023. All interest accrued on the Convertible Debentures will be payable in cash or Common Shares at the election of the Debenture Holder, following written notice by a holder of a Convertible Debenture 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. Accrued interest of \$0.005 million has been included in accounts payable at April 30, 2023.

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.

NOTE 13 – GOLD LOAN

On August 6, 2021, the Company arranged a \$9 million gold pre-payment facility (the “Facility”), available in two tranches, as follows.

First Tranche

The first tranche (“Tranche 1”) of \$6 million was drawn down on the same date as the Facility and was agreed to be repaid with 4,181 ounces of gold in 16 equal, monthly payments of gold bullion of 261.3 ounces of which the Company had delivered ten payments, or approximately 2,613 ounces. On March 30, 2023, the delivery of the balance of approximately 1,307 ounces was restructured.

Second Tranche

The second tranche (“Tranche 2”) of \$3 million was drawn down on December 8, 2021 and was agreed to be payable with 2,017 ounces of gold in 12 equal, monthly payments of gold bullion of 168.1 ounces of which the Company had delivered five payments, or approximately 840 ounces; the delivery of the balance of approximately 1,177 was restructured on March 30, 2023.

On April 25, 2022, the Company agreed to amend the Facility to include an additional third tranche of \$1.5 million with details as follows:

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NOTE 13 – GOLD LOAN (continued)Third Tranche

The third tranche (“Tranche 3”) of \$1.5 million was drawn down on April 29, 2022 and was agreed to be payable with 905.4 ounces of gold in three equal payments of gold bullion of 301.8 ounces being the payments due 180 days, 270 days and 368 days after the respective release of the funds. The delivery of these ounces was restructured on March 30, 2023.

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 was calculated as the discounted cash flow of the expected gold deliveries considering the future price of the gold which approximates to each delivery date quoted in active markets and an annual discount rate of 12.67%, as result the Company recorded a deferred financing cost of \$1.03 million.

Changes on the term of the facility

On October 14, 2022, the Company reached an agreement to restructure the payment schedule for each tranche, as a result it was agreed to deliver additional 286 ounces on June 30, 2023. Management assessed that the new schedule of deliveries constitutes a modification for which the Company has re-measured the expected cash flow of all deliveries under the new terms, as a result an additional deferred financing cost of \$0.3 million has been recorded and will be accreted for the duration of the facility.

Restructuring of the facility

On March 30, 2023, the Company agreed to restructure all its payment schedules to 7 monthly deliveries of 75 ounces starting March 2023 with a final payment of 3,749 ounces due on November 30, 2023. In accordance with IFRS 9, the Company has assessed that the combined effect of the change in the delivery schedules as well as in the total amount of ounces to deliver qualifies as a modification which implies the recognition of an expense of \$0.95 million which has been classified as a loss on gold modification and recognized in the consolidated statement of operations and comprehensive loss.

The following table reconciles the movement of the Gold Loans as at April 30, 2023:

	April 30, 2022	Re- measurement of fair value (a)	Fair value loss (gain)		Delivery	Non- current to current	Re- measurement of fair value (a)	April 30, 2023
	\$	\$	Unrealized	Realized	\$	\$	\$	\$
Current								
Tranche 1	4,282,776	(40,874)	182,594	12,869	(1,877,946)	-	(2,559,419)	-
Tranche 2	3,350,197	(32,374)	168,114	1,336	(1,186,242)	-	(2,301,031)	-
Tranche 3	1,079,357	(18,038)	194,094	-	-	516,518	(1,771,931)	-
October 14, 2022	-	444,821	108,793	-	-	-	(553,614)	-
March 30, 2023	-	-	77,179	16,681	(280,751)	-	8,140,646	7,953,755
Total Current	8,712,330	353,535	730,774	30,886	(3,344,939)	516,518	954,651	7,953,755
Non-current								
Tranche 3	516,518	-	-	-	-	(516,518)	-	-
Total Non-current	516,518	-	-	-	-	(516,518)	-	-

(a) Remeasurement of fair value was the result of changes made in the number of ounces to be delivered and extension of contracts terms made in October 2022 and March 2023.

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NOTE 13 – GOLD LOAN (continued)

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

The following table reconciles the movement of the deferred financing cost as at April 30, 2023:

	April 30, 2023	April 30, 2022
	\$	\$
Beginning of year	616,170	-
Additions:		
Deferred financing costs Tranche 1	-	653,013
Deferred financing costs Tranche 2	-	276,255
Deferred financing costs Tranche 3	-	95,875
Remeasurement of deferred financing costs (October 14, 2022)	353,535	-
Accretion ⁽¹⁾	(843,888)	(408,973)
Derecognition of deferred financing cost (modification March 30, 2023) ⁽¹⁾	(125,817)	-
	-	616,170

(1) Amounts have been included in the consolidated statements of operations and comprehensive loss and classified as fair value loss on financial instruments.

NOTE 14 – 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.

	April 30, 2023	April 30, 2022
	\$	\$
Beginning of year	1,391,454	1,152,653
Accretion	102,938	77,900
Change in estimate	420,974	160,901
	1,915,366	1,391,454

As at April 30, 2023, 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, 2022 – \$0.7 million and \$0.8 million respectively) and are projected to be disbursed over 2036 and 2042 respectively. A 6.90% (April 30, 2022 – 6.90%) discount rate (Peruvian government bond rate) and an average of 5.90% (April 30, 2022 – 5.78%) inflation rate was used to calculate the present value of these provisions.

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NOTE 15 – SHARE CAPITAL AND EQUITY RESERVES

(a) Authorized

Unlimited number of voting common shares without par value.

(b) Issued Share Capital

At April 30, 2023, there were 40,610,589 shares issued and outstanding (April 30, 2022 – 39,200,670).

(c) Share Issuances

Share capital transactions for the year ended April 30, 2023 were:

During the year ended April 30, 2023, 662,076 common shares were issued for proceeds of \$0.09 million on the exercise of same number of warrants at CAD\$0.18 per share.

On March 6, 2023, the Company issued 281,843 common shares at CAD\$0.65 as partial payment of its note payable to Equinox (note 11).

On January 30, 2023, the Company issued 466,000 common shares for the payment of \$0.04 million of its contingent debentures plus additional related indebtedness of \$0.03 million.

Share capital transactions for the year ended April 30, 2022 were:

On May 26, 2021, the Company closed a private placement and issued 1,533,645 units (“the Units”) for net proceeds of \$0.5 million. Each unit is comprised of one common share and one transferable common share purchase warrant. The total value of the warrants contained in the units issued is \$165,941, with the remainder allocated to common shares. The fair value of this warrants was estimated using the Black-Scholes options pricing model using a risk free rate between 0.25%, a volatility of 76.28% and an expected life of 3 years

On December 8, 2021 and April 29, 2022 the Company issued 900,315 and 196,527 common shares respectively at CAD\$0.65 as partial payment of its note payable to Equinox (note 11).

During the year ended April 30, 2022, 1,066,600 common shares were issued for proceeds of \$0.22 million on the exercise of 966,600 stock options at an average price of CAD\$0.27 per share and 100,000 warrants at CAD\$0.18 per share.

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NOTE 15 – 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 TSX-V 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, 2021	3,059,546	0.48
Granted	2,080,600	0.38
Exercised ⁽¹⁾	(966,600)	0.27
Expired/cancelled	(645,000)	0.43
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

(1) For the year ended April 30, 2022, the weighted average trading price for the options exercised was CAD\$0.37 per option.

The following table summarizes the share-based options outstanding as at April 30, 2023:

Share-based Options #	Exercise Price CAD\$	Expiry Date	Vesting Provisions
37,500	0.50	August 1, 2023	Vested
915,000	0.37	March 2, 2024	Vested
300,000	0.55	December 18, 2024	Unvested
1,900,000	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
3,779,000 ⁽¹⁾			

(1) As at April 30, 2023, the total number of exercisable options is 3,442,450 share-based options

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NOTE 15 – SHARE CAPITAL AND EQUITY RESERVES (continued)

As at April 30, 2023, the weighted average remaining contractual life of the share-based options was 1.57 years (April 30, 2022 – 1.64 years).

During the year ended April 30, 2023, the Company recognized share-based payments of \$0.09 million (April 30, 2022 - \$0.12 million) for share-based options vested during the period.

The fair value of share-based options granted during the year ended April 30, 2023 was estimated using the Black-Scholes options pricing model using a risk free rate between of 3% (April 30, 2022 – between 0.25% to 1.25%), a volatility of between 53.80% and 56.51% (April 30, 2022 – between 46.84% and 76.28%), an expected life of 1 year (April 30, 2022 – between 0.58 and 3.0 years) and a forfeiture rate of nil% (April 30, 2022 - nil%).

(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, 2021	868,743	0.28
Issued ⁽¹⁾	1,533,645	0.60
Exercised	(100,000)	0.18
Expired/Cancelled	(106,667)	1.00
Balance, April 30, 2022	2,195,721	0.47
Exercised	(662,076)	0.18
Balance, April 30, 2023	1,533,645	0.41

(1) The fair value of the share purchase warrants was estimated using Black-Scholes pricing model using a risk free rate of 0.25%, volatility of 76.28% and expected life of 3 years

The following table summarizes the share purchase warrants as at April 30, 2023:

Warrants #	Exercise Price \$	Expiry Date
995,364	0.30	May 26, 2024
538,281	0.60	May 26, 2024
1,533,645		

As at April 30, 2023, the weighted average remaining contractual life of the warrants was 1.07 years (April 30, 2022 – 1.71 years).

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NOTE 16 – 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 year ended April 30, 2023 and 2022 as follows:

	Year Ended April 30,	
	2023	2022
	\$	\$
Management, salaries and consulting fees	608,110	688,049
Director fees	28,757	29,823
Professional fees	6,066	9,261
Share-based payment	60,634	51,777
	703,567	778,910

(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 year ended April 30, 2023 and 2022 as follows:

	Year Ended April 30,	
	2023	2022
	\$	\$
Management fees	355,853	400,286
Salaries	252,257	287,763
Share-based payment	44,678	32,701
	652,788	720,750

(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 April 30, 2023 are non-interest bearing and payable on demand, with the exception of CAD convertible debentures and USD contingent debenture (note 12 (d) and (c)). Those balances include \$0.6 million (April 30, 2022 - \$0.6 million) payable to the CEO and a company controlled by the CEO and \$0.6 million (April 30, 2022 - \$0.6 million) payable to the CFO.

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NOTE 17 – COMMITMENTS

As at April 30, 2023, the Company had a commitment to sell approximately 786 ounces of gold doré (April 30, 2022 - 502 ounces of gold doré) to a third party, which was settled subsequent to April 30, 2023; the fair value of this commitment is \$1.49 million (April 30, 2022 - \$0.3 million) and have been classified as current deferred revenues in the consolidated statement of financial position.

A summary of liabilities and future operating commitments at April 30, 2023 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	4,200,485	4,107,411	93,074	-
Contractual liabilities payable to Equinox	5,590,388	2,450,069	3,140,319	-
Loans payable	3,100,647	2,156,111	944,536	-
Gold loan	7,953,755	7,953,755	-	-
Lease liabilities	155,855	56,532	17,230	82,093
	21,001,130	16,723,878	4,195,159	82,093
Commitments				
Gold sale deferred revenue	1,488,000	1,488,000	-	-
Asset retirement and reclamation obligations	1,915,366	-	-	1,915,366
	3,403,366	1,488,000	-	1,915,366
	24,404,496	18,211,878	4,195,159	1,997,459

NOTE 18 – SEGMENTED INFORMATION

All of the Company's operating and capital assets are located in Peru except for \$1.0 million (April 30, 2022 - \$1.5 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:

	Year Ended April 30,	
	2023	2022
Peru segment	\$	\$
Revenue	40,183,968	47,074,879
Cost of goods	(38,095,211)	(44,863,887)
Gross margin	2,088,757	2,210,992
Loss for the year	(2,657,075)	(2,377,898)

During the year ended April 30, 2023, the Company received 100% of its metal revenues from three customers, noting that the Company has business relationships with other customers, and is not dependent on them.

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NOTE 19 – FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

(a) Fair Value of Financial Instruments

As at April 30, 2023, the Company's financial instruments consist of cash, restricted cash, receivables, long term receivables, accounts payable and accrued liabilities, contractual liabilities payable to Equinox, loans payable and gold loan.

IFRS requires disclosures about the inputs to fair value measurements for financial assets and liabilities recorded at fair value, including their classification within a hierarchy that prioritizes the inputs to fair value measurement (note 2(r)).

As at April 30, 2023 and 2022, the Company believes that the carrying values of the financial instruments noted above approximate their fair values because of their nature and relatively short maturity dates or durations or their interest rates approximate market interest rates. The gold loan has been assessed on the fair value hierarchy described above and is classified as Level 2.

(b) Financial Instruments Risk

The Company's financial instruments are exposed in varying degrees to a variety of financial risks. The Board approves and monitors the risk management processes:

(i) Credit risk

Credit risk exposure primarily arises with respect to the Company's cash, restricted cash and receivables. The risk exposure is limited because the Company places its instruments in banks of high credit worthiness within Canada and Peru. The Company also continuously monitors the collection of receivables.

(ii) Liquidity risk

Liquidity risk is the risk that the Company cannot meet its financial obligations as they become due. The Company's approach to managing liquidity is to ensure as far as possible, that it will have sufficient liquidity to settle obligations and liabilities when they become due. As at April 30, 2023, the Company had cash of \$0.8 million (April 30, 2022 - \$1.6 million) and current liabilities in excess of current assets of \$7.4 million (April 30, 2022 – current liabilities in excess of current assets \$3.0 million) with total liabilities of \$21.4 million (April 30, 2022 - \$24.7 million).

A summary of the Company's future operating commitments is presented in note 17.

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NOTE 19 – FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)*(iii) Market risk*

a. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

At April 30, 2023, the Company is not exposed to interest rate risk as all financial liabilities have fixed rates of interest.

b. Foreign currency risk

Foreign exchange risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of the changes in the foreign exchange rates. The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates associated with the fluctuations in its Canadian dollar and the Peruvian New Sol (“Sol”) bank accounts as well as the translation of foreign held assets and liabilities at current exchange rates.

The Company’s net exposure to the Canadian dollar and Sol on financial instruments, in US dollar equivalents, is as follows:

	April 30, 2023	April 30, 2022
	\$	\$
CAD dollar:		
Cash	224,603	17,459
Receivables	9,334	12,567
Accounts payable and accrued liabilities	(538,073)	(436,595)
Contractual liabilities payable to Equinox	(4,630,171)	(4,642,483)
Loans payable	(944,536)	-
Net assets (liabilities)	(5,878,843)	(5,049,052)
Sol:		
Cash	82,835	30,081
Receivables	2,968,296	3,213,243
Accounts payable and accrued liabilities	(973,579)	(969,991)
Net assets (liabilities)	2,077,552	2,273,333

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NOTE 19 – FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Assuming all other variables constant, an increase or a decrease of 10% of the Canadian dollar (CAD\$1.3578 per USD\$1.00) against the US dollar, as of April 30, 2023 would have changed the Company's net loss by approximately \$0.5 million. Assuming all other variables constant, an increase or a decrease of 10% of the Peruvian Sol (PEN\$/3.719 per USD\$1.00) against the US dollar, as of April 30, 2023 would have changed the Company's net loss by approximately \$0.2 million.

The Company had no hedging agreements in place with respect to foreign exchange rates.

c. **Commodity price risk**

Commodity price risk is the risk of financial loss resulting from movements in the price of the Company's commodity inputs and outputs. The Company's price risk relates primarily to its gold loan balances and future gold price expectations as it relates to gold-bearing mineral purchases and sales revenues. The Company continuously monitors precious metal trading prices as they are included in projections prepared to determine its future strategy.

NOTE 20 – CAPITAL MANAGEMENT

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern such that it can provide returns for shareholders and benefits for other stakeholders. The management of the capital structure is based on the funds available to the Company in order to support the plant operations and to maintain the Company in good standing with the various regulatory authorities. In order to maintain or adjust its capital structure, the Company may issue new shares, sell assets to settle liabilities, issue debt instruments or return capital to its shareholders.

The Company's current capital structure consists of loans payable of \$3.1 million (April 30, 2022 - \$2.2 million), contractual liabilities payable to Equinox of \$5.6 million (April 30, 2022 - \$5.2 million), a gold loan of \$7.9 million (April 30, 2022 - \$9.2 million) and shareholders' equity deficit of \$5.1 million (April 30, 2022 – shareholder's equity deficit of \$0.2 million). The Company's ability to generate sufficient funds to service its debts and to provide funding for future operations are dependent on its capital resources which are largely determined by the strength of the junior resource markets, by the status of the Company's projects in relation to these markets and by its ability to compete for investor support of its projects. The Company is not subject to externally imposed capital requirements.

The Company monitors its capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to facilitate the management of capital and the further operation of its Peruvian ore processing operations the Company prepares expenditure budgets which are updated as necessary and are reviewed and approved by the Company's Board of Directors.

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NOTE 21 – INFORMATION INCLUDED IN THE CONSOLIDATED STATEMENTS OF OPERATIONS

	Year Ended April 30,	
	2023	2022
Cost of goods sold:	\$	\$
Ore	25,529,394	37,384,154
Salaries, benefits and other employee expenses	2,638,125	2,560,559
Production supplies	2,639,222	2,783,087
Transportation	409,617	753,659
Other production costs	3,513,495	3,683,440
Depreciation of property plant and equipment	1,275,121	1,154,041
Variation of finished goods – gold doré bars	(295,183)	(1,440,070)
Variation of ore stock piles and gold in process	2,427,489	(1,943,723)
Total cost of goods sold	38,137,280	44,935,147

	Year Ended April 30,	
	2023	2022
Corporate and administrative expenses:	\$	\$
Consulting fees	52,356	1,135
Management fees and salaries	1,624,772	1,771,213
Depreciation	38,781	21,652
Depreciation – right of use assets	81,383	63,047
Directors fees	28,578	30,286
Investor relations and regulatory fees	169,197	152,891
Advertising and corporate development	3,542	311,984
Office, rent, utilities, insurance and other	348,484	593,703
Professional fees	419,223	559,035
Share-based payments	92,939	118,299
Travel and accommodation	89,602	22,637
Total corporate and administrative expenses	2,948,857	3,645,882

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NOTE 21 – INFORMATION INCLUDED IN THE CONSOLIDATED STATEMENTS OF OPERATIONS (continued)

	Year Ended April 30,	
	2023	2022
Finance costs:	\$	\$
Accretion expense asset retirement and reclamation provision	(102,938)	(84,804)
Interest costs	(753,622)	(472,316)
Foreign exchange loss	(23,175)	(29,497)
Fair value loss on financial instruments	(2,655,808)	(1,128,159)
Accretion of contractual liabilities payable to Equinox	(462,108)	(516,947)
Change in value on long term receivable	49,121	18,353
Total finance costs	(3,948,530)	(2,213,370)

NOTE 22 – INCOME TAXES**(a) Income tax expense (recovery)**

	Years ended April 30,	
	2023	2022
Deferred tax expense (recovery)	\$	\$
Origination and reversal of temporary differences	(1,470,448)	(814,545)
Change in unrecognized deductible temporary differences	1,487,168	1,239,338
Total income tax expense (recovery)	16,720	424,793

The actual income tax provision differs from the expected amount calculated by applying the Canadian combined federal and provincial corporate tax rates to income before tax. These differences result from the following:

	Years ended April 30,	
	2023	2022
	\$	\$
Net loss before income taxes for the year	(5,687,799)	(4,427,375)
Statutory income tax rate	27%	27%
Expected income tax	(1,535,706)	(1,195,391)
Increase (decrease) resulting from		
Impact of different foreign statutory tax rates	(88,020)	(52,653)
Non-deductible amounts	303,470	456,606
Impact on change in foreign exchange rate	(150,192)	(22,120)
Share issuance costs	-	(987)
Change in unrecognized deductible temporary differences	1,487,168	1,239,338
Income tax expense (recovery)	16,720	424,793

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NOTE 22 – INCOME TAXES (continued)**(b) Recognized deferred tax assets and liabilities**

	Years ended April 30,	
	2023	2022
	\$	\$
Deferred tax assets are attributable to the following:		
Loss carryforwards	155,604	415,553
Asset retirement and reclamation provision	399,572	340,936
Set-off of tax		-
Net deferred tax asset	555,176	756,489
Deferred tax liabilities are attributable to the following:		
Property, plant and equipment	(1,046,462)	(1,065,658)
Set-off of tax	49,773	(115,624)
Net deferred tax liabilities	(996,689)	(1,181,282)
Net deferred tax	(441,513)	(424,793)

(c) Unrecognized deferred tax assets

The Company has the following deductible temporary differences for which no deferred tax assets have been recognized, because it is not probable that future taxable profits will be available against which the Company can use the benefits

	Years ended April 30,	
	2023	2022
	\$	\$
Loss carry forwards	26,147,915	28,657,049
Deductible temporary differences	8,009,778	816,046
	34,157,693	29,473,095

The Company has tax losses for Peruvian purposes of approximately \$5.1 million (2022 - \$6.5 million) available to offset against future years' taxable income in Peru. The Company also has non-capital losses available to reduce taxes in future years of approximately \$21,71 million (2022 - \$22.1 million) in Canada which expire over 2026 through 2043 which have not been recognized in these financial statements.

Tax attributes are subject to review, and potential adjustment, by tax authorities.

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NOTE 23 – SUPPLEMENTAL CASH FLOW INFORMATION

Interest and income taxes paid in cash during the year ended April 30, 2023, were \$0.6 million (April 30, 2022 - \$0.5 million) and \$0.4 million (April 30, 2022 - \$0.4 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.