



M O M E N T U M P R
Where Investors Come First

MOMENTUM REPORTS – INCA ONE

Report #1 – November, 2017

Gold Produced By Chala One Gold Ore Processing Plant Jumps 124% From Same Period Last Year



Inca One President & CEO Edward Kelly: “The Peruvian government estimates the small scale mining sector to be at US\$2-\$3 billion dollars annually.”

Chala One: Fully Permitted for 100TPD “It’s the first stage of a long term game, there’s tons of opportunity for growth.”

Mining is a cyclical industry and many mining companies have thought long and hard about how to develop a corporate strategy that would see them survive market lows, to profit from market highs.

This is especially true in the gold market, where the price of gold sometimes drops below the cost of producing it. Canadian-based junior Inca One Gold Corporation operates in Peru and believes it has found a way to bullet-proof itself from market vagaries.

Inca One, (TSXV:IO) was a gold and precious metals junior when propelled by the declining

market, it decided a sea change was in order. It then became a gold ore processing specialist buying ore from small and artisanal miners, smelting it at its mill Chala One, and then selling the gold on the open market. The original thesis was that Inca One would use the cash-flow generated by smelting to finance exploration and development.

Inca One had been drawn to Peru because the company was backed by investors who had scored a hat trick when Hudbay Minerals bought Norsemont Mining and its Constanca copper project for C\$366 million in 2011.



TSXV:IO

Share Structure

Shares Issued:	81,339,401
Market Cap:	5,693,758
Year High:	.365
Year Low:	.06



Looking Forward

Inca One’s goal is to become the premier gold processing company in Peru by offering superior services and conditions, and a consistent, transparent and fair mineral buying experience.



It entered into its now profitable gold ore processing business because when the junior mining market fell, the focus of investors changed. “At that point investors were all about cash-flow. We saw gold ore processing as a good way to pivot the company and get it some cash-flow,” said Inca One President and CEO Edward Kelly.

Peru has been richly blessed when it comes to mineralization, and in 2016 it became the second largest copper producer in the world, with 2.3 million metric tons. The United States Geological Service ranks Peru as the tenth largest gold producer in the world, and puts the amount of gold produced in Peru during 2016 at 150 metric tonnes, or 330,693 pounds. Peru is the largest gold producer in South America.

Speaking of the Inca One investors, Edward Kelly says, “These people knew Peru, liked Peru and knew the opportunities in Peru. We set out to create the next Norsemont in the gold space and that worked until 2012, when the junior resource market fell to pieces.”

Peru is also a good place for mining companies to invest in. According to the Fraser Institute’s 2016 Mining Attractiveness Index, Peru placed 28 in a list of 104 jurisdictions. To put that into perspective, Peru came in just after British Columbia, and twelve places

ahead of New Brunswick. When comparing the Caribbean Basin and Latin America, Peru ranks as number one in the Mining Attractiveness Index.

When the junior exploration and development landscape headed south, Inca One benefitted from a little bit of dumb luck that set the stage for their ongoing transformation into an ore-processing powerhouse. At the same time that financing for junior miners became almost nonexistent, the then President of Peru Ollanta Humala, decided to formalize the artisanal or small-scale mining sector, in order to gain a lost tax base and reduce the poisonous pollution created by small-scale refining.

This formalization process also extended to ore processing facilities. Once formalization was in place, only government-permitted mills would be able to legally buy and process gold ore.

Through its refining facility, Chala One, Inca One holds one of the only five legal permits for gold ore-processing facilities in Peru, granted during the formalization process.

“Because we have the permit the miners have more confidence in us when they sell us their ore. Once our initial capacity is reached we will apply to expand it.”

As a completely legal operation Chala One only purchases gold ore from fully-permitted miners. As an ore-processing company, Inca One's supply source is the small and medium-scale miner. Larger gold mining operations have their own ore-processing facilities.

The exact number of small-scale artisanal miners is hard to pinpoint, but according to the Peru Support Group using 2009 United Nations statistics, there were some 80,000 artisanal miners working in the field at that time, and the belief is that number has only grown.

According to the World Bank, artisanal small-scale mining provides up to 20% of global gold production, and this figure has been applied to Peru as well. An April 2016 research report puts that figure even higher, at 28%.

These figures can be translated into meaning that 20-28% of the gold produced in Peru is by artisanal miners. Looking at the lower end of the scale, that means that at least 30 tons of gold on an annual basis is being mined by artisanal miners. "The Peruvian government estimates the small-scale mining sector to be at 2-3 billion dollars," said Kelly.

Inca One intends to process as much of that gold as it can. It entered the market by buying a small, existing permitted mill, now known as Chala One, at Chala in Arequipa, southern Peru.

"We had traveled all over the country and looked at different locations and found that Chala was the Mecca for gold ore processing. There were 77,000 small-scale mines that applied for the formalization process, and out of the 24 different regions in Peru, Arequipa came in at number one, with over 14,000 small mines. Chala is in Arequipa and that's where we decided to focus our energy."

When Inca One first purchased the mill at Chala, the plant was only capable of processing 15 tons per day (TPD). "We realized we had to get to at least 100 TPD to be able to operate as a going concern and make a profit for the company." Inca One then went out and raised \$5.5 million to expand capacity to 140 TPD. The mill is now permitted at 100 TPD.



As far as permitting goes, Kelly believes the company is now in a sweet spot. "If you want to open up a new plant today, you would have to go through the normal procedures. It took us close to three years to get it, and we got it in January. Now, we are looking at expansion. Having gone through all the proper steps and processes, it is probably now a three to six month procedure to expand Chala One."

