MANAGEMENT DISCUSSION AND ANALYSIS
For the Three Months Ended July 31, 2014 and 2013
Report Dated September 26, 2014

The following information, prepared as of September 26, 2014, should be read in conjunction with the unaudited condensed interim consolidated financial statements of Inca One Gold Corp. (formerly Inca One Resources Corp.) ("the Company" or "Inca One") for the three months ended July 31, 2014 (the "July 2014 Interim Financial Statements").

The July 2014 Interim Financial Statements have been prepared in conformity with International Accounting Standard ("IAS") 34, Interim Financial Reporting, using the same accounting policies as detailed in the Company's audited consolidated financial statements for the year ended April 30, 2014. The July 2014 Interim Financial Statements do not include all the information required for complete annual financial statements 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") and therefore should be read together with the audited annual financial statements for the year ended April 30, 2014 and the related MD&A for the year then ended .

General Overview

Inca One was incorporated on November 9, 2005, and is a Canadian-based exploration stage mineral resource company and ore processing company with a gold milling facility in Southern Peru.

As a mineral resource company since 2010, Inca One has been engaged in the acquisition, exploration and development of mineral properties in Peru. As an ore processing company since 2013 (fiscal 2014), the Company, through its Peruvian subsidiary, acquired an existing small-scale Peruvian mineral processing plant (the "Chala Plant"), which the Company repaired and upgraded, then initiated test milling at. Upon achieving a sufficient level of throughput and greater insight into the ore processing sector the Company pursued and successfully raised additional expansion and working capital (see Financings below) to undertake a more significant capacity upgrade to 100 tonnes per day ("TPD") which is currently underway. The Company plans to source high grade gold mill feed from legally recognized artisanal and small scale miners for processing. The Company also continues to actively evaluate new mineral projects and ore processing facilities in Peru.

The Company's focus on ore processing in Peru arose due to recent legislation by the Peruvian Government to institute a formalization process to regulate the activities of artisanal and small-scale miners while safeguarding the environment. The deadline for registering informal miners and their concessions expired on April 19, 2014.

Inca One is listed for trading on the TSX Venture Exchange (the "TSX-V") under the symbol "IO" and on the Frankfurt Stock Exchange under the symbol "SU9.F".

Management Changes

Effective August 30, 2014, Ms. Sharon Muzzin resigned from her role of Chief Financial Officer ("CFO").

Effective September 1, 2014, Mr. Oliver Foeste was appointed CFO. Mr. Foeste is a Chartered Accountant with over 10 years of experience in financial reporting, corporate governance, and corporate restructuring. He is the Managing Partner of Invictus Accounting Group LLP, which provides accounting, advisory and tax services to publicly listed issuers and private clients. Previously he was the Director of Finance and Corporate Secretary of Huntingdon Real Estate Investment Trust, a Vancouver-based TSX-listed issuer, and was the U.S. Divisional Controller at Precision Drilling Trust, a leading TSX and NYSE listed, oilfield services provider based in Calgary, Alberta. Mr. Foeste started his career with the accounting firm Deloitte & Touche where he obtained his CA designation. Mr. Foeste has been a director of Inca One since 2010.

Also during September 2014, Mr. Jamie Polar was appointed Vice President Development and Operations, Peru as an employee of the Company's wholly owned Peruvian subsidiary. Mr. Polar is a professional mechanical engineer and mining professional with over 20 years of experience managing operations in the mining and steel industry. In his most recent placement at Barrick Gold Corporation ("Barrick") as Operations General Manager, Mr. Polar was responsible for the operational and administrative management of the Pierina Mine in North Central Peru. The Pierina mine is an open-pit, truck-and-loader operation, which produced 97,000 ounces of gold in 2013. During his 3-year tenure at Pierina, Mr. Polar oversaw 6 divisional managers and over 900 staff. Previous to his time at Pierina, Mr. Polar was Project Superintendent at the Lagunas Norte mine, where he was responsible for its expansion from 2009-2011, and Superintendent of Gold Production from 2006-2009. Mr. Polar's career at Barrick originated in 1999, but his precious and base metal experience dates back to 1991 when he worked for Southern Peru Copper Corporation, one of the biggest copper producers in the world.

Chala Plant - Acquisition

On June 6, 2013, the Company entered into a Letter of Intent to acquire 100% of the Chala Plant in Southern Peru for US$240,000. Of this amount, US$150,000 has been paid and the remaining US$90,000 is expected to be payable once transfer of the permitted facility is complete. Transfer of formal title is subject to a number of conditions. Finder fees of US$40,000 were paid in connection with the acquisition. The Company believes that acquiring an existing gold milling facility has saved the Company significant capital, time and resources by eliminating the construction and permitting process, which building a new gold processing plant would otherwise have entailed.

Effective March 27, 2013 the Company and Canadian Mining S.A. ("Canadian Mining"), a privately held Peruvian company, entered into a Service Provision Agreement, pursuant to which the Company has paid a total of US$118,000, inclusive of value added tax, to Canadian Mining for the provision of sourcing and technical advice with respect to the acquisition and refurbishment of the Chala Plant and achieving an ore processing milestone of 250 tons in December 2013.

In March 2014 an incident occurred at the Chala Plant during which certain Government officials caused some minor damage under the mistaken belief that the plant was not operating legally. The damage was subsequently repaired.

As at July 31, 2014, capitalized Chala Plant costs totaled $1,752,579 consisting of the US$280,000 original purchase price and finder fee, US$118,000 in sourcing and technical fees, and additional plant upgrade costs and capitalized pre-operating costs of $1,275,749 incurred during the test milling stage.

Chala Plant - Initial Test Milling

The Chala Plant was refurbished almost immediately after acquisition in fiscal 2014 in order to achieve a processing capacity of 25 TPD and its first production of activated carbon was reported in November 2013. During the year ended April 30, 2014, the Company, while continuing its Chala plant test milling phase, estimated a recovery of 347.97 ounces of gold and 144.50 ounces of silver from the harvest of activated carbon from the Chala Plant. The aforementioned technical information was reviewed on behalf of the Company by Phu Van Bui, P.Geo., a director and a Qualified Person as defined in NI 43-101.

At July 31, 2014 $400,100 in estimated net sales proceeds from recovered gold and activated carbon was held in inventory which, pursuant to the Company's accounting policies, was credited against Chala Plant pre-operating costs. Subsequent to July 31, 2014, the Company finalized the agreement to sell the gold and activated carbon for proceeds of approximately USD$400,000.

Chala Plant - Operations and Expansion

In June 2014, the Company closed a first tranche bond financing for gross proceed of $2,700,000 (see Financings below) of an expected $5,500,000 total bond financing, which is being used to fund the Chala Plant upgrade to achieve a processing capacity of 100 TPD as well as provide working capital for ore purchases and operating purposes. Inca One management believes that the Chala Plant upgrade will enable the Company to generate sufficient cash flows to achieve profitable operations and further expand its Peruvian operations.

The Company engaged ED&ED Engineering Services SA, an experienced and reputable Peruvian engineering firm to oversee the construction and plant expansion to 100 TPD capacity within the 2014 calendar year. To date two new 50 TPD ball mills have been ordered, one of which was recently delivered to the Chala Plant in September 2014 and is expected to be installed into the processing circuit in October 2014, while the second ball mill is scheduled to be installed during November 2014.

Since April 30, 2014, the Company has focused on and expanded the ore purchasing team to five members in order to establish sufficient ore feed for the growing plant capacity. The ore buying team will focus on establishing relationships and arranging ore supply contracts with multiple legal miners providing ore and mill feed with a recoverable gold grade target of 25 grams per tonne ("gpt") or more.

Inca One is also initiating the process of applying for commercial permits to incrementally increase capacity up to 250 TPD. The Chala Plant currently sits on 21 hectares of land, and has ample room for plant expansion. An onsite metallurgical laboratory, which was previously operating, is currently being renovated along with the expansion project to enable metallurgical tests and analyses to be performed on site. A chemical lab is also being built, while in the short term samples of mill feed continue to be analyzed by independent laboratories. Also subsequent to July 31, 2014 the Company purchased an 80 tonne weigh scale and has begun civil work for its installation which will enable onsite weight measurement of ore shipments.

The Corizona Project – Mineral Property Option

Pursuant to the underlying Mining Lease with Purchase Option Agreement ("Underlying Agreement") dated January 24, 2013, between Canadian Mining and the Peruvian owner of the mineral property, Sociedad Minera Corizona Limited Liability Lima ("SMRL"), Canadian Mining is entitled to conduct mining activity on, and holds an option to purchase, the Corizona Project until February 27, 2015.

Pursuant to an Assignment of Contractual Position Agreement formalized under Peruvian law on January 25, 2013, and amended on May 28, 2013 and June 5, 2013, between the Company and Canadian Mining, the

Company was granted an exclusive right to acquire 100% of a mining lease and purchase option for the Corizona Project in exchange for a cash payment of US$50,000.

The Community of Llambilla is the legal owner of the surface land where the Corizona Project is located. On April 28, 2013, Canadian Mining held a Community Assembly and successfully obtained the consent for the use of the surface land for a five-year term from the Community of Llambilla.

In order to earn its interest in the mineral property option the Company will be required to pay SMRL cash of US$730,000 at the date of signing the transfer of the concession, US$730,000 at the date such transfer is registered in the Lima, Peru Mining Registry office and is also required to pay US$490,000 to Canadian Mining within five days of the date that the option is legally acquired by the Company.

The mineral property consists of approximately 259 hectares located in the Lahuaytambo District, Huarochirí province in the Department of Lima, in the area known as Cruz de Laya and La Mina, approximately 85 kilometers from the city of Lima ("the Corizona Project"). Previous work on infrastructure, exploration and engineered development has been performed on the Corizona Project and the property is accessible by road with an office, running water and electricity found on site. Corizona is not a mine and any materials taken from Corizona are bulk sampling materials only. In light of variable gold grades realized from Corizona's bulk sampling program the Company has decided to temporarily suspend work on the Corizona project while it focuses its resources on the Chala Plant expansion.

A revised Form 43-101F1 Technical Report of the Corizona Project dated February 23, 2014 was prepared by Mr. John Buckle, P.Geo., a Qualified Person as defined in NI 43-101 and it is available on the SEDAR website.

The Corizona Project – Joint Operation

On June 5, 2013, the Company committed to a three year renewable Joint Venture Agreement with Canadian Mining for purposes of further exploration, evaluation, development and operation of the Corizona Project. Pursuant to the terms of this agreement the joint venture was to be operated by Canadian Mining and the Company was to contribute all of the initial funding in exchange for an 80% share of the Corizona Project's net profits, if any. Subsequent to July 31, 2014 this agreement was terminated.

Subsequent to July 31, 2014 the Company determined that Canadian Mining was not adhering to the terms of the Underlying Agreement it held with SMRL and therefore the Company is currently negotiating directly with SMRL to ensure the Company can continue to hold an interest in the Corizona Project. As of the date of this report a new agreement has not yet been finalized with SMRL. Therefore due to the uncertainty of successfully acquiring an option to purchase the Corizona property from SMRL, for accounting reasons a write-down of exploration and evaluation assets of $367,337 was recorded during the year ended April 30, 2014.

The Las Huaquillas Property

The Las Huaquillas Property is located in the Department of Cajamarca in northern Peru. It is easily accessible by road and is situated at a relatively low elevation of between 1,000 to 1,800 meters.

On March 25, 2011 and later amended on January 18, 2012, the Company entered into a definitive letter agreement (the "Agreement") with Rial Minera SAC ("Rial") and its shareholders (collectively the "Optionors") pursuant to which the Company was granted an option to acquire all of the issued and outstanding shares of Rial (the "Rial Shares"). Rial is a private Peruvian company that owns a 100% interest in the Las Huaquillas gold-copper project (the "Las Huaquillas Project"). Pursuant to the Agreement, the Company could acquire 100% of the Rial Shares, by paying an aggregate of US$5,000,000 to the Optionors; issuing 8,000,000 common shares of the Company; and incurring exploration expenditures of US$10,000,000 over a period of four years.

As at July 31, 2014, the Company has paid US$375,000 and issued 325,000 shares for acquisition costs payable pursuant to the terms of the Agreement. As further consideration for the acquisition, the Company entered into a finder fees agreement dated July 31, 2011 and later amended by a letter agreement dated January 19, 2012, to pay finder fees of US$282,500 and to issue 400,000 common shares of the Company over a period of four years. As at July 31, 2014, the Company had issued 16,250 shares and paid US$35,625 in cash pursuant to the terms of this finder fees agreement. During the year ended April 30, 2013, Minera staked an additional 16,700 hectares of land surrounding the Las Huaquillas Project, increasing the total continuous claim holdings in the area to approximately 20,300 hectares.

After entering into the two agreements the Company expended considerable time and expense to obtain the requisite drilling permits for the Las Huaquillas Project and in June 2013, these drill permits were received. The Company then worked on locating a joint venture partner or formalizing an amended agreement with the Optionors, but was unable to achieve either goal. As a result Management terminated the option in December 2013.

For financial reporting purposes, due to the absence of sufficient verifiable information to support a recoverable value of the Las Huaquillas Project and drilling permits thereon, this value has been deemed to be zero. Accordingly a write-down of exploration and evaluation assets of $2,452,330 was recorded during the year ended April 30, 2014. As at April 30, 2014 the Company held both the permits or Environmental Impact Statement ("DIA"), allowing for a drilling program to be conducted with respect to the Las Huaquillas Project. During June 2014, the DIA expired after its one year anniversary. The Company was unable to renew the DIA as previously in December 2013 the Company had terminated the underlying concession agreement.

Future Outlook:

The Company is moving forward with its business plan to further explore and develop Peruvian mineral properties and ore processing facilities and believes that the Chala Plant operations will provide the necessary cash flow to achieve this objective. Subsequent to July 31, 2014, the Company received gross proceeds of $1,400,000 as part of the second tranche of a bond financing (see Financings below). The Company intends to use the funds and net profits from ore processing operations at the Company's gold milling facility Peru to execute its business plan and expand ore processing operations, so that it can continue to achieve its long-term objectives.

Summary of Quarterly Information

The following table sets out selected quarterly financial data from the Company's unaudited quarterly financial statements. There were no significant revenues reported in any of the periods reflected below.

Quarter ended	Working capital (deficiency)	Deferred exploration / development expenditures	Total assets	Net loss	Long term liabilities	Basic loss per share
	$	$	$	$	$	$
July 31, 2014	1,501,008	-	3,889,948	(699,670)	3,082,066	(0.01)
April 30, 2014	170,974	-	2,546,062	(848,541)	626,349	(0.02)
January 31, 2014	(114,588)	57,392	1,887,745	(347,680)	613,944	(0.01)
October 31, 2013	(114,144)	100,990	1,329,135	(2,727,506)	455,168	(0.06)
July 31, 2013	(160,863)	109,185	3,189,915	(345,914)	-	(0.01)
April 30, 2013	597,060	153,836	3,396,270	(219,812)	-	(0.01)
January 31, 2013	329,422	238,260	2,662,312	(211,476)	-	(0.01)
October 31, 2012	760,780	252,884	2,886,957	(272,236)	-	(0.01)

During the three months ended October 31, 2013 the Company wrote down $2,452,330 pertaining to its interest in the Las Huaquillas Project and during the three months ended April 30, 2014 it wrote down $367,337 of expenditures incurred with respect to the Corizona Project thus decreasing total assets and increasing net loss reported for each of these periods. During the three months ended July 31, 2014, the Company recorded $285,984 of share-based compensation pursuant to the grant of 2,050,000 stock options. Other than the write-downs and the higher share based payments recorded in the current quarter, the Company's quarterly net losses remained consistent through the quarters.

During the three months ended April 30, 2014 the company issued common shares in exchange for marketable securities. Other than the increase in working capital and total assets arising from this share exchange and the write-down recorded on the exploration and evaluation assets, total assets have increased and working capital has trended downward in recent quarters as funds were expended on exploration and the acquisition of the Chala Plant. These expenditures were offset by private placement financings in the quarters ended October 31, 2012, April 30, 2013, October 31, 2013, January 31, 2014 and April 30, 2014.

During the three months ended July 31, 2014, the Company received gross proceeds of $2,700,000 from the first tranche of the bond financing and used some of these funds to pay down the accounts payable and accrued liabilities. This resulted in a significant increase in the working capital and long-term liabilities.

Results of Operations

Three months ended July 31, 2014 compared with the three months ended July 31, 2013

During the three months ended July 31, 2014, the Company reported a net loss of $699,670 compared to a net loss of $345,914 during the three months ended July 31, 2013, representing an increase in loss of $353,756. In addition it recorded other comprehensive loss of $372,835 (2013 – $nil) due to a decrease in share trading price of its investment in marketable securities.

Consulting and management fees in the current period increased by $43,472 to $69,930 compared to $26,458 for the three months ended July 31, 2013, as a result of the ore processing operations and appointment of the Chief Operating Officer and VP Operations and New Development, who were not engaged by the Company during the three months ended July 31, 2013.

Professional fees in the current period increased by $25,564 to $73,836 compared to $48,272 for the three months ended July 31, 2013, due to increased accounting and legal services incurred as a result of an increasing number of transactions and contracts entered into for the Chala Plant operations and expansion.

During the three months ended July 31, 2014, the Company recorded share-based payments of $285,984 compared to $89,197 during the three months ended July 31, 2013. 2,050,000 stock options were granted during the three months ended July 31, 2014 while 950,000 stock options were granted during the three months ended July 31, 2013. Although all option grants were valued at estimated fair value using the same pricing model the weighted average assumptions incorporated in the model vary over time.

Finance and other costs increased in the current period by $90,840 to $92,870 compared to $2,030 for the three months ended July 31, 2013, primarily as a result of interest on the promissory notes, the convertible debentures, and the bond financings closed during the second half of fiscal 2014 and the current fiscal years.

Liquidity and Capital Resources

As at July 31, 2014 the Company has financed its operations and met its capital requirements primarily through the issuance of capital stock by way of private placements, the exercise of share purchase warrants previously issued and more recently, from the issue of promissory notes, convertible debentures and a bond. As at July 31, 2014, the Company had cash and cash equivalents of $1,033,033 representing an increase of $954,323 compared with cash and cash equivalents of $78,710 at April 30, 2014.

The Company reported working capital of $1,501,008 at July 31, 2014 as compared to working capital of $170,974 as at April 30, 2014, representing an increase in working capital of $1,330,034 resulting from the proceeds received from the bond financing, offset by the investment in the Chala Plant, general and administrative expenditures and a decrease in the fair value of marketable securities.

Marketable securities consist of 733,007 shares in Global Resources Investment Trust PLC ("GRIT) which were acquired on February 28, 2014 in exchange for the issue of 12,000,000 common shares in the Company. The fair value of the shares in GRIT at acquisition was determined based on a value of $0.11 per share for the 12,000,000 common shares issued by the Company. As of July 31, 2014 the GRIT shares were recorded at a fair value of $471,826 (April 30, 2014 – $847,448) based on the GRIT share trading price of CDN$0.644

(GBP £0.35). While the Company will seek to maximize the proceeds it receives from the sale of its GRIT Shares, there is no assurance as to the timing of disposition or the amount that will be realized.

During the three months ended July 31, 2014 the Company continued the process of acquiring and refurbishing the Chala Plant which started test milling in November 2013 and has commenced an upgrade to the Chala Plant processing capacity. The Company expects that a reliable revenue stream will soon be generated from the Chala Plant operations.

Management intends to finance operating costs and plant expansion over the next year with its current working capital and funds received from the second tranche of the bond financing completed subsequent to July 31, 2014. Other than convertible debentures issued and bond and promissory notes payable, the Company has no other long-term debt and is not subject to any capital requirements imposed by a regulator.

Capital Expenditures

During the three months ended July 31, 2014, the Company incurred costs of $nil (2013 – $83,789) with respect to its Corizona Project, $nil (2013 – $25,396) for Las Huaquillas exploration and evaluation expenditures, and $661,521 (2013 – $350,008) in property, plant and equipment expenditures, primarily for the purchase, refurbishment and test milling operations of the Chala Plant.

Financings

Convertible Debentures

On May 23, 2014, the Company closed a convertible debenture financing for gross proceeds of $325,000. The debentures bear interest at a rate of 10% per annum, calculated and paid quarterly in arrears, 25% of which shall be convertible into shares during the first year of the debenture term. Also during the first year of the debenture term a maximum of 25% of the principal may, at the option of the holder, be converted into common shares of the Company at a price of $0.125 per common share. The debentures mature on May 23, 2019 and are redeemable by the Company at any time after May 23, 2017. They are secured by a security interest in all of the Company's present and after acquired property pursuant to a security agreement. Professional fees of $18,297 were incurred in connection with the debenture offering.

Bond Financing

On June 3, 2014, the Company closed the first tranche of a bond financing for gross proceeds of $2,700,000.

The first tranche bond bears interest at 10% per annum, calculated and payable quarterly in arrears commencing no later than December 3, 2014. The bond principal of $2,700,000 is repayable in increments of $170,454 on each of June 3, 2016, September 3, 2016, December 3, 2016 and March 3, 2017, with the remainder due June 3, 2017.

In connection with the financing the Company and the purchaser have entered into a financing fee agreement whereby the Company will pay a financing fee equal to 3.5% of the net revenues from the Chala plant as defined by the agreement. All or a portion of the financing fee can be repurchased by the Company on either December 31, 2024 or December 31, 2029 in exchange for the cash payment of US$1,500,000 or a corresponding pro-rata portion thereof and otherwise the fee will continue to be payable until December 31, 2034.

In addition a finder fee of $216,000 and professional fees of $12,476 were paid in cash and 1,440,000 finder's warrants were issued in connection with the financing. The warrants are exercisable at $0.15 for 3 years.

The bond is secured by a security interest in all of the Company's present and after acquired property pursuant to an underlying Security Agreement but ranks secondary to any prior ranking security held by holders of the promissory notes and debentures. Pursuant to the terms of the bond financing agreement the Company has granted the right of first refusal for future debt and equity financings subject to certain restrictions as outlined in those agreements.

Subsequent to July 31, 2014, on August 29, 2014, the Company entered into an amended subscription agreement (the "Amended Subscription Agreement") with respect to the final tranche of its previously announced bond financing. Under the terms of the Amended Subscription Agreement, the closing of the final tranche of the bond financing will occur in two separate tranches, each for gross proceeds of $1,400,000, the first of which closed on August 29, 2014 and the second of which is scheduled to close late September 2014.

Share Issuances

During the three months ended July 31, 2014, 175,000 common shares were issued for proceeds of $35,000 on the exercise of 175,000 warrants at $0.20 per share.

During the three months ended July 31, 2014, 180,000 common shares were issued for proceeds of $23,100 on the exercise of 120,000 stock options at $0.125 per share and 60,000 stock options at $0.135 per share.

Summary of Outstanding Share Data

As at the date of this MD&A, the Company had 63,929,674 common shares issued and the following options and warrants outstanding:

Stock Options:

Options	Exercise Price	Expiry Date	Vesting Provisions
#	$		#
150,000	0.135	February 18, 2015	Vested
240,000	0.125	April 7, 2015	Vested
150,000	0.250	February 9, 2017	Vested
250,000	0.150	October 5, 2017	Vested
675,000	0.150	October 30, 2017	Vested
850,000	0.150	May 30, 2018	Vested
200,000	0.150	October 31, 2018	Vested
2,050,000	0.150	June 4, 2019	Vested
500,000	0.150	August 29, 2019	Vested
75,000	0.220	September 23, 2020	Vested
10,000	0.500	May 13, 2021	Vested
595,000	0.430	July 11, 2021	Vested
5,745,000			

The above table includes 500,000 incentive stock options at an exercise price of $0.15, expiring on August 29, 2019 which the Company issued subsequent to July 31, 2014.

Warrants:

Number of Warrants	Exercise Price	Expiry Date
	$	
9,950,800	0.200	April 5, 2016
1,440,000	0.150	May 20, 2017
11,390,800		

Transactions with Related Parties

(a) Related Party Transactions

The Company's related parties consist of the Company's directors, officers, former officer and companies associated with these individuals including the following:

- EKelly Investments Ltd., a company owned by Edward Kelly, the Company's President
- Rapid Time Networks Inc., a company owned by George Moen, the Company's Chief Operating Officer
- Invictus Accounting Group LLP, a company controlled by Oliver Foeste, a director (and the Company's CFO effective September 1, 2014)
- Malaspina Consultants Inc., a company owned by Robert McMorran, a director, and in which Sharon Muzzin, the Company's CFO through July 31, 2014 (resigned effective August 31, 2014), is an associate
- McCullough O'Connor Irwin LLP, a company in which James Harris, the Company's Corporate Secretary, is of counsel

The following expenditures were charged by related parties for the three months ended July 31, 2014 and 2013:

	2014	2013
	$	$
Accounting fees (1)	27,220	28,696
Consulting and management fees (2)	45,000	24,000
Finance costs (3)	15,341	-
Legal fees and share issuance costs (4)	18,555	8,887
	106,116	61,583

(1) Fees include amounts paid for accounting, paralegal and CFO services paid to Invictus Accounting Group LLP and Malaspina Consultants Inc.
(2) The amount includes consulting and management fees paid to EKelly Investments Ltd. and Rapid Time Networks Inc.
(3) The amount includes interest incurred on promissory notes and convertible debentures.
(4) The amount includes legal fees paid to McCullough O'Connor Irwin LLP.

(b) Compensation of Key Management Personnel

The Company's key management personnel has authority and responsibility for planning, directing and controlling the activities of the Company and includes the Directors, President, Chief Financial Officer, and Chief Operating Officer. Compensation in respect of services provided by key management consists of consulting and management fees paid to Edward Kelly and George Moen, and accounting fees paid to Malaspina Consultants Inc. and Invictus Accounting Group LLP, and by the issue of options.

	2014	2013
	$	$
Management, consulting, accounting and CFO fees	72,220	52,696
Share-based payments	177,868	32,367
	250,088	85,063

There was no other compensation paid or payable to key management for employee services.

(c) Related Party Balances

All related party balances payable, including for business expense reimbursements, advances to the Company and services rendered, as at July 31, 2014 are non-interest bearing and payable on demand and are comprised of $16,203 (April 30, 2014 – $48,856) payable to Edward Kelly, $nil (April 30, 2014 – $52,670) payable to EKelly Investments Ltd., $8,796 (April 30, 2014 – $21,661) payable to George Moen, $973 (April 30, 2014 – $48,450) payable to Rapid Time Networks Inc., $13,467 (April 30, 2014 – $57,739) payable to Malaspina Consultants Inc., $6,300 (April 30, 2014 – $nil) payable to Invictus Accounting Group LLP, and $8,920 (April 30, 2014 – $66,551) payable to McCullough O'Connor Irwin LLP.

Commitments

The Company has a consulting agreement with a company controlled by the President of the Company whereby it has committed to pay fixed monthly management fees of $10,000, and whereby additional fees may be payable if certain conditions exist upon eventual termination of the contract.

Financial Instruments

As at July 31, 2014, the Company's financial instruments consist of cash and cash equivalents, other receivables, marketable securities, accounts payable and accrued liabilities, due to related parties, promissory notes payable, and bond payable. Cash and cash equivalents and other receivables are designated as loans and receivables, which are measured at amortized cost. Marketable securities are designated as available-for-sale, which are measured at fair value through other comprehensive income or loss. Accounts payable and accrued liabilities, due to related parties, promissory notes payable, and bond payable are designated as other financial liabilities, which are measured at amortized cost.

Cash and cash equivalents are held as cash deposits or investments in guaranteed investment certificates ("GICS") at banks within Canada. The GICs when held are immediately redeemable and their fixed terms do not exceed one year. The Company also holds cash at respected Peruvian banks. The Company does not invest in asset-backed commercial paper and does not expect any credit losses.

A portion of the Company's financial assets and liabilities is denominated in foreign currencies giving rise to risks from changes in foreign exchange rates. The Company holds cash in Canadian, United States and Peruvian currencies as required by forecasted expenditures. The Company's main risk is associated with the fluctuations in the US dollar and the Peruvian New Sol ("Sol"). The Company has determined that an effect of a 10% increase or decrease in the US dollar and Sol against the Canadian dollar as at July 31, 2014 would result in an insignificant change to the comprehensive loss for the three months ended July 31, 2014. At July 31, 2014, the Company had no hedging agreements in place with respect to foreign exchange rates.

Liquidity risk is the risk that the Company will incur difficulties meeting its financial obligations as they come due. The Company's approach to managing liquidity is to ensure, as best as possible, that it will have sufficient cash to meet its liabilities when due, under both normal and stressed conditions.

Management believes that as at July 31, 2014 the Company is not exposed to significant credit or interest risks arising from these financial instruments.

Off-Balance Sheet Arrangements

The Company has not entered into any off-balance sheet arrangements.

Critical Accounting Policies and Estimates

The preparation of the Company's consolidated financial statements requires management to make certain critical accounting estimates and to exercise judgment that affect the accounting policies and the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. The areas involving a higher degree of judgment or complexity where assumptions and estimates are significant to the financial statements include the going concern assumption, the economic recoverability and probability of future economic benefits of exploration and evaluation assets, exploration and evaluation assets title, the commencement of commercial production, the functional currency, the valuation of marketable securities, convertible debentures and share-based compensation, decommissioning liabilities, and deferred taxes. A more in depth description of these areas is provided in the accompanying financial statements.

Risks and Uncertainties

Natural resources exploration, development, production and processing involve a number of business risks, some of which are beyond the Company's control. These can be categorized as operational, financial and regulatory risks.

Operational risks include: the Company may not be able to find and develop resources economically, the Company cannot guarantee title to its properties, the Company may have difficulty in marketing production and services, the Company must manage changing governmental laws and regulations, the Company may have difficulty in hiring and retaining skilled employees and contractors, environmental hazards (including discharge of pollutants or hazardous chemicals), industrial accidents and occupational and health hazards, mechanical failures, the unavailability of materials and equipment, pit slope failures, unusual or unexpected rock formations, poor or unexpected geological or metallurgical conditions, poor or inadequate ventilation, failure of mine communication systems, poor water condition, interruptions to gas and electricity supplies, human error and adverse weather conditions, there is no assurance that the Company will acquire additional mineral properties and any acquisitions may expose the Company to new risks, and the mining industry is intensely competitive for the acquisition of new properties, access to capital and hiring of skilled personnel. The Company continuously monitors and responds to changes in these factors and seeks to adhere to all regulations governing its operations.

Financial risks include commodity prices, interest rates and fluctuating foreign exchange rates, all of which are beyond the Company’s control. Additional financial risks are the Company’s ability to raise capital to continue funding its operations.

Regulatory risks include the possible delays in getting regulatory approval to, and permits for, the transactions that the Board of Directors believe to be in the best interest of the Company, and include increased fees for filings, the introduction of ever more complex reporting requirements the cost of which the Company must meet in order to maintain its exchange listing.

Cautionary Note Regarding Forward-Looking Information

This MD&A contains forward-looking statements. All statements, other than statements of historical fact, constitute “forward-looking statements” and include any information that addresses activities, events or developments that the Company believes, expects or anticipates will or may occur in the future including the Company’s strategy, plans or future financial or operating performance and other statements that express management’s expectations or estimates of future performance.

Forward-looking statements are generally identifiable by the use of the words “may”, “will”, “should”, “continue”, “expect”, “anticipate”, “estimate”, “believe”, “intend”, “plan” or “project” or the negative of these words or other variations on these words or comparable terminology. All such forward-looking information and statements are based on certain assumptions and analyses made by the Company’s management in light of their experience and perception of historical trends, current conditions and expected future developments, as well as other factors management believes are appropriate in the circumstances. These statements, however, are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed, implied by or projected in the forward-looking information or statements. Important factors that could cause actual results to differ from these forward-looking statements include but are not limited to: risks related to the exploration and potential development of the Company’s projects, risks related to international operations, the actual results of current exploration activities, conclusions of economic evaluations, changes in project parameters as plans continue to be refined, future prices of minerals, as well as those factors discussed in the sections relating to risk factors of the Company set out in this MD&A.

There can be no assurance that any forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, the reader should not place any undue reliance on forward-looking information or statements. Except as required by law, the Company does not intend to revise or update these forward-looking statements after their date of issue, or to revise them to reflect the occurrence of future unanticipated events.

Disclosure Controls and Procedures

In connection with National Instrument 52-109 (Certificate of Disclosure in Issuer's Annual and Interim Filings) ("NI 52-109"), the Chief Executive Officer and Chief Financial Officer of the Company have filed a Venture Issuer Basic Certificate with respect to the financial information contained in the unaudited condensed interim consolidated financial statements and this accompanying MD&A for the three months ended July 31, 2014 (together the "Interim Filings").

In contrast to the full certificate under NI 52-109, the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109. For further information the reader should refer to the Venture Issuer Basic Certificates filed by the Company with the Interim Filings on SEDAR at www.sedar.com.

Additional Disclosures for Venture Issuers without Significant Revenue

As the Company has not had significant revenue from operations in any of its last two financial periods, the following is a breakdown of the material costs incurred during the three months ended July 31, 2014 and 2013:

	2014	2013
	$	$
Deferred exploration and development expenditures incurred	-	154,537
Operating expenses	599,360	344,903

The capital expenditures incurred to acquire and refurbish the Chala Plant have also been identified previously in this document. Operating expenses are provided by category of major expense items in the Condensed Interim Consolidated Statements of Loss and Comprehensive Loss included in the July 2014 Interim Financial Statements. Additional disclosures pertaining to the Company's news releases and other information are available on the SEDAR website at www.sedar.com.