



MANAGEMENT DISCUSSION AND ANALYSIS

For the Three Months Ended July 31, 2013

Report Dated September 30, 2013

INCA ONE RESOURCES CORP.

Management Discussion & Analysis
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The following information, prepared as of September 30, 2013, should be read in conjunction with the unaudited condensed interim consolidated financial statements of Inca One Resources Corp. (“the Company” or “Inca One”) for the three months ended July 31, 2013 (the “July 2013 Interim Financial Statements”).

The July 2013 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, 2013 except as noted in Note 3 to the Interim Financial Statements..

The July 2013 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, 2013 and the related MD&A for the year then ended .

All dollar amounts referred to are expressed in Canadian dollars except where indicated otherwise.

General Overview

Inca One was incorporated under the laws of Canada on November 9, 2005, and is an exploration stage company engaged in the acquisition, exploration and development of mineral properties in Peru. It presently has the right to acquire 100% of the shares of a private Peruvian company which owns a 100% interest in the Las Huaquillas gold-copper property (the “Las Huaquillas Property”) located in the Department of Cajamarca in northern Peru. The Company, through its newly incorporated Peruvian subsidiaries, has also recently entered into both an option assignment and a joint venture operating agreement pertaining to a second Peruvian mineral property known as the Corizona Project and has acquired an existing Peruvian mineral processing plant. In addition the Company continues to actively evaluate other potential mineral projects. The Company is listed for trading on the TSX Venture Exchange under the symbol “IO” and on the Frankfurt Stock Exchange under the symbol “SU9.F”.

The Corizona Project – Mineral Property Option

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 S.A. (“Canadian Mining”), a privately held Peruvian company, the Company was granted an exclusive right to acquire 100% of a mining lease and purchase option for a mineral property located in Peru in exchange for a cash payment of US\$50,000. 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 mine 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.

The following technical information with respect to the Corizona Project has been reviewed on behalf of the Company by John Buckle, P.Geo., as the Qualified Person.

The Corizona Project contains a large hydrothermal system with gold hosted in a hematite-chlorite-quartz structurally controlled en echelon veins. The veins intruded with rhyo-dacitic dykes in parallel fractures along

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andesite-dacite tuff volcanoclastic bedding planes. The high grades of gold are associated with quartz-iron oxide and argillic-kaolinitic alteration.

There are eight known veins on the Corizona Project, two of which (Veins B and C) have been partially previously mined with over 200 meters of tunneling and underground workings. Previous work and sampling from these veins have reported consistent grades of more than 10g/t gold over vein widths of 0.5 to 1.5 meters.

In 2010, Mr. Elard Zegarra, a Peruvian engineer, wrote a report on the Corizona Project and although it was not written to NI 43-101 specifications, the study is consistent with previous mining engineering practices. This study produced an accurate survey of the main existing mine workings on Veins B and C. From the historic sampling (non 43-101 compliant) grades averaged 7.57 g/t gold for Vein B over a width of 0.7 meters, from samples taken every 2 meters along the 80 meter length of the previous mine workings and 11.49 g/t gold for Vein C over similar width. Several samples from this previous work reported over 100 g/t gold over 0.2 meters.

Known veins confirm evidence for up to 200 meters vertical above the level of the main adit while remaining open at depth with 1,200 meters strike on 5 separate veins. It should be noted that the potential quantity and grade above the main adit remains conceptual in nature, that there has been insufficient exploration to define a mineral resource and that it is uncertain if further exploration will result in Veins B and C on the Corizona Project being delineated as a mineral resource.

Pursuant to the underlying Mining Lease with Purchase Option 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.

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 Corizona Project – Joint Operation

As agreed to in January 2013 but not formalized legally until 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 will be operated by Canadian Mining and the Company will contribute all of the initial funding in exchange for an 80% share of the Corizona Project's net profits.

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. The Company is extremely pleased with the agreement, as it is integral to the process of obtaining commercial mining permits. Rural communities in Peru are organizations recognized by Peruvian law, comprising of families living on and owning certain territories, linked by ancestral, social, economic and cultural bonds. The Community of Llambilla is the legal owner of the surface land where the Corizona Project is located. Therefore it was extremely important that this authorization was obtained and supported by the local community.

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Following the completion of a formalization process, it is envisioned that the joint operation will be able to explore and produce up to 350 tons of material per day while working towards formal operating permits and authorizations.

Effective March 27, 2013 the Company entered into a Service Provision Agreement with Canadian Mining (“Service Provision Agreement”) pursuant to which the Company has since paid cash of US\$25,000 upon the contracting of a toll mill for purposes of processing ore from the Corizona Project.

On April 30, 2013, the Company announced that it and Canadian Mining had commenced preparations for initial bulk sampling from the Los Angeles Vein (formally Vein B). To date blasting, widening and timbering of Level 0 of the Los Angeles Vein has been completed as well as preparing the shaft between Level 0 and Level 2 for access to the vein on Level 2 for bulk sampling. Level 2 of the Los Angeles Vein runs both East and West. Currently a bulk sampling program is underway which includes underground development of Level 3 and extraction of the Los Angeles Vein from Level 2.

On May 7, 2013, the Company and Canadian Mining secured a toll milling agreement with a Peruvian ore processor Grupo Dore to process the bulk sample material produced from the Corizona Project. The agreement states that the Company and Canadian Mining will fulfill all necessary requirements to sell bulk sample material from the Corizona Project, and will pay to Grupo Dore the cost to mill its material, including a capital charge plus a toll milling fee per ton of bulk sample material produced.

Under the terms of the toll milling agreement, the Company and Canadian Mining will transport all material produced at the Corizona Project via truck to Grupo Dore’s nearby processing plant located in the Ancon District, north of Lima, just 135 km from the Corizona Project. Material brought to the plant will be systematically sampled for quality assurance and grade control. Inca One has a contract with SGS Labs to assay the samples from the mill site. As samples are taken, metallurgical testing will commence to determine the optimum processing conditions. Time from delivery of the material at the mill to receiving payment is approximately 20 days.

Chala One Plant Acquisition

On June 6, 2013, the Company entered into a Letter of Intent to acquire 100% of a permitted and operational milling facility (“Chala One”) 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 within one year, once transfer of the permitted facility is complete. Completion of the acquisition of the milling facility is subject to a number of conditions including completion of a definitive agreement. Pursuant to the Service Provision Agreement, the Company paid cash of US\$59,000, inclusive of value added tax, to Canadian Mining for the provision of sourcing and technical advice with respect to the acquisition of the Chala One plant, and an additional US\$59,000, including tax, is payable once this plant becomes operational. In addition US\$40,000 in additional finder fees was also paid in connection with the acquisition.

The Chala One Plant currently has capacity to process approximately 25 TPD and Inca One intends to begin toll milling high-grade artisanal ore once mill feed is secured. As part of the Plant acquisition due diligence process, Management surveyed local artisanal miners and, based on the responses, the Company believes there will be an abundant supply of high-grade gold ore to process from these local miners.

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The Plant is currently processing ore from a nearby concession and recovering 90 – 92% of the gold in oxides. Inca One intends to immediately increase capacity to 50 TPD by installing a new ball mill, and flotation tanks while applying for commercial permits to incrementally increase capacity up to 350 TPD. The Plant currently sits on 21 hectares of land, and provides ample room for plant expansion. Canadian Mining will be the Manager of the plant's operations.

Inca One believes the Plant purchase is an excellent strategic acquisition that enables cash flow to be used to further the expansion of its Peruvian operations. It also believes that acquiring an existing gold milling facility will save the Company significant capital, time and resources by eliminating the construction and permitting process, which building a new gold processing plant would entail.

The Company has also agreed to pay to Canadian Mining cash of US\$125,000 per plant in stages for sourcing and technical advice leading to the acquisition of each of three additional plants.

The Las Huaquillas Property

On March 25, 2011, the Company through its effectively controlled Peruvian privately held company, Minera Huaquillas S.A.C. ("Minera"), entered into a definitive letter agreement with Rial Minera SAC ("Rial") and its shareholders (collectively the "Optionors") pursuant to which the Company has been 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 Property, which consists of approximately 20,300 hectares of continuous mineral claims located in the Department of Cajamarca in northern Peru. Pursuant to the agreement, the Company can acquire 95% of the Rial Shares, by paying cash of US\$5,000,000; issuing 5,000,000 common shares of the Company; and incurring exploration expenditures of US\$10,000,000 over a period of four years. After completion of the cash and share payments and exploration expenditures, the Company may earn a further 5% of Rial Shares by issuing an additional 3,000,000 common shares to one of the Optionors within 15 days of notice of exercise of the option.

Upon the Company acquiring 95% of Rial Shares, a 1% net smelter royalty shall be payable on all future production. In addition, the Company shall issue to one of the Optionors as bonus payments one common share of the Company per each new ounce of gold or gold equivalent that is found or determined to exist on the Las Huaquillas Property, in excess of 560,000 ounces of gold or gold equivalent, to be delivered upon public announcement of such discovery. With respect to the property, a finder's fee of US\$282,500 and 400,000 common shares are payable to an arm's length party over a period of four years, of which US\$35,625 has been paid and 16,250 common shares have been issued.

On June 13, 2013 the Company announced that, after extensive time and effort, it had received regulatory approval from the Peru Ministry of Energy and Mines of its Environmental Impact Statement ("DIA") which will permit a future drilling program on the Las Huaquillas Property. The DIA is a lengthy document which includes a socio-economic baseline study identifying the direct and indirect potential impacted surface areas, a public participation chapter demonstrating the mechanisms implemented by the Company during its awareness program, a community relations plan, an environmental baseline study, the proposed exploration program, an environmental management program and a closing plan for 20 drill platforms. This was an important milestone for the Company to have achieved.

Pursuant to a January 18, 2012 amended agreement with the Optionors ("Amended Agreement") all option payments due on or after July 26, 2012 were deferred until the drill permits were obtained. The Optionors

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have agreed to further defer the option payments until such time that a joint venture partner can be found. The Company is working towards formalization of this agreement.

As at July 31, 2013, the Company has incurred acquisition costs of \$714,102 and paid exploration expenditures of \$1,704,272 for a total of \$2,418,374. Acquisition costs consisted of option payments of US\$410,625 and 341,250 common shares with an ascribed value of \$110,512, staking costs of \$49,381 and professional and other costs of \$145,582.

About 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. During the year ended April 30, 2013, Minera has staked an additional 16,700 hectares of land surrounding the Las Huaquillas Property, increasing the total continuous claim holdings in the area to approximately 20,300 hectares.

As part of Peruvian President Humala's mandate for public investment, \$68 million US dollars will be spent over the span of calendar 2013-2015 on building and improving infrastructure in Northern Peru including rehabilitating roads from Chamaya-Jaen-San Ignacio-Rio Chinchipe near the Peruvian / Ecuador border. This is expected to be a major transformation of approximately 125km of poorly constructed gravel/dirt roads to widened paved roads, and great news for both local residents and foreign operating mining operations.

Currently four international mining companies operate out of Northern Peru: Rio Tinto (La Granja), Newmont (Yanacocha), Anglo American (Michiquillay) and Goldfields (La Cima). Inca One's Las Huaquillas Property is expected to greatly benefit from large-scale investment and construction of modernized roads and power grid.

Future Outlook:

The Company is moving forward with its business plan to further explore and develop Peruvian mineral properties and believes both the Corizona Project bulk sampling program and the Chala One plant acquisition will provide the necessary cash flow to achieve this objective. The Company is also currently working towards formalization of an agreement with the Optionors of the Las Huaquillas property in order to defer option payments until such time as a joint venture partner can be found.

While it intends to raise additional funds through the continuing issue of convertible debentures, in order to execute its business plan the Company expects that future financings will also likely be required, although the ability to complete such on terms acceptable to the Company is uncertain, in particular in view of recent stock market volatility. Management is currently targeting sources of additional financing and will continue to assess and address the implications of recent events in order to ensure that the Company can continue to achieve its long term objectives.

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Summary of Quarterly Information

The following table sets out selected quarterly financial results:

Quarter ended	Working Capital (Deficiency)	Deferred exploration / development expenditures	Total assets	Net loss	Basic loss per share
	\$	\$	\$	\$	\$
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)
July 31, 2012	97,723	352,926	1,948,575	(179,463)	(0.00)
April 30, 2012	616,545	389,918	2,128,195	(330,455)	(0.01)
January 31, 2012	1,198,995	319,391	2,268,591	(216,339)	(0.01)
October 31, 2011	1,710,986	359,353	2,423,848	(243,038)	(0.01)

The Company's quarterly net losses remained consistent through the quarters except for the quarters ended April 30, 2012, October 31 2012 and July 31, 2013 when share-based payments were recorded. Total assets have increased and working capital has trended downward as funds were expended on exploration, offset by private placement financings in the quarters ended October 31, 2012 and April 30, 2013.

Results of Operations

During the three months ended July 31, 2013, the Company reported a net loss of \$345,914 compared to a net loss of \$179,463 during the three months ended July 31, 2012, representing an increase in loss of \$166,451.

Consulting and management fees in the current quarter decreased by \$36,342 compared to fiscal 2013, with fewer consultants utilized. Office, rent and administration decreased by \$23,405, due to a move to new premises and a change in the recording of accounting support costs which were formerly charged under the office sharing arrangement but are now included in professional fees. Professional fees increased by \$46,272 compared to fiscal 2013 as a result of the above noted change in the recording of accounting support costs as well as accounting and legal services incurred in order to incorporate three new Peruvian subsidiaries and finalize the recent significant number of Peruvian legal agreements.

During the three months ended July 31, 2013, the Company recorded share-based compensation of \$89,197 compared to \$20,555 during the three months ended July 31, 2012. 950,000 stock options were granted during the three months ended July 31, 2013 while no options were granted during the three months ended July 31, 2012 although additional share-based compensation was recorded for the vesting of options which were granted in prior periods.

Transfer agent and shareholder information expense increased in the current quarter by \$86,177 compared to fiscal 2013, primarily due to the increased use of financing expertise in both Canada and Europe, including a one year investor relations agreement entered into on October 5, 2012. Travel, advertising and promotion expenses increased in the current quarter by \$14,227 due to an increase in business related travel.

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Liquidity and Capital Resources

To date the Company has had no revenue producing operations from which it can internally generate funds. The Company has financed its operations and met its capital requirements primarily through the issuance of capital stock by way of private placements and the exercise of share purchase warrants previously issued. As at July 31, 2013, the Company had cash and cash equivalents of \$65,459 representing a decrease of \$619,265 compared with cash and cash equivalents of \$684,724 at April 30, 2013.

During the quarter ended July 31, 2013 the Company continued to advance funds to the Corizona Project for purposes of a bulk sampling program. In June 2013 the Company also started the process of acquiring and refurbishing the Chala One gold milling facility which it intends to start operating in September 2013. It is intended that revenue will soon be generated from these two operations.

The Company reported working capital deficiency of \$160,863 at July 31, 2013 as compared to working capital of \$534,342 as at April 30, 2013, representing a decrease in working capital of \$695,205 resulting from the final costs of acquiring the Las Huaquillas Property DIA, the acquisition and development costs on the Corizona Project, the investment in the Chala One plant and general and administrative expenditures.

On June 21, 2013, the Company announced a Debenture offering of up to \$600,000 in principal. The debentures will be sold in units of \$25,000, have a term of 5 years from the regulatory closing date, and bear interest at the rate of 10% per annum, calculated and paid quarterly in arrears. Gross proceeds of \$200,000 have since been received from the issue of these debenture units. During the first year of the term of the Debentures, at the Unit holders option, 20% of the principal may be converted into common shares of the Company at a price per share (the "Conversion Price") based on the Volume Weighted Average Trading Price (VWATP) of the Company's shares on the TSX Venture Exchange over a period of 10 consecutive trading days prior to conversion as follows:

- If the VWATP is equal to or less than \$0.10, the Conversion Price will be \$0.10.
- If the VWATP is greater than \$0.10 but less than \$0.20, the Conversion Price will be the VWATP.
- If the VWATP is equal to or greater than \$0.20, the Conversion Price will be \$0.20.

The proceeds of the Debenture offering will be used for the exploration and development of the Company's properties in Peru and to pay for improvements to the Chala One Plant. Management also intends to finance operating costs over the next year with funds derived from the Debenture offering and its joint venture share of net profits from its Corizona Project and Chala One Plant interest but there is no certainty that these funds will be received.

In June 2013 the Las Huaquillas drill permits were received and option payments became payable at that time pursuant to the Las Huaquillas Amended Option Agreement. However the Optionors have now agreed to defer the option payments until such time that a joint venture partner can be found. The Company is working towards formalization of this agreement.

Other than the June 2013 Debenture offering and the August 2013 loan from a shareholder, the Company has no long-term debt and is not subject to any capital requirements imposed by a regulator.

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Capital Expenditures

During the three months ended July 31, 2013, the Company incurred \$83,789 (2012 – \$nil) with respect to its Corizona Project, \$25,396 (2012 – \$352,926) for Las Huaquillas exploration and evaluation expenditures, and \$350,008 (2012 – \$2,841) for the purchase of plant and equipment.

Financings

On June 21, 2013, the Company announced a Debenture offering for gross proceeds of up to \$600,000. The details of the Debenture offering are discussed above in the “Liquidity and Capital Resources” section. Gross proceeds of \$150,000 have been received from the issue of Debenture units as of July 31, 2013. Subsequent to July 31, 2013, additional gross proceeds of \$50,000 have been received. Professional fees of \$4,815 have been incurred in connection with the Debenture offering.

On August 13, 2013, a shareholder of the Company advanced to the Company \$100,000, payable on demand with an interest rate of 20% per annum calculated and paid quarterly in arrears.

Summary of Outstanding Share Data

As at the date of this MD&A, the Company had 43,489,174 common shares issued and the following options and warrants outstanding:

(a) Stock Options:

Options	Exercise Price	Expiry Date	Vesting Provisions
#	\$		
311,000 ⁽¹⁾	0.135	February 18, 2015	Vested
480,000 ⁽¹⁾	0.125	April 7, 2015	Vested
150,000	0.250	February 9, 2017	Vested
250,000	0.150	October 5, 2017	Vested
775,000	0.150	October 30, 2017	Vested
20,000	0.150	December 12, 2017	Vested
950,000	0.150	May 30, 2018	Vested
124,000	0.220	September 23, 2020	Vested
316,000	0.500	May 13, 2021	Vested
780,000	0.430	July 11, 2021	Vested
4,156,000	0.231		

⁽¹⁾ Of these options, 18,000 and 21,000 previously held in escrow respectively were released on September 23, 2013.

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(b) Warrants:

Warrants	Exercise Price	Expiry Date
#	\$	
4,698,500	0.200	October 12, 2013
10,125,800	0.200	April 5, 2016
14,824,300		

Transactions with Related Parties

(a) Related Party Transactions

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

Three months ended July 31,	2013	2012
	\$	\$
Accounting fees	28,696	-
Consulting and management fees	24,000	31,500
Legal fees and deferred financing costs	8,887	2,000
Office, rent and administration ⁽¹⁾	-	32,600
	61,583	66,100

⁽¹⁾ Of these fees, \$nil was allocated to the former CFO of the Company for the three months ended July 31, 2013 (2012 – \$7,500).

(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 and Chief Financial Officer. Compensation in respect of services provided by key management consists of management fees paid to the President, accounting and administration fees paid to companies in which the CFO is, or former CFO was, an associate, and by the issue of options.

Three months ended July 31,	2013	2012
	\$	\$
Management, accounting and CFO administration fees	52,696	39,000
Share-based payments	32,367	39,819
	85,063	78,819

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

(c) Related Party Balances

All related party balances payable are non-interest bearing and payable on demand and are comprised of \$27,723 (April 30, 2013 – \$10,080) payable to the President for travel expenses, \$8,849 (April 30, 2013

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– \$8,836 payable to the President for management fees, and \$14,399 (April 30, 2013 – \$7,371) payable to a Company controlled by a director and in which the CFO is an associate.

Commitments

In addition to the commitments outlined previously in this document the Company has a consulting agreement with a company controlled by the President of the Company whereby it has committed to pay a fixed monthly management fee of \$8,000. Additional fees may be payable if certain conditions exist upon eventual termination of the contract.

Financial Instruments

As at July 31, 2013, the Company's financial instruments consist of cash and cash equivalents, receivables and accounts payable and accrued liabilities. The carrying values of these financial instruments approximate their fair values because of their short term nature and/or the existence of market related interest rates on the instruments. The Company has no financial instrument assets or liabilities recorded in the statements of financial position at fair value.

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, 2013 would result in an insignificant change to the comprehensive loss for the three months ended July 31, 2013. At July 31, 2013, 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, 2013 the Company is not exposed to significant credit or interest risks arising from these financial instruments.

Subsequent Event

On August 13, 2013, a shareholder of the Company advanced to the Company \$100,000, payable on demand with an interest rate of 20% per annum calculated and paid quarterly in arrears.

Off-Balance Sheet Arrangements

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

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Critical Accounting Policies and Estimates

The preparation of these financial statements in conformity with IFRS requires management to make certain critical accounting estimates and to exercise judgment in applying the Company's accounting policies. Estimates and judgments 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. 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 mineral property interests, commencement of commercial production, functional currency, and share-based compensation.

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.

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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, 2013 (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, 2013 and 2012:

	2013	2012
	\$	\$
Deferred exploration and development expenditures	109,185	352,926
Administrative expense	340,628	183,781

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Administrative expenses are provided by category of major expense items in the Condensed Interim Consolidated Statements of Loss and Comprehensive Loss included in the July 2013 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.