MANAGEMENT DISCUSSION AND ANALYSIS
For the Years Ended April 30, 2015 and 2014
Report Dated August 27, 2015

The following information, prepared as of August 27, 2014, should be read in conjunction with the audited consolidated financial statements of Inca One Gold Corp. ("the Company" or "Inca One") for the year ended April 30, 2015 (the "April 2015 Annual Financial Statements"). This MD&A is the responsibility of management and has been reviewed and approved by the Board of Directors of the Company.

General Overview

Inca One was incorporated on November 9, 2005, and is engaged in the business of developing toll milling operations in Peru, to service government permitted small scale miners. The Company, through its Peruvian subsidiary Chala One SAC, ("Chala One") has acquired an existing Peruvian mineral processing plant (the "Chala Plant"), which the Company has successfully upgraded to approximately 100 tonnes per day ("TPD") capacity.

In recent years the Peruvian government instituted a formalization process for informal miners as part of its efforts to regulate their activities. The deadline for registering informal miner concessions expired on April 19, 2014 and online Peruvian news sources have recently reported that the government has started to deploy aggressive measures to eradicate any remaining illegal miners in Peru. While the Company is aware of the tensions created by the foregoing it intends to continue with its business plan to source high grade gold mill feed from legally recognized Peruvian artisanal and small scale miners.

During the year ended April 30, 2015, the remaining exploration and evaluation expenditures incurred with respect to the Corizona Project were written down by $20,000 due to the uncertainty of successfully acquiring the option to purchase the property. The Company continues to actively evaluate other potential mineral projects including additional toll milling operations. Inca One is listed for trading on the TSX Venture Exchange (the "TSX-V") under the symbol "IO", on the Frankfurt Stock Exchange under the symbol "SU9.F", and the Santiago Stock Exchange Venture under the symbol "IOCL".

Recent Operational Milestones and Highlights

- Completed the expansion and build-out of the Chala Plant to 100 TPD capacity from the original 20 TPD capacity (build-out began mid-2014).
- Expanded the Peruvian mineral purchasing team and hired a full complement of technical, operational, and administrative staff with key hires among Peru's industry's elite.
- Sourced high grade gold bearing material from government approved third party small scale and artisanal miners.
- Commenced commercial production February 1, 2015.
- Achieved target production rate of 100 TPD.
- Conducted weekly exports of gold-bearing dore with shipments as high as 15 kilos.
- Processed over 12,800 tonnes of raw material at the Chala One plant from Jan 2, 2015 through July 30, 2015, and produced approximately 8,900 ounces of gold from Jan 2, 2015 through July 30, 2015.
- Completed construction of an additional tailings pond providing additional capacity.
- Purchased a desorption plant and chemical laboratory to better maximize plant efficiency and lower operating costs.

Management

In September 2014, Mr. Oliver Foeste was appointed as Chief Financial Officer and Mr. Jamie Polar was appointed as VP Development and Operations Peru. In November 2014, Mr. Emilio Ortiz was appointed as Superintendent for the Chala Plant. In December 2014, Mr. Carlos Santana was appointed as Chief Metallurgist for the Chala Plant. Subsequent to year-end, Mr. Rafael Rossi was appointed as Director of Finance and Administration Peru.

Chala Plant – Phase I - Acquisition and Initial Test Milling

On June 6, 2013, the Company entered into a Letter of Intent to acquire 100% of the Chala Plant in Southern Peru for USD$240,000. Of this amount, USD$150,000 has been paid and the remaining USD$90,000 will be payable once transfer of the fully permitted facility is complete (see Title and Permitting below). Finder fees of USD$40,000 were paid in connection with the acquisition and sourcing and technical advice fees of USD$118,000, inclusive of value added tax, were also paid with respect to the acquisition and refurbishment of the Chala Plant in December 2013.

The Chala Plant was refurbished almost immediately after acquisition in calendar 2013 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 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 during the initial test milling phase.

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.

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.

Chala Plant – Phase II - Expansion and Operations

In June 2014 the Company closed the first tranche of a $5,500,000 bond financing (see Financings below) for gross proceeds of $2,700,000 which enabled the Company to begin expansion of the Chala Plant from 25 TPD capacity to 100 TPD capacity as well as provide working capital for mineral purchases and general operating purposes. During August 2014 and November 2014, the Company closed the second and third tranches, for gross proceeds of $1,400,000 and $1,400,000 respectively.

To oversee expansion the Company engaged an established Peruvian engineering firm to oversee the construction and plant expansion to 100 TPD capacity. Two new 50 TPD ball were installed and commissioned over that period and many other aspects of the plant were expanded and upgraded including the crushing and leaching systems, expansion of the camp, new scale and reception area, new lab and storage facilities, and expanded mineral stockpile area. By December 31, 2014 the construction was substantially complete. The Company conducted test milling and commissioning beginning November 2014, and with the appropriate assessment management determined that at February 1, 2015 the Chala Plant had commenced commercial production.

This assessment included key parameters being met such as: a) all major and auxiliary processing circuits were fully operational including ball mill, crushing, and leaching circuits, and related facilities in place; b) average production throughput at the plant since February 1, 2015 has been in excess of 50 TPD with production ramping up to the full 100 TPD production capacity; and c) a reasonable testing and commissioning period had completed. As a result of the commencement of commercial production the Company began amortizing the capitalized costs of its milling plant.

Recent recovery highlights include:

- From January 8, 2015 through February 24, 2015 the Company recovered 1,278 ounces (39,776.17 grams) of gold and 1,072 ounces (33,351.63 grams) of silver.

- From February 25, 2015 through April 8, 2015 the Company recovered 1,665 ounces (51,828 grams) of gold and 1,119 ounces (34,789 grams) of silver.

- From April 9, 2015 through June 2, 2015 the Company recovered 2,144 ounces (66,671 grams) of gold and 2,392 ounces (74,405 grams) of silver.

- From June 3, 2015 through July 31, 2015 the Company produced 3,186 ounces (99,096 grams) of gold and 4,069 ounces (126,560 grams) of silver.

The Company focused on and expanded the mineral purchasing team to nine members in order to establish sufficient mill feed for the growing plant capacity. The mineral buying team is focused on establishing relationships and arranging mineral supply contracts with multiple legal miners providing mineral and mill feed with a gold grade target of 25 grams per tonne ("gpt") or greater. During the year, the Company has signed various multi-delivery letters of agreement ("LOA") to purchase mill feed for the Chala Plant. The Company's target is to have 1,500 tonnes per month under LOA's, or 50% of the total expected 3,000 tonnes per month to supply the expanded operating capacity. The balance of the mill feed is expected to come from ongoing spot purchases in the market.

As at April 30, 2015, total plant upgrade costs and capitalized pre-operating costs was $5,241,843 (2014 - $1,035,105) which includes $1,712,199 (2014 – $nil) of revenue considered incidental generated during the pre-operating period. Included in these total costs are USD$280,000 original purchase price and finder fee, and USD$118,000 in sourcing and technical fees.

Inca One management believes that the Chala Plant will enable the Company to generate sufficient cash flows to achieve profitable operations and further expand its Peruvian operations.

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.

Chala Plant - Title and Permitting

Transfer of formal title of the Chala Plant is subject to a number of conditions. As part of the terms of the original purchase agreement for the Chala Plant, Inca One has an agreement between its wholly owned subsidiary, Chala One, and the seller and initial permit applicant, to operate under the umbrella of formalization until the successful completion of all the environmental and operating permits. As part of the formalization process the Chala Plant is currently in compliance and able to operate up to 100 TPD capacity. The Company has recently made significant progress on the various long-term licenses and permits required for the Chala Plant to operate at 100 TPD. The Company is also proceeding with the application of 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.

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 was entitled to conduct mining activity on, and held an option to purchase, the Corizona Project until February 27, 2015.

During the year ended April 30, 2015 the Company determined that Canadian Mining was not adhering to the terms of the Underlying Agreement it held with SMRL and therefore the Company began to negotiate directly with SMRL to ensure the Company could continue to hold an interest in the Corizona Project. As of the date of this report a new agreement had not 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. A further $20,000 was recorded during the year ended April 30, 2015 to fully write-down the exploration and evaluation cost of the Corizona Project to $nil.

Effective February 28, 2015 the Company and Canadian Mining have no ongoing business relationships including the termination of the Joint Venture Agreement in 2014 (see below) and the expiry of the Company's option in the Corizona property on February 27, 2015.

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. During calendar 2014 this agreement was terminated.

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 USD$5,000,000 to the Optionors; issuing 8,000,000 common shares of the Company; and incurring exploration expenditures of USD$10,000,000 over a period of four years.

As at April 30, 2015, the Company had paid USD$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 USD$282,500 and to issue 400,000 common shares of the Company over a period of four years. As at April 30, 2015, the Company had issued 16,250 shares and paid USD$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 focus on gold-bearing mineral processing facilities in Peru and believes that the Chala Plant operations may provide the necessary cash flow to achieve profitability in calendar 2016. The Company intends to use the funds and net profits from mineral processing operations at the Chala Plant, and additional fundraising (see Financings and Subsequent Events below) to execute its business plan and expand mineral processing operations, so that it can continue to achieve its long-term objectives.

Selected Annual Information

The following selected financial data with respect to the Company's financial condition and results of operations has been derived from the audited financial statements of the Company for the years ended April 30, 2015, 2014 and 2013. The selected financial data should be read in conjunction with those financial statements and the notes thereto.

	Years ended April 30, 2015	2014	2013
	$	$	$
Revenue	4,304,802	-	-
Cost of goods sold	4,173,660	-	-
Gross margin	131,142	-	-
Finance expense, net	603,589	103,513	3,092
Net loss	(4,207,372)	(4,269,643)	(882,987)
Net loss per share (basic and diluted)	(0.06)	(0.09)	(0.03)
Other comprehensive income (loss)	770,123	(451,113)	(6,232)

	As at April 30, 2015	2014	2013
	$	$	$
Exploration and evaluation assets	-	20,000	2,588,368
Total assets	8,328,493	2,546,062	3,396,270
Total long term liabilities	5,673,756	626,349	Nil
Dividends declared	Nil	Nil	Nil

Summary of Quarterly Information

The following table sets out selected quarterly financial data from the Company's unaudited quarterly financial statements for the last eight quarters.

Quarter ended	Working capital (deficiency)	Total assets	Long term liabilities	Net loss	Basic loss per share
	$	$	$	$	$
April 30, 2015	(516,327)	8,328,493	5,673,756	(779,718)	(0.01)
January 31, 2015	677,365	6,739,337	5,162,576	(1,980,269)	(0.03)
October 31, 2014	843,171	4,771,034	4,393,324	(747,715)	(0.01)
July 31, 2014	1,501,008	3,889,948	3,082,066	(699,670)	(0.01)
April 30, 2014	170,974	2,546,062	626,349	(848,541)	(0.02)
January 31, 2014	(114,588)	1,887,745	613,944	(347,680)	(0.01)
October 31, 2013	(114,144)	1,329,135	455,168	(2,727,506)	(0.06)
July 31, 2013	(160,863)	3,189,915	-	(345,916)	(0.00)

The working capital deficiency as at April 30, 2015 is a result of the net loss and impacted by $2,258,052 of new debt financings which are included as current.

Total assets increased during the three months ended April 30, 2015, due to increases in certain current assets including prepaids and receivables (including VAT) arising from operations during commercial production as well as the impact of foreign exchange of translating US dollar functional currency assets to the Canadian dollar reporting currency. Note that deferred exploration and development expenditure was $57,392 for the three months ended January 31, 2014, $100,990 for the three months ended October 31, 2013, and $109,185 for the three months ended July 31, 2013.

The increase in long term liabilities from July 31, 2014 through January 1, 2015 primarily arose from closing of the three tranches of the $5.5 million bond financing.

Major changes in quarterly net loss arose as follows:

- During the three months ended April 30, 2015, the $779,718 net loss increased relative to prior quarters (other than January 31, 2015 and October 31, 2014) from increases in both consulting and management fees as well as office, rent and administration expenses arising from expanded corporate and Peruvian administrative teams, and commencement of commercial production, while being offset by a $529,458 gain in foreign exchange (see results of operations analysis below).
- During the three months ended January 31, 2015, the $1,980,269 net loss included a $990,835 impairment of marketable securities from devaluation of the Global Resources Investment Trust PLC ("GRIT") shares. Through October 31, 2014 the unrecognized losses were recorded through other comprehensive income.
- During the three months ended October 31, 2013 the $2,727,506 net loss primarily arose from a $2,452,330 impairment of the Las Huaquillas Property.

Results of Operations – Year over Year

During the year ended April 30, 2015 ("fiscal 2015"), the Company reported a net loss of $4,207,372 compared to a net loss of $4,269,643 during the year ended April 30, 2014 ("fiscal 2014"), representing a decrease in loss of $62,271.

Revenue for fiscal 2015 was $4,304,802 and cost of goods sold was $4,173,660 resulting in a gross margin of $131,142. This gross margin was the result of three months of commercial production effective February 1, 2015. During the pre-operating period before February 1, 2015, the Company generated $1,712,199 of incidental income from the sales of gold and silver produced during the period which were netted against the pre-operating costs for accounting purposes. To clarify, this incidental income is not included in revenue.

Consulting and management fees in fiscal 2015 increased by $550,350 to $788,892 compared to $238,542 during fiscal 2014. This increase was the result of additional consulting and management services necessary to oversee the expansion of the Peruvian operations, build-out of the Chala Plant to 100 TPD capacity, and commencement of commercial production at the Chala Plant in February 2015.

Foreign exchange (gain) loss in fiscal 2015 decreased by $496,570 resulting in a gain of $475,029 compared to a loss of $21,541 in fiscal 2014 primarily due to an unrealized gain on the CAD$5.5 million bond due to the continued devaluation of the Canadian dollar relative to the US dollar over fiscal 2015. The CAD bond is recorded under the Chala One subsidiary which has a US dollar functional currency resulting in unrealized foreign exchange each quarter.

Office, rent and administration expenses during fiscal 2015 increased by $478,580 to $604,988 compared to $126,408 during fiscal 2014. The increase was a result of a greater number of corporate and administrative staff and contractors in both the Peruvian and Canadian offices and the related increase in office requirements as the Company expanded the Peruvian operations and commenced commercial production in fiscal 2015. In addition, professional fees incurred during fiscal 2015 increased $29,483 to $290,461 compared to $260,978 in fiscal 2014 as higher legal and accounting services requirements due to expansion of operations.

During fiscal 2015, the Company recorded share-based compensation of $377,733 compared to $105,658 during fiscal 2014. 2,710,000 stock options were granted during fiscal 2015 while 1,150,000 stock options were granted during fiscal 2014. 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.

Transfer agent and investor relations expenses in fiscal 2015 increased by $122,819 to $474,014 compared to $351,195 during fiscal 2014 arising from increased promotional and fundraising activities as the Company pursued additional capital sources including closing a CAD$5.5 million bond, USD$1.6M debenture with warrants, and USD$0.6 million of a USD$1.5M convertible debenture (see financings below).

Travel and accommodation expenses during fiscal 2015 increased by $129,829 to $350,165 compared to $220,336 during fiscal 2014 primarily due to increased travel required for build out of the Chala Plant, expansion of the Peruvian operations, and investor relations related trips.

Impairment of marketable securities (GRIT shares) during fiscal 2015 was $1,102,162 compared to $nil during fiscal 2014. During fiscal 2014, and through Q2 2015, unrealized loss on the GRIT shares was recorded to other comprehensive income. In Q3 2015 the entire unrealized loss from 2014 and through Q2 2105 was included as an adjustment through net income as the Company deemed the significant decrease in the market price of the GRIT shares to be persistent. The Q3 2015 and Q4 2015 impairments to the GRIT shares were also recognized as an adjustment through net income.

Write-down of exploration and evaluation assets decreased by $2,799,667 to $20,000 compared to $2,819,667 during fiscal 2014. During fiscal 2014 the Company write-down 100% of the Las Haquiallas project and all but $20,000 of the Corizona project. During 2015 the Company impaired the remaining value of the Corizona project.

Finance and other costs increased in fiscal 2015 to $410,701 and accretion expense increased to $194,931 compared to $97,481 and $7,143 respectively, during fiscal 2014. These increases are the result of the promissory notes, convertible debentures and debenture units with warrants financings undertaken during fiscal 2015 and their related interest and accretion costs.

Deferred income tax expense during fiscal 2015 was $135,000 compared to $nil during Q3 2015 due to the commencement of commercial production in Q4 2015 and the corresponding capitalization of pre-operating expenses. The deferred income tax expense arose primarily due to the temporary difference between the Peruvian tax assets and their accounting tax basis as pre-operating expenses are deductible for tax but capitalized for accounting.

Results of Operations – Fourth Quarter 2015 Compared to Third Quarter 2015

Revenue for the three months ended April 30, 2015 ("Q4 2015") was $4,304,802 and cost of goods sold was $4,173,660 resulting in a gross margin of $131,142. Commercial production started on February 1, 2015. For the three months ended January 31, 2015 ("Q3 2015") there were no sales since commercial production commenced on February 1, 2015.

During Q4 2015, the Company reported a net loss of $779,718 the most significant components of which were consulting and management fees of $350,279, foreign exchange gain of $529,458, office, rent and administration of $459,233, travel and accommodation of $151,668, impairment of marketable securities of $111,327, and deferred income tax expense of $135,000.

Consulting and management fees in Q4 2015 increased by $127,274 to $350,279 compared to $223,005 in Q3 2015. This increase was the result of an increase in corporate and administrative staff and contractors in both the Peruvian and Canadian offices as the Company commenced commercial production at the Chala Plant.

Foreign exchange (gain) loss in Q4 2015 decreased by $586,705 resulting in a recovery of $529,458 compared to a loss of $57,247 in Q3 2015. Prior to Q4, 2015 the Company recorded the CAD$5.5 million bond under the parent which has a Canadian dollar functional currency. In Q4, 2015 the bond was reallocated to the Chala One subsidiary which has a US dollar functional currency, and due to the devaluation of the Canadian dollar relative to the US dollar, a foreign exchange gain was recognized in the quarter on the reclassification.

Office, rent and administration expenses in Q4 2015 increased by $425,052 to $459,233 compared to $34,181 in Q3 2015. Conversely professional fees in Q4 2015 were $11,508 resulting in a recovery of $94,149 compared to an expense of $105,657 in Q3 2015. During Q4 2015 certain accounting and administration services previously grouped under professional fees were reclassified to office, rent, and administration resulting in the Q4 2015 professional fee recovery. Overall there was an increase in corporate and administrative staff and contractors in both the Peruvian and Canadian offices during Q4, 2015 as the Company expanded the Peruvian operations and commenced commercial production.

Travel and accommodation expenses increased in Q4 2015 by $71,495 to $151,668 compared to $80,173 in Q3 2015 primarily due to the travel required to support the Peruvian operations, annual strategy meetings, and investor relations related travel including PDAC.

During Q4 2015 the Company recorded an additional unrealized loss on marketable securities of $111,327 compared to $990,835 recorded during Q3 2015. In Q3 2015 the entire unrealized loss from 2014 and through Q2 2105 was included as an adjustment through net income as the Company deemed that the significant decrease in the market price of the GRIT shares to be persistent.

Deferred income tax expense during Q4 2015 was $135,000 compared to $nil during Q3 2015 due to the commencement of commercial production in Q4 2015 and the corresponding capitalization of pre-operating expenses. The deferred income tax expense arose primarily due to the temporary difference between the Peruvian tax assets and their accounting tax basis as pre-operating expenses are deductible for tax but capitalized for accounting.

Results of Operations – Fourth Quarter 2015 Compared to Fourth Quarter 2014

The operations in Q4 2015 were significantly different from the three months ended April 30, 2014 ("Q4 2014") as the Company had raised sufficient capital to expand the Chala One plant early in fiscal 2015, began and completed the build-out of the plant to 100 TPD capacity by December 31, 2014, and effective February 1, 2015 commenced commercial production.

During Q4 2015, the Company reported revenue of $4,304,802 and cost of goods sold of $4,173,660 resulting in a gross margin of $131,142 compared to $nil in Q4 2014.

The Company reported a net loss of $779,718 in Q4 2015 compared to net loss of $848,541 in Q4 2014 representing a decrease in net loss of $68,823. This decrease in net loss is primarily attributed to a $287,313 increase in consulting and management fees, $424,825 increase in office, rent and administration, and $135,000 increase in deferred income tax expense which are offset by a $548,450 decrease in foreign exchange expense (due to a $529,458 recovery in Q4 2015), $256,010 decrease in impairments and write-downs, $56,065 decrease in transfer agent and investor relations, and $79,867 decrease in professional fees.

Overall as discussed under both the year over year analysis and the Q4 2015 versus Q3 2015 analysis, the increase in operating expenditure during Q4 2015 compared to Q4 2014 arose from the expansion of the Peruvian operations and corporate and administrative teams, and the commencement of commercial production. The increase in finance expense arose from the increase in debt from financings closed during fiscal 2015, while the foreign exchange gain arose from the unrealized gain on the CAD$5.5 million bond, which is recorded under the Chala One subsidiary which has a US dollar functional currency. Q4 2014 included a $367,337 impairment of the exploration properties, which was $nil in Q4, 2015 (all exploration was fully impaired by the end of Q3, 2015), while in Q4, 2015 the Company recognized a $111,327 impairment of marketable securities compared to $nil in Q4 2014, (unrealized loss on marketable securities was recorded to other comprehensive income in fiscal 2014 and through Q2 2015).

Liquidity and Capital Resources

As at April 30, 2015 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 debenture units with warrants. As at April 30, 2015, the Company had cash and cash equivalents of $454,321 representing an increase of $375,611 compared with cash and cash equivalents of $78,710 at April 30, 2014.

The Company reported working capital deficiency of $516,327 at April 30, 2015 as compared to working capital of $170,974 as at April 30, 2014, representing a decrease in working capital of $687,301 primarily resulting from the current portion of long-term debts including the closing of the USD$600,000 convertible debenture first tranche and closing of the USD$1,600,000 debenture units with warrants (see financings below), offset by increases to inventory, prepaids, and receivables.

Marketable securities consist of 733,007 shares in 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 April 30, 2015 the GRIT shares were recorded at a fair value of $217,838 (2014 – $847,448) based on the GRIT share trading price of CDN$0.30 (GBP £0.16). To date in August 2015 the average GRIT share trading price was trading at a lesser value than as at April 30, 2015. Until September 7, 2014 sales of the Company's GRIT shares are required to be arranged by GRIT and the Company has not yet sold any of these securities. 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 year ended April 30, 2015 the Company continued developing the Chala Plant which was successfully upgraded to approximately 100 TPD capacity by December 31, 2014. The Chala Plant commenced commercial production on February 1, 2015.

Management intends to finance operating costs and plant expansion over the next year with funds received from the convertible loan and debenture financing completed subsequent to April 30, 2015. Other than convertible debentures and bond financing the Company has no other long-term debt and is not subject to externally imposed capital requirements except for the right of first refusal for future debt and equity financings provided to bond and debenture holders per financings entered during the year.

Capital Expenditures

As at April 30, 2015, total plant upgrade costs and capitalized pre-operating costs was $5,241,843 (2014 - $1,035,105) which includes $1,712,199 (2014 – $nil) of incidental revenue generated during the pre-operating period.

Financings

Promissory Notes

During the year ended April 30, 2014, two directors and officers of the Company advanced to the Company a total of $170,000 in cash in exchange for promissory notes. The notes were unsecured and payable on demand with an interest rate of 20% per annum calculated and paid quarterly in arrears. During the year ended April 30, 2014 $50,000 of the principal was repaid with the remaining $120,000 repaid during the year ended April 30, 2015.

During December 2014, directors and officers advanced to the Company a total of $205,000. The advances were unsecured and non-interest bearing. During the year ended April 30, 2015 the $205,000 was repaid in full.

On January 14, 2015, the Company received USD$200,000 in cash in exchange for a promissory note. The note is unsecured, has a six month term, and an interest rate of 20% per annum calculated and payable on the maturity date. Subsequent to April 30, 2015, the note was extended for an additional three months.

As at April 30, 2015, the principal balance was $241,280 and interest expense of $14,632 was incurred and included in accounts payable and accrued liabilities.

On October 22, 2013 and November 6, 2013, the Company closed a non-brokered private placement of secured, redeemable promissory notes for gross proceeds of $420,000. Of this amount an aggregate of $150,000 was issued to an officer and a company controlled by a director. The promissory notes mature after 24 months and bear interest at 20% per annum. At the option of one of the subscribers, accrued interest of $49,389 (2014 – $14,038) has been added to the principal of the promissory notes instead of being paid in cash. Subscribers are entitled to redeem their investment principal plus accrued interest on or after six months by providing 30 days written notice in advance of three month promissory note rollover periods. The notes are secured by a security interest in all of the Company's present and after acquired property pursuant to an underlying Security Agreement but are subordinate to any security held by holders of the Convertible Debentures.

During the year ended April 30, 2015, $100,000 of the promissory notes were redeemed by an officer of the Company and $50,000 of the promissory notes were redeemed by a company controlled by a director of the Company. A further $120,000 of the notes were repaid subsequent to April 30, 2015.

A cash finder fee of $2,500 and legal and regulatory costs of $2,540 incurred in connection with the financing were charged against the promissory notes amount payable. As at April 30, 2015 interest expense of $75,781 (2014 - $43,389) has been recorded with respect to these promissory notes, of which $1,400 (2014 - $1,901) is included in accounts payable and accrued liabilities and due to related parties. In addition, accretion of transaction costs of $3,915 (2014 - $nil) has been recorded.

<u>CAD denominated Convertible Debentures</u>

On October 30, 2013, the Company completed a secured convertible debenture offering for gross proceeds of $275,000. Of this amount $75,000 was issued to two directors and officers or to individuals to whom they were related. The debenture mature on October 30, 2018 and are redeemable at the Company's option after October 30, 2016. At the date of issue $198,664 was attributed to the liability component of the convertible debenture and $76,336 to the equity component based on an effective interest rate of 20%.

The debenture is secured by a security interest in all of the Company's present and after acquired property pursuant to an underlying Security Agreement and hold preference to any security held by holders of the promissory notes.

Until October 30, 2014 each debenture holder has the option to convert up to 20% of the debenture principal and all of the interest payable into common shares by providing 30 days written notice in advance of three month debenture rollover periods. The conversion of debenture principal was based on a share price of $0.10 and the conversion of any interest payable was based on the greater of $0.10 per share or the closing share price on the date the Company received notice from the holder. On October 30, 2014, $55,000 of the convertible debentures were converted to 550,000 common shares of the Company.

Interest on the debenture is payable at the rate of 10% per annum calculated and paid quarterly in arrears. Professional fees of $11,705 have been incurred in connection with the debenture offering and have been recorded against the liability and equity components on a pro-rata basis. During the year ended April 30, 2015, the Company recorded accretion expense and amortization of issuance costs of $13,563 (2014 – $7,143), and interest expense of $24,758 (2014 – $19,945) all of which has been paid as of April 30, 2015.

On May 23, 2014, the Company closed a second debenture financing for gross proceeds of $325,000. The Company had received all of the proceeds in advance of the closing and accordingly they were reflected as current liabilities on the Consolidated Statements of Financial Position as at April 30, 2014. The debenture 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 debenture mature on May 22, 2019 and are redeemable by the Company at any time after May 22, 2017. They are secured by a security interest in all of the Company's present and after acquired property pursuant to a security agreement. At the date of issue $234,785 was attributed to the liability component of the convertible debenture and $90,215 to the equity component based on an effective interest rate of 20%. On December 1, 2014, $81,250 of the convertible debentures were converted to 650,000 common shares of the Company.

Professional fees of $18,297 have been incurred in connection with the debenture offering and have been recorded against the liability and equity component on a pro-rata basis. During the year ended April 30, 2015, with respect to this second debenture offering the Company recorded accretion expense and amortization of issuance costs of $15,696 and interest expense of $31,175 of which $2,003 has been included in accounts payable and accrued liabilities as of April 30, 2015.

<u>USD denominated Convertible Debentures</u>

On March 20, 2015, the Company announced the terms of a convertible loan with a group of lenders for gross proceeds of USD$1,500,000 (the "USD Convertible Loan"). The USD Convertible Loan bears interest at a rate of 15% per annum and can be drawn down in three tranches of USD$600,000, USD$500,000, and USD$400,000, respectively, with the third tranche at the option of the Company. Each tranche of the USD Convertible Loan has a twelve month term and will be subject to a twelve month renewal option, subject to certain conditions. The USD Convertible Loan is secured by a pledge of the inventory and related assets of the Company's subsidiary, Chala One.

The Company paid an arrangement fee of 5% of the proceeds of the USD Convertible Loan to a third party for its role in arranging the USD Convertible Loan. In certain circumstances, up to 40% of the outstanding indebtedness under the USD Convertible Loan will be convertible into common shares the Company at the option of the Lenders at a conversion price of CAD$0.25. The conversion amount will be based on a fixed foreign exchange rate which will result in maximum of 2,987,800 common shares issuable upon conversion.

On April 27, 2015, the Company closed the first tranche for gross proceeds of USD$600,000. At the date of issue $704,902 was attributed to the liability component of the convertible debenture and $23,858 to the equity component based on an effective interest rate of 20%.

Professional and arrangement fees of $104,654 have been incurred in connection with the USD Convertible Loan offering and have been recorded against the liability and equity component on a pro-rata basis. During the year ended April 30, 2015, the Company recorded accretion expense and amortization of issuance costs of $8,927 and interest expense of $896 which has been included in accounts payable and accrued liabilities as of April 30, 2015.

Bond Payable

On May 20, 2014, the Company announced a bond financing for gross proceeds of $5,500,000. The bond financing was closed over three tranches, and each tranche bears interest at 10% per annum calculated and payable quarterly in arrears commencing no later than 6 months after the closing date, and each tranche has a maturity date three years from the respective close date.

The bond is secured by a security interest in all of the Chala One present and after acquired property pursuant to an underlying Security Agreement. In addition, Inca One Gold Corp. is a guarantor of the debt. During the year ended April 30, 2015, the Company amended the security terms, whereby the bond financing lenders released their priority security over the Chala One's inventory assets for a temporary 1% increase in the annual interest rate from 10% to 11%. The 1% interest rate increase will be in effect until the USD Convertible Loan has been repaid in full.

Pursuant to the terms of the bond financing agreement the Company has granted to the lender the right of first refusal for future debt and equity financings of up to $1,500,000 subject to certain restrictions as outlined in those agreements.

Also in connection with the financing the Company and the purchaser entered into a financing fee agreement whereby the Company has a commitment to 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 USD$1,500,000 or a corresponding pro-rata portion thereof and otherwise the fee will continue to be payable until December 31, 2034.

In connection with the financing, during the year ended April 30, 2015, the Company recorded $742,982 (2014 - $nil) of financing and legal fees (see tranche details below), and recorded accretion expense and amortization of issuance costs of $127,193 (2014 - $nil).

First tranche

On June 3, 2014, the Company closed the first tranche of this 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 November 12, 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 addition a finder's 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 first tranche bond. The warrants are exercisable at $0.15 for 3 years, and $153,304 arising from the issue of these compensation warrants was charged against the bond amount payable and credited to warrant reserve.

Second tranche

On August 29, 2014, the Company closed the second tranche of this financing for gross proceeds of $1,400,000. The second tranche bond bears interest at 10% per annum, calculated and payable quarterly in arrears commencing no later than February 19, 2015. The bond principal of $1,400,000 is repayable in increments of $102,273 on each of August 29, 2016, November 29, 2016, February 28, 2017 and May 29, 2017, with the remainder due August 29, 2017. In addition professional fees of $3,779, finder's fees of

$112,000 were paid in cash and 746,667 finder's warrants were issued in connection with the second tranche bond. The warrants are exercisable at $0.15 for 3 years, and $60,586 arising from the issue of these compensation warrants was charged against the bond amount payable and credited to warrant reserve.

Third tranche

On November 20, 2014, the Company received the third and final tranche for gross proceeds of $1,400,000. The third tranche bond bears interest at 10% per annum, calculated and payable quarterly in arrears commencing no later than April 25, 2015. The bond principal of $1,400,000 is repayable in increments of $102,273 on each of November 20, 2016, February 20, 2017, May 20, 2017 and August 20, 2017, with the remainder due November 20, 2017. In addition professional fees of $1,439, finder's fees of $112,000 were paid in cash and 746,667 finder's warrants were issued in connection with the third tranche bond. The warrants are exercisable at $0.15 for 3 years, and $71,398 arising from the issue of these compensation warrants was charged against the bond amount payable and credited to warrant reserve.

Debenture Units

On March 18, 2015, the Company closed a non-brokered private placement of debenture units with warrants (the "Debenture Unit Financing") for gross proceeds of USD$1,600,000 including a USD$100,000 over-subscription. Pursuant to the closing of the Debenture Unit Financing, the Company issued 64 units (the "Units"), with each Unit comprising one non-convertible debenture in the principal amount of USD$25,000, and 25,000 non-transferable warrants. Each warrant is exercisable into one common share of the Company at a price of CAD$0.25 until a date that is 12 months from the respective closing date of the Debenture Unit Financing. The holders of the debenture are entitled to receive interest at the rate of 14% per annum, calculated and paid quarterly in arrears. The term of the debenture is 12 months. A finder's fee of 8% of the gross proceeds of the Debenture Unit Financing was payable in cash by the Company to the finders, as applicable. The Company will also issue to the finders that number of finder's warrants equal to 8% of the proceeds of the Debenture Unit Financing, divided by the exercise price of CAD$0.25. Each finder warrant is exercisable into one common share of the Company at a price of CAD$0.25 until a date that is 18 months from the closing date of the Debenture Unit Financing.

In addition professional and finder's fees of $182,029 were paid in cash, 643,600 finder's warrants were issued, and 1,600,000 subscriber warrants were issued. The warrants are exercisable at $0.25 per share for 18 months and 12 months respectively. At the date of issue $1,932,517 was attributed to the debenture and $84,081 to the warrants based on an effective interest rate of 20%. The fair value of the finder's warrants was $45,353.

Share Issuances – Conversion and For Services

On October 30, 2014, 550,000 common shares were issued pursuant to conversion of $55,000 of the convertible debenture. A reclassification of $55,000 from the liability component and $73,087 from the equity component of the convertible debenture to share capital was recorded on the conversion.

On November 20, 2014, 650,000 common shares were issued pursuant to conversion of $81,250 of the convertible debenture. A reclassification of $81,250 from the liability component and $85,136 from the equity component of the convertible debenture to share capital was recorded on the conversion.

During the year ended April 30, 2015, 280,240 common shares were issued for services to a key Peruvian employee pursuant to his employment agreement which requires USD$80,000 worth of the Company's common shares payable in four equal quarterly instalments with such shares to be issued at the greater of (i) the maximum discount to the market price on the TSX-V at the end of such quarter as permitted by TSX-V policies, and (ii) CAD$0.15. The Company issued 151,040 shares in December 2014, and 129,200 in March 2015, pursuant to this agreement.

Share Issuances – Private Placement

On December 2, 2013 and December 23, 2013, the Company completed a private placement of 5,115,500 shares at $0.10 per share for gross proceeds of $511,550. Share issuance costs with respect to the private placement included legal fees of $6,164, regulatory expenses of $2,250, and other issue costs of $3,822.

On February 19, 2014, the Company completed a private placement of 2,010,000 shares at $0.10 per share for gross proceeds of $201,000. Share issuance costs with respect to the private placement included legal fees of $2,776 and regulatory expenses of $2,555.

On February 28, 2014, the Company completed a private placement with GRIT whereby it issued 12,000,000 common shares with a value of $0.11 per share, in exchange for 733,007 GRIT Shares at a price of GBP £1.00 per share. A finder's fee in the form of 960,000 common shares at a value of $0.11 per share was paid in connection with this share exchange. Other share issuance costs with respect to the private placement included legal fees and regulatory expenses of $8,557.

Subsequent to year end, on August 17, 2015, the Company announced a private placement of up to 3,333,333 common shares at a price of $0.15 per Share for gross proceeds of up to $500,000, which closed on August 25, 2015 for gross proceeds of $601,459 including an oversubscription of $101,459 (see Subsequent Events below).

Summary of Outstanding Share Data

As at the date of this MD&A including a private placement closed on August 25 (see subsequent events), the Company had 73,700,640 common shares issued and the following options and warrants outstanding:

Stock Options:

Options	Exercise Price	Expiry Date	Vesting Provisions
#	$		#
150,000	0.25	February 9, 2017	Vested
250,000	0.15	October 5, 2017	Vested
396,000	0.15	October 30, 2017	Vested
2,780,000	0.25	May 5, 2018	Vested
275,000	0.15	May 30, 2018	Vested
200,000	0.15	October 31, 2018	Vested
950,000	0.15	June 4, 2019	Vested
450,000	0.15	August 29, 2019	Vested
100,000	0.25	April 15, 2020	Vested
75,000	0.22	September 23, 2020	Vested
575,000	0.43	July 11, 2021	Vested
6,201,000			

Warrants:

Number of Warrants	Exercise Price	Expiry Date
#	$	
1,600,000	0.25	March 18, 2016
8,123,800	0.20	April 5, 2016
500,000	0.25	July 9, 2016
643,600	0.25	September 18, 2016
1,440,000	0.15	May 20, 2017
746,667	0.15	August 29, 2017
746,667	0.15	November 20, 2017
13,800,734		

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 (also a director).
- Invictus Accounting Group LLP, a company controlled by Oliver Foeste, the Company's CFO effective September 1, 2014 (also a director).
- Rapid Time Networks Inc., a company owned by both George Moen, the Company's Chief Operating Officer and Mark Wright, the Company`s VP Operations & New Projects.
- Sisyphus Ventures Limited, a company owned by Mark Wright, the Company`s VP Operations & New Projects.
- Malaspina Consultants Inc., a company owned by Robert McMorran, a director, and in which Sharon Muzzin, the Company's previous CFO (until August 31, 2014) is an associate.
- McCullough O'Connor Irwin LLP, a company in which James Harris, the Company's Corporate Secretary, was counsel through December 2014.

The following expenditures were charged by related parties for the years ended April 30, 2015 and 2014:

	2015	2014
	$	$
Accounting fees in professional fees	78,056	106,424
Consulting and management fees	561,248	217,000
Director fees	36,000	-
Finance costs	37,488	44,734
Legal fees	71,125	102,018
	783,917	470,176

Accounting fees are paid to companies controlled a director. Consulting and management fees are paid to companies controlled by the President, COO, CFO, or VP Operations & New Projects. Finance costs on interest bearing debt instruments were paid or accrued to companies controlled by the President, COO, CFO, or VP Operations & New Projects, or to a company controlled by a director. Legal fees and share issuance costs were paid to a legal firm with which the Corporate Secretary was previously associated with. During the year ended April 30, 2015 there was a $425,000 repayment of advances and promissory notes ($205,000 for advances and $220,000 for promissory notes) to officers of the Company and $50,000 to a company controlled by a director.

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, CFO, COO 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 President, CFO, COO and VP Operations & New Projects, accounting fees paid to companies controlled by a director or the CFO, and by the issue of options.

	2015	2014
	$	$
Management, accounting and CFO fees included above	675,304	298,424
Share-based payments	209,962	55,487
	885,266	353,911

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

(b) Related Party Balances

All related party balances payable, including for business expenses reimbursements, advances to the Company, annual bonuses as approved by the board of directors, and for services rendered as at April 30, 2015 are non-interest bearing and payable on demand and are comprised of $30,958 (2014 – $101,526) payable to the President and a company controlled by the President, $7,826 (2014 – $nil) payable to the CFO or a company controlled by the CFO, $71,424 (2014 – $70,111) payable to the COO and a company controlled by the COO, $9,128 (2014 – $nil) payable to the VP Operations & New Projects or a company controlled by the VP Operations & New Projects, $21,718 (2014 – $57,739) payable to directors or companies controlled by directors and $36,724 (2014 – $66,551) payable to a legal firm with which a former Corporate Secretary was associated. Included in prepaid expense is $52,000 (2014 - $nil) relating to the remuneration to officers of the Company, which will be amortized to management and consulting fees over the balance of calendar 2015.

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 $15,000, and whereby additional fees may be payable if certain conditions exist upon eventual termination of the contract.

Financial Instruments

As at April 30, 2015, the Company's financial instruments consist of cash and cash equivalents, other receivables, marketable securities, accounts payable and accrued liabilities, due to related parties, and promissory notes 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, and promissory notes payable are designated as other financial liabilities, which are measured at amortized cost.

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. The three levels of hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 – Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly; and
Level 3 – Inputs for the asset or liability that are not based on observable market data.

As at April 30, 2015, the Company believes that the carrying values of cash and cash equivalents, other receivables, accounts payable and accrued liabilities, promissory notes payable, convertible debt and debenture financing approximate their fair values because of their nature and relatively short maturity dates or durations. The value of marketable securities has been assessed based on the fair value hierarchy described above and are classified as Level 1.

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 and cash equivalents and other receivables. The risk exposure is limited because the Company places its instruments in banks of high credit worthiness within Canada and continuously monitors the collection of other 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, 2015, the Company had cash and cash equivalents of $454,321 and current working capital deficiency of $516,327 with total liabilities of $9,339,872.

(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.

The Company invests cash in guaranteed investment certificates at fixed or floating interest rates in order to maintain liquidity while achieving a satisfactory return for shareholders. A change of 100 basis points in the interest rates would not be material to the financial statements. At April 30, 2015, the Company has no variable rate debt.

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 US 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 US dollar and Sol on financial instruments is as follows:

	April 30, 2015	April 30, 2014
	$	$
US dollar:		
Cash and cash equivalents	321,099	22,792
Receivables	54,643	-
Accounts payable and accrued liabilities	(525,948)	(16,116)
Debenture, convertible debenture and promissory note	(2,895,360)	-
Net assets	(3,045,566)	6,676
Sol:		
Cash and cash equivalents	38,858	9,704
Receivables	589,500	-
Accounts payable and accrued liabilities	(347,062)	(167,734)
Net liabilities	281,296	(158,030)

Assuming all other variables constant, an increase or a decrease of 10% of the US dollar against the Canadian dollar, the net loss of the Company and the equity for the year ended April 30, 2015 would have varied by approximately $312,000.

Assuming all other variables constant, an increase or a decrease of 10% of the Sol against the Canadian dollar, the net loss of the Company and the equity for the year ended April 30, 2015 would have varied by approximately $28,000.

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 future gold price expectations and the share trading price of its GRIT shares. The Company continuously monitors precious metal and GRIT share trading prices as they are included in projections prepared to determine its future strategy.

Subsequent Events

a) During May 2015, a director and officer and an officer of the Company advanced to the Company a total of $100,000 in cash in exchange for short term promissory notes. The notes are unsecured with an interest rate of 20% per annum payable on maturity in 6 months.

b) During May 2015, 210,000 stock options with prices ranging from $0.15 to $0.25 were exercised for gross proceeds of $37,500, and 100,000 warrants with an exercise price of $0.20 were exercised for gross proceeds of $20,000.

c) On May 5, 2015, the Company granted 2,780,000 stock options to various directors and officers of the Company. The stock options are exercisable at a price of $0.25 per share and expire on May 5, 2018.

d) On May 19, 2015, the Company closed the second tranche of the USD Convertible Loan for gross proceeds of US$500,000.

e) On June 1, 2015, the Company closed the third tranche of the USD Convertible Loan for gross proceeds of US$400,000.

f) During June 2015 a company controlled by an individual who was subsequently appointed a director of the Company on July 8, 2015 advanced to the Company USD$500,000 in cash in exchange for a short term promissory note of which USD$100,000 were repaid during August 2015. The note is unsecured with an interest rate of 20% per annum payable on maturity in 6 months.

g) On July 10, 2015, the Company closed a non-brokered debenture financing (the “Second Debenture Unit Financing”) for gross proceeds of USD$500,000. The Second Debenture Unit Financing consists of 20 units (the “Second Units”) with each Second Unit comprising one non-convertible debenture in the principal amount of USD$25,000, and 25,000 non-transferable warrants. Each warrant is exercisable into one common share of the Company at a price of CAD$0.25 for 12 months from the closing date of the Second Debenture Unit Financing.

   The holders of the debentures are entitled to receive interest at the rate of 14% per annum, calculated and paid quarterly in arrears. The term of the debentures is 12 months with a 12 month extension at the option of the Company and the debentures are secured by a security interest in certain of the Company’s present and after acquired property to be registered in British Columbia. A finder’s fee of 5% of the gross proceeds of the Second Debenture Unit Financing is payable in cash by the Company to certain finders.

h) On August 17, 2015, the Company announced a private placement of up to 3,333,333 common shares at a price of $0.15 per Share for gross proceeds of up to $500,000 (the “Private Placement”). The proceeds of the Private Placement will be used for general working capital purposes. The Company may pay finders’ fees in connection with the Private Placement, subject to compliance with the rules of the TSX Venture Exchange. On August 25, 2015 the Company closed the Private Placement for gross proceeds of $601,459 including an oversubscription of $101,459 and issued 4,009,726 shares.

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 in accordance with IAS 1, *Presentation of 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. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amounts of assets or liabilities in future periods.

Significant accounting judgments that Management has made in the process of applying accounting policies which it considers have had the most significant effect on the amounts recognized in the consolidated financial statements include, but are not limited to going concern, title to and economic recoverability and probability of future economic benefits of exploration and evaluation assets, date of commencement of commercial production, and determination of functional currency. Management considers the areas currently requiring a significant degree of estimation and assumption and which have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year, to include, but not be limited to, the value attributed to share-based compensation, convertible debentures and debentures with warrants, marketable securities, asset retirement and reclamation obligation, and deferred taxes.

These accounting judgments and estimates are further discussed in the Company's annual audited consolidated financial statements at April 30, 2015.

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

Disclosure controls and procedures are intended to provide reasonable assurance that information required to be disclosed is recorded, processed, summarized, and reported within the time periods specified by securities regulations and that the information required to be disclosed is accumulated and communicated to management. Internal controls over financial reporting are intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. 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 audited consolidated financial statements for the year ended April 30, 2015 and this accompanying MD&A (together, the "Annual 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 Annual Filings on SEDAR at www.sedar.com.