MANAGEMENT DISCUSSION AND ANALYSIS
For the Three and Six months ended October 31, 2012
Report Dated December 27, 2012

Inca One Resources Corp. (the “Company” or “Inca One”), incorporated under the laws of Canada on November 9, 2005, is an exploration stage company engaged in the acquisition, exploration and development of mineral properties. It presently holds or 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. In addition to the Company’s ongoing work program on the Property, it continues to actively evaluate new potential projects. The Company is listed for trading on the TSX Venture Exchange under the symbol “IO”.

The following information, prepared as of December 27, 2012, should be read in conjunction with the unaudited condensed interim consolidated financial statements of Inca One Resources Corp. for the three and six months ended October 31, 2012 (the “October 2012 Interim Financial Statements”).

The October 2012 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, 2012.

The October 2012 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, 2012 and the related MD&A for the year then ended .

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

Cautionary Note Regarding Forward-Looking Information

The following discussion and analysis may contain forward-looking statements which are subject to known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those implied by the forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made, and readers are advised to consider such forward-looking statements in light of the risks as set forth in the following discussion.

Forward-looking statements relate to future events or future performance and reflect management’s expectations or beliefs regarding future events and include, but are not limited to, the Company and its operations, its planned exploration activities, the adequacy of its financial resources and statements with respect to the estimation of mineral reserves and mineral resources, the realization of mineral reserve estimates, the timing and amount of estimated future production, costs of production, capital expenditures, success of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims and limitations on insurance coverage. In certain cases, forward-looking statements can be identified by the use of words such as “plans”, “expects” or “does not expect”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates” or “does not anticipate”, or “believes”, or variations of such words and phrases or statements that certain actions, events or results “may”, “could”, “would”, “might” or “will be taken”, “occur” or “be achieved” or the negative of these terms or comparable terminology. In this document, certain forward-looking statements are identified by words including “may”, “future”, “expected”, “intends” and “estimates”. By their very nature forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, risks related to actual results of current exploration activities; changes in project parameters as plans continue to be refined; future prices of resources; possible variations in ore reserves, grade or recovery rates; accidents, labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing or in the completion of development or construction activities; as well as those factors detailed from time to time in the Company's interim and annual consolidated financial statements and management's discussion and analysis of those statements, all of which are filed and available for review under the Company's profile on SEDAR at www.sedar.com. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. The Company provides no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements.

Management Change

Effective November 1, 2012, Sharon Muzzin, CA was appointed as CFO of the Company replacing Nilda Rivera.

The Las Huaquillas Property

On March 25, 2011, the Company 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 located in the Department of Cajamarca in northern Peru. Pursuant to the agreement, the Company can acquire 95% of the Rial Shares, by (a) paying an aggregate of US$5,000,000; (b) issuing 5,000,000 common shares of the Company; and (c) 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 as at December 27, 2012.

As at October 31, 2012, the Company incurred acquisition costs of $714,102 and exploration expenditures of $1,286,780 for a total of $2,000,882. Acquisition costs of $714,102 consisted of option payments of US$410,625 and 341,250 common shares at an ascribed value of $110,512, staking costs of $49,381 and professional and other costs of $145,582.

On January 18, 2012, the Company signed an amended agreement with the Optionors ("Amended Agreement") whereby if by June 27, 2012, Minera Huaquillas SAC ("Minera") has not received the permits required to carry out exploration activities in the Las Huaquillas Property ("drill permits"), all options payments due starting from July 26, 2012 were to be deferred until the drill permits have been obtained. These drill permits have not yet been obtained.

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. It consists of 9 mineral concessions and is 3,700 hectares in size.

Peru, a mineral rich country, is the largest gold producer in South America (6th worldwide), the world's largest producer of silver and the second largest producer of copper worldwide as of 2009. [(1)] "The Cajamarca mining district, located in northern Peru, has one of the largest gold inventories in South America with the economic high-sulphidation Yanacocha Au mine, plus several smaller Au epithermal and porphyry Cu-Au deposits." [(2)]

Several gold targets and two porphyry copper-gold systems have been identified on the Las Huaquillas Property to date:

a) Gold targets include the 2.2 km long Los Socavones Zone, including the El Huabo and Las Huaquillas showings and the Porvenir-Guabo Alto high-sulphidation epithermal zone.
b) Porphyry Cu-Au: The Cementerio and San Antonio Cu- Au porphyry systems.

Previous exploration on the Las Huaquillas Property by Cooperacion Minero Peruano - Alemana (1988-1992) and Sulliden Gold Corporation Ltd. (TSX: SUE, "Sulliden") (1996 - 1999) consisted of surface geological, geochemical, and geophysical studies, 26 drill holes and 1,200 meters of underground workings.

In 1998, Sulliden estimated that a 500 meter section of the 2.2 km long Los Socavones Zone hosts a geological resource of 6.57 million tonnes grading 2.09 g/t Au and 25.2 g/t Ag, equivalent to 443,000 ounces of gold and 5.3 million ounces of silver. This has been calculated at a cutoff of 1.5 g/t gold, and remains open at depth and along strike. This historic resource, based on 10 drill holes and 20 mineralized intercepts, was estimated by Sulliden to a depth of 200 meters.[(3)]

The historic resource was calculated in 1998 and the Company has not completed the work necessary to have the historical estimate verified by a Qualified Person. The Company is not treating the estimate as a current NI 43-101 defined resource and the historical estimate should not be relied upon. The Las Huaquillas Property will require considerable future exploration which the Company intends to carry out in due course.

The average true width encountered to date of the Los Socavones gold mineralization is 20+ meters, with some intercepts more than 75 meters in true width. Only a quarter of the length of the Los Socavones Zone has been drill tested in some detail. Table 1 below summarizes some highlighted mineralized intercepts of the Los Socavones Zone. [(3)]

Table 1: Highlighted mineralized intercepts of the Los Socavones Zone. [3]

DDH	From (m)	To (m)	Length (m)	Au (g/t)	Ag (g/t)
LH97-08	0	78.0	78.0	2.71	19.0
LH97-13	181.75	195.25	13.50	2.86	57.0
LH97-07	28.5	70.5	42.0	2.05	24.6
PD-1	100.25	134.65	34.4	2.71	38.63
PD-2	66.15	80.15	14.0	8.41	105.93
PD-4	39.25	59.45	20.2	2.79	42.77

Sulliden drilled exploratory holes in the Cementario and San Antonio copper-gold-porphyry systems (each system is more than 1 kilometer across) based on soil, rock, and IP anomalies. The best hole at Cementario (LH97-04) intersected 99.5 meters of 0.47% Cu and 0.11g/t Au.[2][3] The Company has filed a technical report relating to the Las Huaquillas Property prepared in accordance with National Instrument 43-101 on Sedar and it is also available on the Company's website www.incaone.com.

1. *Source: US Geological Survey (2009 Minerals Yearbook - Peru, February 2011)*
2. *Source: Tectonic, Magmatic and Metallogenic Evolution of The Cajamarca Mining District, Northern Peru. PHD Thesis; Richard Charles Idris Davies. December 2002.*
3. *Source: Sulliden Annual Report filed August 12, 1998, available on www.sedar.com*

The technical information above has been prepared in accordance with the Canadian regulatory requirements set out in NI 43-101 and reviewed on behalf of the Company by Thomas A. Henricksen, PhD, a Qualified Person under NI 43-101.

Update on the Property:

The Company continues to develop community partnerships in early December 2012 completed the public participation workshop required for approval of mining projects by Peru's Ministry of Energy and Mines. In addition seven DIA presentations regarding proposed exploration activities at Las Huaquillas property were delivered to the area's surface landholders and coffee farmers between July 14 and August 19, 2012. The DIA is an environmental impact statement outlining a plan for advanced exploration activities on Peruvian mineral exploration projects.

These presentations to further inform local community members ran smoothly and attendees expressed interest and enthusiasm for the project. A larger public participation workshop followed on September 9, 2012. In a repeat of the first workshop, required to comply with Peruvian Ministry mining exploration permitting application program, the meeting was again interrupted by an outspoken local individual. Although the workshop was suspended, the Company reached an agreement with the individual regarding the need to provide additional information to the communities involved.

Future Outlook:

The Company is moving forward in its plan to explore and develop the Las Huaquillas property and continues to work towards finalizing all application requirements in order to obtain the drill permit necessary to commence exploration work on the property. The Company continues to enhance relationships and partnerships with the communities and plans to hold another official workshop and other follow-up meetings. It is currently ensuring that the minutes of the last workshop held will be sufficient to meet Peruvian regulatory requirements.

In order to execute its business plan the Company expects that future financings will 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 has assessed and will continue to address the implications of recent events in order to ensure that the Company can continue to achieve its long term objectives.

Summary of Quarterly Information

The following table sets out selected quarterly financial results:

Quarter ended	Interest Income	Loss	Loss per share
	$	$	$
October 31, 2012	-	(272,236)	(0.01)
July 31, 2012	940	(179,463)	(0.01)
April 30, 2012	1,449	(330,455)	(0.01)
January 31, 2012	3,745	(216,339)	(0.01)
October 31, 2011	4,049	(243,038)	(0.01)
July 31, 2011	1,089	(389,707)	(0.02)
April 30, 2011	326	(230,578)	(0.02)
January 31, 2011	479	(140,893)	(0.01)

The Company’s quarterly results vary significantly depending on whether it has abandoned any mineral properties (quarter ended April 30, 2011), granted stock options (quarters ended July 31, 2011, April 30, 2012 and October 31 2012), or carried out marketing campaigns, none of which are predictable.

In March 2011, the Company entered into a fundamental property acquisition of the Las Huaquillas Property in Peru. This accounted for the increase in general operating costs and contributed to the variation in the Company’s net losses for the quarters ended April 30, 2011 and onwards.

Administrative costs other than the items note above tend to be quite similar from period to period. The variation in finance income is related solely to the interest earned on funds held by the Company, which is dependent upon the success of the Company in raising the required financing for its activities which will vary with overall market conditions, and is therefore difficult to predict.

Results of Operations

Three months ended October 31, 2012 compared with the three months ended October 31, 2011

During the three months ended October 31, 2012, the Company reported a net loss of $272,236 compared to a net loss of $243,038 during the three months ended October 31, 2011, representing an increase in loss of $29,198. The increase in loss was primarily attributable to share-based compensation of $98,400 resulting from the issue of 1,025,000 options in the most recently completed quarter.

Consulting and management fees in the current quarter decreased by $12,973 compared to fiscal 2011 as fewer consultants were utilized.

Professional fees decreased in the current quarter by $11,010 compared to fiscal 2011. In 2011, higher audit fees were incurred as a result of the Company's change of business during the 2011 fiscal year.

Six months ended October 31, 2012 compared with the six months ended October 31, 2011

During the six months ended October 31, 2012, the Company reported a net loss of $451,699 compared to a net loss of $632,745 during the six months ended October 31, 2011, representing a decrease in loss of $181,046. The decrease in loss was primarily attributable to the decrease in share-based compensation of $180,681.

Office, rent and administration increased by $26,806 as a result of an increase in finance and administrative staff to support the growing requirements of the Company and its office in Peru. Professional fees decreased by $25,648 compared to the six months ended October 31, 2011. In 2011, higher audit fees were incurred as a result of the Company's change of business during the 2011 fiscal year.

Liquidity and Capital Resources

The Company has 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, and from loans from related parties. As at October 31, 2012, the Company had cash and cash equivalents of $771,709 representing an increase of $228,679 compared with cash and cash equivalents of $543,030 at April 30, 2012.

The Company is in the process of acquiring and exploring its interest in the Las Huaquillas Property and has not yet determined whether the property contains mineral deposits that are economically recoverable.

The Company reported working capital of $760,780 at October 31, 2012 as compared to working capital of $616,545 as at April 30, 2012, representing an increase in working capital of $144,235 resulting from the completion of the October 2012 financing. Once Peruvian drilling permits are received working capital will not be sufficient to finance exploration and operating costs over the next twelve months without additional funding.

The Company is not subject to any capital requirements imposed by a regulator.

Capital Expenditures

During the three months ended October 31, 2012, the Company incurred $493,425 for exploration and evaluation expenditures and $3,205 for the purchase of equipment.

Financings

During the six months ended October 31, 2012, the Company completed a private placement of 11,181,800 units at $0.10 per unit for gross proceeds of $1,118,180. Each unit consisted of one common share and one-half of one share purchase warrant. Each share purchase warrant entitles the holder to acquire one additional common share of the Company at $0.20 per share for a period of one year.

In connection with the private placement finder's fees were paid consisting of cash of $55,194 and 550,443 share purchase warrants with each warrant having terms identical to warrants issued as part of the unit financing. Share-based compensation of $18,004 arising from the issue of these compensation warrants was charged to share issue costs and credited to warrant reserves. Other share issuance costs with respect to the private placement included legal fees of $14,419, and regulatory expenses of $5,591.

Summary of Outstanding Share Data

As at the date of this MD&A, the Company had 33,954,174 common shares issued and the following options and warrants outstanding:

(a) Stock options:

Number of options	Exercise price	Expiry date	Exercisable
311,000 (1)	$0.135	February 18, 2015	311,000
480,000 (1)	$0.125	April 7, 2015	480,000
124,000	$0.220	September 23, 2020	124,000
376,000	$0.500	May 13, 2021	329,000
820,000	$0.430	July 11, 2021	736,250
150,000	$0.250	February 9, 2017	150,000
250,000	$0.150	October 5, 2017	62,500
775,000	$0.150	October 30, 2017	775,000
60,000	$0.150	December 12, 2017	60,000
3,346,000			3,027,750

(1) Of these options, 36,000 and 42,000 are held in escrow respectively.

(b) Warrants:

Number of warrants	Exercise price	Expiry date
2,500,000	$0.750	June 30, 2013
1,442,843	$0.200	September 28, 2013
4,698,500	$0.200	October 12, 2013
8,641,343		

Transactions with Related Parties

The Company has entered into certain transactions with related parties during the six months ended October 31, 2012. A description of the related party transactions is as follows:

Name and Relationship to Company	Purpose of Transaction	Three months ended October 31, 2012 $	Three months ended October 31, 2011 $	Six months ended October 31, 2012 $	Six months ended October 31, 2011 $
Ekelly Investments Ltd., a company controlled by Edward Kelly, a Director and CEO of the Company	Management fees	24,000	24,000	48,000	42,000
James L. Harris Law Corporation, a company controlled by James Harris, corporate secretary of the Company	Legal fees	900	2,500	2,900	16,182
Remstar Resources Ltd., a company with a common CFO.	Office, rent and administration (1)	31,550	28,100	62,350	36,200
Ultra Lithium Inc., a company formerly with a common CFO.	Rent (2)	1,800	1,800	3,600	3,600
JLHLC Holding Inc., a company controlled by an officer of the Company	Interest on loan (3)	-	-	-	493

(1) The Company entered into a month-to-month arrangement with Remstar Resources Ltd. whereby Remstar provides for office premises and support related to accounting, administration and financial reporting. Of the monthly fees paid to Remstar, $2,500 is allocated to the services of Nilda Rivera, the former CFO of the Company. The agreement was terminated as of October 31, 2012.

(2) The Company entered into a month-to-month arrangement for the rental of office premises. The agreement was terminated as of October 31, 2012.

(3) The Company received a short-term loan from JLHLC Holdings Inc. pursuant to a loan agreement dated August 16, 2010. The loan had a term of one year maturing August 31, 2011 and bore interest at 12% per annum. The loan was fully repaid during the year ended April 30, 2012.

Included in prepaid expenses at October 31, 2012 are rent deposits of $1,200 (April 30, 2012 – $1,200) paid to companies having an officer in common.

Included in accounts payable and accrued liabilities at October 31, 2012 is an expense reimbursement of $7,900 (April 30, 2012 – $13,264) payable to a director and officer of the Company.

Commitments

The Company has not entered into any long-term lease commitments. However, the Company is subject to mineral property commitments as outlined in its condensed interim consolidated financial statements for the six months ended October 31, 2012.

In addition, on October 5, 2012, the Company entered into a one year investor relations agreement whereby it has agreed to pay $7,500 per month for 12 months.

Financial Instruments

As at October 31, 2012, the Company's financial instruments consist of cash and cash equivalents, other 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 if held are immediately redeemable and their fixed terms do not exceed one year. The Company also holds cash at highly rated 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 October 31, 2012 would result in an insignificant change to the comprehensive loss for the three and six months ended October 31, 2012. At October 31, 2012, 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 October 31, 2012 it is not exposed to significant credit or interest, risks arising from these financial instruments.

Subsequent Event

Subsequent to October 31, 2012, the Company granted 60,000 incentive stock options to employees each with an exercise price of $0.15 per share expiring on December 12, 2017.

Off-Balance Sheet Arrangements

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

Critical Accounting Policies and Estimates

The Company's financial statements are impacted by the accounting policies used, and the estimates and assumptions made, by Management during their preparation.

Management considers the areas currently requiring a significant degree of estimation and assumption to be the carrying value of and title to exploration and evaluation assets, fair value measurements for financial instruments and share-based compensation.

The process of estimating the recoverability of mineral properties involves both judgement and uncertainty as it relies on both an interpretation of technical geological data as well as economic considerations including current and estimated future commodity prices and exploration costs. As new data or information is received these estimates may change. Management reviews the carrying values of its mineral properties on an annual periodic basis to determine whether an impairment of carrying value should be recognized. In addition, capitalized costs related to abandoned properties are written off as soon as the abandonment decision is made.

The Company uses the fair-value method of accounting for share-based compensation related to incentive stock options granted, modified or settled. Under this method, compensation cost attributable to all incentive stock options granted is measured at fair value at the grant date and expensed over the vesting period with a corresponding increase to warrant reserve. In determining the fair value, the Company makes estimates of the expected volatility of the stock as well as estimated forfeiture rate and an estimated discount rate. Changes to these estimates could result in the fair value of the share-based compensation being different than the amount recorded.

Risk Factors

The Company is in the business of acquiring, exploring and, if warranted, developing and exploiting natural resource properties. Due to the nature of the Company's business and the present stage of exploration of its resource property (which is primarily early stage exploration property with no known resources or reserves that have not been explored by modern methods), the following risk factors, among others, will apply:

Mining Industry is Intensely Competitive: The Company's business of the acquisition, exploration and development of mineral properties is intensely competitive. The Company may be at a competitive disadvantage in acquiring additional mining properties because it must compete with other individuals and companies, many of which have greater financial resources, operational experience and technical capabilities than the Company. Increased competition could adversely affect the Company's ability to attract necessary capital funding or acquire suitable producing properties or prospects for mineral exploration in the future.

Resource Exploration and Development is Generally a Speculative Business: Resource exploration and development is a speculative business and involves a high degree of risk, including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but from finding mineral deposits which, though present, are insufficient in size to return a profit from production. The marketability of natural resources that may be acquired or discovered by the Company will be affected by numerous factors beyond the control of the Company. These factors include market fluctuations, the proximity and capacity of natural resource markets, government regulations, including regulations relating to prices, taxes, royalties, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital. There is no known resource, and there are no known reserves, on the Company's Property. The vast majority of exploration projects do not result in the discovery of commercially mineable deposits of ore. Substantial expenditures are required to establish ore reserves through drilling and metallurgical and other testing techniques, determine metal content and metallurgical recovery processes to extract metal from the ore, and construct, renovate or expand mining and processing facilities. No assurance can be given that any level of recovery of ore reserves will be realized or that any identified mineral deposit, even it is established to contain an estimated resource, will ever qualify as a commercial mineable ore body which can be legally and economically exploited. The great majority of exploration projects do not result in the discovery of commercially mineable deposits of ore.

Fluctuation of Metal Prices: Even if commercial quantities of mineral deposits are discovered by the Company, there is no guarantee that a profitable market will exist for the sale of the metals produced. Factors beyond the control of the Company may affect the marketability of any substances discovered. The prices of various metals have experienced significant movement over short periods of time, and are affected by numerous factors beyond the control of the Company, including international economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates and global or regional consumption patterns, speculative activities and increased production due to improved mining and production methods. The supply of and demand for metals are affected by various factors, including political events, economic conditions and production costs in major producing regions. There can be no assurance that the price of any mineral deposit will be such that its mineral property could be mined at a profit.

Permits and Licenses: The operations of the Company will require licenses and permits from various governmental authorities. There can be no assurance that the Company will be able to obtain all necessary licenses and permits that may be required to carry out exploration, development and mining operations at its projects, on reasonable terms or at all. A delay or failure to obtain such licenses and permits or a failure to comply with the terms of any such licenses and permits obtained, could have a material adverse effect on the Company.

No Assurance of Profitability: The Company has no history of earnings and, due to the nature of its proposed business, there can be no assurance that the Company will ever be profitable. The Company has not paid dividends on its shares since incorporation and does not anticipate doing so in the foreseeable future. The only present source of funds available to the Company is from the sale of its common shares or, possibly, the sale or optioning of a portion of its interest in its mineral property. Even if the results of exploration are encouraging, the Company may not have sufficient funds to conduct the further exploration that may be necessary to determine whether or not a commercially mineable deposit exists. While the Company may generate additional working capital through further equity offerings or through the sale or possible syndication of its property, there can be no assurance that any such funds will be available on favourable terms, or at all. At present, it is impossible to determine what amounts of additional funds, if any, may be required. Failure to raise such additional capital could put the continued viability of the Company at risk.

Uninsured or Uninsurable Risks: Exploration, development and mining operations involve various hazards, including environmental hazards, industrial accidents, metallurgical and other processing problems, unusual or unexpected rock formations, structural cave-ins or slides, flooding, fires, metal losses and periodic interruptions due to inclement or hazardous weather conditions. These risks could result in damage to or destruction of mineral properties, facilities or other property, personal injury, environmental damage, delays in operations, increased cost of operations, monetary losses and possible legal liability. The Company may not be able to obtain insurance to cover these risks at economically feasible premiums or at all. The Company may elect not to insure where premium costs are disproportionate to the Company's perception of the relevant risks. The payment of such insurance premiums and of such liabilities would reduce the funds available for exploration and production activities.

Government Regulation: Any exploration, development or mining operations carried on by the Company will be subject to government legislation, policies and controls relating to prospecting, development, production, environmental protection, mining taxes and labour standards. In addition, the profitability of any mining prospect is affected by the market for precious and/or base metals which is influenced by many factors including changing production costs, the supply and demand for metals, the rate of inflation, the inventory of metal producing corporations, the political environment and changes in international investment patterns.

Environmental Restrictions: The activities of the Company are subject to environmental regulations promulgated by government agencies in different countries from time to time. Environmental legislation generally provides for restrictions and prohibitions on spills, releases or emissions into the air, discharges into water, management of waste, management of hazardous substances, protection of natural resources, antiquities and endangered species and reclamation of lands disturbed by mining operations. Certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner which means stricter standards, and enforcement, fines and penalties for non-compliance are more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations.

Dependence Upon Others and Key Personnel: The success of the Company's operations will depend upon numerous factors, many of which are beyond the Company's control, including (i) the ability to design and carry out appropriate exploration programs on its mineral property; (ii) the ability to produce minerals from any mineral deposits that may be located; (iii) the ability to attract and retain additional key personnel in exploration, marketing, mine development and finance; and (iv) the ability and the operating resources to develop and maintain the property held by the Company. These and other factors will require the use of outside suppliers as well as the talents and efforts of the Company and its consultants and employees. There can be no assurance of success with any or all of these factors on which the Company's operations will depend, or that the Company will be successful in finding and retaining the necessary employees, personnel and/or consultants in order to be able to successfully carry out such activities. This is especially true as the competition for qualified geological, technical and mining personnel and consultants is particularly intense in the current marketplace.

Share Price Volatility: In recent years, worldwide securities markets, particularly those in the United States and Canada, have experienced a high level of price and volume volatility, and the market price of securities of many companies, particularly those considered exploration or development stage companies, have experienced unprecedented declines in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. Most significantly, the share prices of junior natural resource companies have experienced an unprecedented decline in value and there has been a significant decline in the number of buyers willing to purchase such securities. In addition, significantly higher redemptions by holders of mutual funds has forced many of such funds (including those holding the Company's securities) to sell such securities at any price. As a consequence, despite the Company's past success in securing equity financings, market forces may render it difficult or impossible for the Company to secure placees to purchase new share issues at a price which will not lead to severe dilution to existing shareholders, or at all. Therefore, there can be no assurance that significant fluctuations in the trading price of the Company's common shares will not occur, or that such fluctuations will not materially adversely impact on the Company's ability to raise equity funding without significant dilution to its existing shareholders, or at all.

Financing Risks: The Company has limited financial resources, has no source of operating cash flow and has no assurance that additional funding will be available to it for further exploration and development of its project or to fulfil its obligations under any applicable agreements. Although the Company has been successful in the past in obtaining financing through the sale of equity securities, there can be no assurance that it will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of its project with the possible loss of such property.

Insufficient Financial Resources: The Company does not presently have sufficient financial resources to undertake by itself the exploration and development of all of its planned exploration and development programs. Future property acquisitions and the development of the Company's property will therefore depend upon the Company's ability to obtain financing through the joint venturing of projects, private placement financing, public financing, short or long-term borrowings or other means. There is no assurance that the Company will be successful in obtaining the required financing. Failure to raise the required funds could result in the Company losing, or being required to dispose of, its interest in its property. In particular, failure by the Company to raise the funding necessary to maintain in good standing its option agreement could result in the loss of its rights to such property.

Dilution to the Company's existing shareholders: The Company will require additional equity financing to be raised in the future. The Company may issue securities on less than favourable terms to raise sufficient capital to fund its business plan. Any transaction involving the issuance of equity securities or securities convertible into common shares would result in dilution, possibly substantial, to present and prospective holders of common shares.

Currency Fluctuations: The Company maintains its accounts in Canadian dollars. The Company's operations in Peru and its exploration expenditures are denominated in U.S. dollars and Peruvian New Sol, making it subject to foreign currency fluctuations. Such fluctuations are out of its control and may materially adversely affect the Company's financial position and results.

Surface Rights and Access: Although the Company acquires the rights to some or all of the minerals in the ground subject to the tenures that it acquires, or has a right to acquire, in most cases it does not thereby acquire any rights to, or ownership of, the surface to the areas covered by its mineral tenures. In such cases, applicable mining laws usually provide for rights of access to the surface for the purpose of carrying on mining activities, however, the enforcement of such rights can be costly and time consuming. In areas where there are no existing surface rights holders, this does not usually cause a problem, as there are no impediments to surface access. However, in areas where there are local populations or land owners, it is necessary, as a practical matter, to negotiate surface access. There can be no guarantee that, despite having the right at law to access the surface and carry on mining activities, the Company will be able to negotiate a satisfactory agreement with any such existing landowners/occupiers for such access, and therefore it may be unable to carry out mining activities. In addition, in circumstances where such access is denied, or no agreement can be reached, the Company may need to rely on the assistance of local officials or the courts in such jurisdictions.

Title: Although the Company has taken steps to verify the title to the mineral property in which it has or has a right to acquire an interest in accordance with industry standards for the current stage of exploration of such property, these procedures do not guarantee title (whether of the Company or of any underlying vendor(s) from whom the Company may be acquiring its interest). Title to mineral properties may be subject to unregistered prior agreements or transfers, and may also be affected by undetected defects or the rights of indigenous peoples.

Acquisition of Mineral Concessions under Agreements: The agreement pursuant to which the Company has the right to acquire its property provides that the Company must make a series of cash payments and/or share issuances over certain time periods, expend certain minimum amounts on the exploration of the property or contribute its share of ongoing expenditures. The Company does not presently have the financial resources required to complete all expenditure obligations under its property option agreement over their full term. Failure by the Company to make such payments, issue such shares or make such expenditures in a timely fashion may result in the Company losing its interest in such property. There can be no assurance that the Company will have, or be able to obtain, the necessary financial resources to be able to maintain its property agreement in good standing, or to be able to comply with all of its obligations thereunder, with the result that the Company could forfeit its interest in its exploration and evaluation asset.

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 and six months ended October 31, 2012 (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 either of its last two financial periods, the following is a breakdown of the material costs incurred:

	Three months ended October 31,		Six months ended October 31,	
	2012	2011	2012	2011
	$	$	$	$
Deferred exploration expenditures	139,335	299,418	493,425	449,966
Administrative expense	256,668	248,354	440,449	637,167

Administrative expenses are provided by category of major expense items in the Consolidated Statements of Loss and Comprehensive Loss included in the unaudited condensed interim consolidated financial statements for the three and six months ended October 31, 2012. Additional disclosures pertaining to the Company's news releases and other information are available on the SEDAR website at www.sedar.com.