INCA ONE RESOURCES CORP.
(Formerly Inca One Metals Corp.)

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the years ended April 30, 2012 and 2011

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 ("the Exchange") under the symbol "IO".

This management's discussion and analysis ("MD&A") reports on the operating results and financial condition of the Company for the year ended April 30, 2012 and is prepared as of August 21, 2012. The MD&A should be read in conjunction with the Company's audited consolidated financial statements for the years ended April 30, 2012 and 2011 and the notes thereto which were prepared in accordance with International Financial Reporting Standards ("IFRS").

All dollar amounts referred to in this MD&A are expressed in Canadian dollars except where indicated otherwise.

Cautionary Note Regarding Forward-Looking Information

This document may contain "forward-looking information" within the meaning of Canadian securities legislation ("forward-looking statements"). These forward-looking statements are made as of the date of this document and the Company does not intend, and does not assume any obligation, to update these forward-looking statements, except as required under applicable securities legislation.

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. Accordingly, readers should not place undue reliance on forward-looking statements.

Highlights for the Year

- Effective May 11, 2011, the Company changed its name to Inca One Metals Corp. and its common shares commenced trading on the Exchange under the new trading symbol "IO".

- On June 28, 2011, Inca One formed its wholly-owned subsidiary in Peru named Inca One Metals S.A.

- On June 30, 2011, the Company closed a non-brokered private placement of 5,000,000 units at $0.40 per unit for gross proceeds of $2,000,000.

- On July 1, 2011, Inca One hired Katty Vargas as General Manger in Peru. Mrs. Vargas has 17 years of experience working for international exploration mining companies. She has worked with Anglo Gold Ashanti, The Grosso Group, Pasminco Exploration, and most recently with Norsemont Mining Inc.

- On July 5, 2011, the Company terminated its option agreement with Unity Energy Corp. with regard to the Thorburn Lake property and wrote-off $40,545 in resource property costs.

- On September 1, 2011, Inca One opened its offices in Lima, Peru.

- On October 19, 2011, Inca One commenced the socio-economic and environmental baseline studies on the Las Huaquillas Property in Peru.

- On October 26, 2011, the Company changed its name from Inca One Metals Corp. to Inca One Resources Inc. There was no change to the Company's capital structure or trading symbol, "IO".

- On January 18, 2012, Inca One signed an amended agreement with the optionors of the Las Huaquillas Property whereby all option payments due starting from July 26, 2012 were to be deferred until the drill permits are obtained.

- On February 14, 2012, Inca One completed the socio-economic baseline study on the Las Huaquillas Property in Peru.

- On February 22, 2012, Inca One commenced a sustainability program to support the communities surrounding the Las Huaquillas Property in Peru.

- On March 13, 2012, the Company announced that it had completed its water studies, sustainability program and archeological studies on the Las Huaquillas Property in Peru.

- On April 24, 2012, the Company announced that it had completed a DIA (Environmental Impact Statement) carried out on it Las Huaquillas Property in Peru.

- On July 12, 2012, the Company announced that it had held its first Public Participation Workshop in San Ignacio, in the Cajamarca department of northern Peru. Minutes were not prepared during this workshop. Minutes of a completed Workshop must be included in the Company's application for a 20-platform drill permit from Peru's Ministry of Energy and Mines ("Ministry"). The permit is a requirement in the Ministry's approval process for mining projects, and must be in place before the Company can commence an exploration program on its Las Huaquillas Property.

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 a 100% of the Rial Shares, of which 95% may be acquired by (a) paying an aggregate of US$5,000,000 to the Optionors; (b) issuing 5,000,000 common shares of the Company to the Optionors; and (c) incurring exploration expenditures of US$10,000,000 over a period of four years.

Upon the Company acquiring 95% of Rial Shares, a 1% net smelter royalty shall be payable to the Optionors on all future production. 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. 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.

A finder's fee of $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 was paid and 16,250 common shares were issued as at August 21, 2012.

As at April 30, 2012, the Company incurred acquisition costs of $714,102 and exploration expenditures of $680,970 for a total of $1,395,072. Acquisition costs of $714,102 consisted of option payments of US$410,625 and 341,250 common shares at a fair 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.

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 1000 to 1800 meters. It consists of 9 mineral concessions and is 3700 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 2nd 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 1200 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.

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.

Delays or a failure to obtain such licenses and permits or a failure to comply with the terms of any such licenses and permits that the Company does obtain, 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 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.

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, 2012, 2011 and 2010, of which fiscal 2012 and 2011 have been prepared in accordance with IFRS and fiscal 2010 in accordance with Canadian GAAP. The selected financial data should be read in conjunction with those financial statements and the notes thereto.

	Years ended April 30,		
	2012	2011	2010
	$	$	$
Interest income	10,332	987	-
Net Income (loss)	(1,179,539)	(471,246)	(232,379)
Income (loss) per share	(0.05)	(0.04)	(0.07)
Exploration and evaluation asset	1,395,072	158,097	-

Total assets	2,128,195	906,773	392,212
Total long term liabilities	Nil	Nil	Nil
Cash dividends declared per share for each class of share	Nil	Nil	Nil

Summary of Quarterly Information

The following table sets out selected quarterly financial results, except per share amounts:

Quarter ended	Interest Income	Loss	Loss per share
	$	$	$
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)
October 31, 2010	182	(71,596)	(0.01)
July 31, 2010	-	(28,179)	-

There are no general trends regarding the Company's quarterly results and the variation seen over the quarters is primarily due to the Company's change of business. Since the sale of substantially all of the Company's assets and business operations in September 2008 and throughout the year ended July 31, 2010, the Company's operations were restricted to sustaining its listing on the NEX and seeking new business opportunities. In September 2010, the Company completed its property acquisition and its listing was transferred to the Exchange as a Tier 2 mining issuer and as a result, general operating costs started to increase. This accounted for the variation in the Company's net losses for the quarters ended October 31, 2010 and January 31, 2011. In March 2011, the Company entered into a fundamental property acquisition of the Las Huaquillas Property in Peru. This accounted for the further increase in general operating costs and the variation in the Company's net losses for the quarters ended April 30, 2011 and onwards.

Quarterly results can also vary significantly depending on whether the Company has abandoned any properties, granted any stock options, or carried out marketing campaigns related to financing and these are the factors that account for material variations in the Company's recent quarterly net losses, none of which are predictable. The impairment of exploration and evaluation assets can have a material effect on quarterly results as and when they occur (as, for example in the quarter ended April 30, 2011). One major factor which can cause a material variation in net loss on a quarterly basis is the grant of stock options due to the resulting share-based payments charges which can be significant when they arise. This can be seen in the quarters ended July 31, 2011 and October 31, 2011. 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

During the year ended April 30, 2012, the Company reported a net loss of $1,179,539 compared to a net loss of $471,246 during the year ended April 30, 2011, representing an increase in loss of $708,293. The increase in loss was primarily attributable to an increase in general and administrative expenses of $763,545 as a result of increased corporate activities related to the Company's Las Huaquillas Property and related transactions. During the year ended April 30, 2011, the Company was still negotiating the option agreement related to the Las Huaquillas Property and incurred minimal operating expenses.

During the year ended April 30, 2012, consulting and management fees increased by $129,235 as the Company retained consultants to perform corporate communications, marketing and other public relations services. No marketing and public relations expenses were incurred in the prior period. In addition, there was an increase in monthly management fees of $3,000 to the CEO of the Company.

Office, rent and administration increased by $94,260 as a result of an increase in finance and administrative staff to support the growing requirements of the Company and its offices in Peru.

During the year ended April 30, 2012, the Company incurred travel, advertising and promotion of $355,782 as compared to $100,177 during the prior year. The expenditures consisted of travel and accommodation related to various trips to Peru, expenses related to distribution of investment materials and other marketing efforts carried out during the year. There was an increase in travel expenditures due to various initiatives that the Company is carrying out for the Las Huaquillas Property. There was also an increase in marketing and public relations activities as part of the private placement financing carried out during the year.

During the year ended April 30, 2012, the Company recorded share-based compensation of $424,871 for stock options granted to directors, officers, employees and consultants of the Company to purchase 376,000 shares at $0.50 per share for a period of ten years expiring May 13, 2021, 820,000 shares at $0.43 per share for a period of ten years expiring July 11, 2021 and 150,000 shares at $0.25 per share for a period of five years. During the year ended April 30, 2011, the Company recorded share-based compensation of $27,739 for stock options granted to directors, officers and employees of the Company to purchase 136,000 shares at $0.22 per share for a period of ten years expiring September 23, 2020.

Liquidity and Capital Resources

The Company has no revenue generating 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 April 30, 2012, the Company had cash and cash equivalents of $543,030 representing a decrease of $157,823 compared with cash and cash equivalents of $700,853 at April 30, 2011. The decrease in cash resulted mainly from net outflows of $947,714 for operations, $120,000 for loans repayment, $1,030,070 for exploration and evaluation assets expenditures and $20,515 for the purchase of equipment offset by cash inflows of $1,851,518 from a private placement financing and $108,958 from exercise of warrants.

The Company reported working capital of $616,545 at April 30, 2012 as compared to working capital of $554,697 as at April 30, 2011, representing an increase in working capital by $61,848.

During the year ended April 30, 2012, the Company completed a private placement of 5,000,000 units at $0.40 per unit for gross proceeds of $2,000,000. The Company paid $136,790 and issued 87,750 common shares at a fair value of $35,100 as finders' fees and incurred $11,691 regulatory expenses on this private placement.

As at the date of this MD&A, the other source of funds currently potentially available to the Company are through the exercise of its outstanding exercisable options and share purchase warrants (See Summary of Outstanding Share Data – (a) options, (b) warrants). However, there can be no assurance that these outstanding convertible securities will be exercised, particularly if the trading price of the common shares on the Exchange does not exceed, by a material amount and for a reasonable period, the exercise price of such convertible securities at some time prior to their expiry dates.

The Company has not entered into any long-term lease commitments. However, the Company is subject to mineral property commitments as outlined in Note 6 to its consolidated financial statements for the year ended April 30, 2012. During the year, the Company entered into an amended agreement related to its Las Huaquillas Property whereby all option payments due starting July 26, 2012 were to be deferred until the drill permits are obtained. Consequently, the Company expects that it has sufficient liquidity and immediate funds will be available through short-term loans to meet its obligations for fiscal 2013.

The Company will be required to raise additional capital in order to make option payments as they become due, incur expenditures to maintain its option to acquire an interest in the Las Huaquillas Property and to fund working capital requirements in the long term. Although the Company has previously been successful in raising the funds required for its operations, there can be no assurance that the Company will have sufficient financing to meet its future capital requirements or that additional financing will be available on terms acceptable to the Company in the future. If the Company is unable to obtain adequate additional financing, the Company will be required to curtail operations, exploration and development activities. These material uncertainties cast significant doubt on the entity's ability to continue as a going concern.

The Company's overall success will be affected by its current or future business activities. 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 recoverability of expenditures incurred to earn an interest in this resource property are dependent upon the existence of economically recoverable reserves, securing and maintaining title and beneficial interest in the property, obtaining necessary financing to explore and develop the property, and upon future profitable production or proceeds from disposition of its resource property. See "*Risk Factors*".

Transactions with Related Parties

The Company has entered into certain transactions with related parties during the year ended April 30, 2012.

A description of the related party transactions is as follows:

Name and Relationship to Company	Purpose of Transaction	Three months ended April 30, 2012 $	Year ended April 30, 2012 $	Year ended April 30, 2011 $
Ekelly Investments Ltd., a company controlled by Edward Kelly, a Director and CEO of the Company	Management fees	24,000	90,000	33,500
James L. Harris Law Corporation, a company controlled by James Harris, corporate secretary of the Company	Legal fees and share issue costs	3,799	21,432	47,457
Remstar Resources Ltd., a company with a common CFO.	Office, rent and administration (1)	26,300	85,600	27,000
Ultra Lithium Inc., a company with a common CFO.	Rent (2)	1,800	7,200	6,000
JLHLC Holding Inc., a company controlled by an officer of the Company	Interest on loan (3)	-	493	5,073

(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, CFO of the Company.

(2) The Company entered into a month-to-month arrangement for the rental of office premises.

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

Included in prepaid expenses were rent deposits of $1,200 (2011 - $1,200) paid to companies having an officer in common.

Included in accounts payable and accrued liabilities was an expense reimbursement of $13,264 (2011 - $Nil) payable to a director and officer of the Company.

Included in accounts payable and accrued liabilities was a legal fee of $Nil (2011 - $7,627) payable to a company controlled by an officer of the Company.

Included in accounts payable and accrued liabilities was a management fee of $Nil (2011 - $6,003) payable to a company controlled by a director and officer of the Company.

Fourth Quarter

During the fourth quarter, the Company reported a net loss of $330,455 as compared to a net loss of $230,578 during the fourth quarter in the prior fiscal year, representing an increase in loss of $99,877. The increase in loss was primarily attributable to increases in general and administrative expenses of $141,462 and exchange loss of $11,451 offset by decreases in finance costs of $11,368, impairment of exploration and evaluation assets of $40,545 and an increase in finance income of $1,123.

The increase in general and administrative expenses of $141,462 was a result of increased corporate activities related to the Company's Las Huaquillas Property. During the period ended April 30, 2011, the Company was still negotiating the option agreement related to the Las Huaquillas Property and incurred minimal operating expenses.

During the fourth quarter, consulting and management fees increased by $28,095 as the Company retained consultants to perform corporate communications, marketing and other public relations services. No marketing and public relations expenses were incurred in the prior period. In addition, there was an increase in monthly management fees of $3,000 to the CEO of the Company.

Office, rent and administration increased by $22,003 as a result of an increase in finance and administrative staff to support the growing requirements of the Company and its offices in Peru.

During the fourth quarter, the Company incurred travel, advertising and promotion of $144,677 as compared to $72,887 during the three months ended April 30, 2011. The expenditures consisted of travel and accommodation related to various trips to Peru, expenses related to distributions of investment materials and other marketing efforts carried out during the period. The increase of $71,790 was primarily attributable to marketing, public relations activities and fees paid during the period in connection with a private placement financing that the Company planned to carry out which was subsequently cancelled.

During the fourth quarter, the Company recorded stock-based compensation of $48,479 as compared to $nil for the three months ended April 30, 2010. The increase in stock-based compensation expense was the result of stock options granted to a consultant of the Company to purchase 150,000 shares at $0.25 per share for a period of five years during the fourth quarter.

During the three months ended April 30, 2010, the Company wrote-off of its interest in its Thorburn Lake property and recorded an impairment of $40,545.

Critical Accounting Estimates

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions 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 continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Changes in Accounting Policies including Initial Adoption

Adoption of IFRS

The consolidated financial statements of the Company for the year ended April 30, 2012 represent the first annual financial statements of the Company prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and the interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") effective for the Company's reporting period ended April 30, 2012.

The disclosures related to the transition from Canadian Generally Accepted Accounting Principles ("GAAP") to IFRS are included in note 14 to the Company's consolidated financial statements for the years ended April 30, 2012 and 2011. Note 14 contains reconciliations and descriptions of the effect of the transition from GAAP to IFRS on previously reported statements of financial position as at April 30, 2011 and May 1, 2010. The first date at which IFRS was applied was May 1, 2010.

Recent Accounting Pronouncements

The following IFRS standards have been recently issued by the International Accounting Standards Board ("IASB"): The Company is assessing the impact of these new standards, but does not expect them to have a significant effect on the financial statements.

(a) IFRS 7, Financial Instruments: Disclosures and IAS 32, Financial Instruments: Presentation

The IASB has issued amendments to IFRS 7, Financial Instruments: Disclosures ("IFRS 7") and IAS 32, Financial Instruments: Presentation, requiring incremental disclosures and clarity an entity's ability to offset financial assets and financial liabilities. These amendments to IFRS 7 are effective for annual periods beginning on or after January 1, 2013 and the amendments to IAS 32 are applicable for annual periods beginning on or after January 1, 2014. The Company does not expect the implementation to have a material impact on the Company's disclosures.

(b) IFRS 9, Financial Instruments

The IASB has issued a new standard, IFRS 9, "Financial Instruments" ("IFRS 9"), which will ultimately replace IAS 39, "Financial Instruments: Recognition and Measurement" ("IAS 39"). The replacement of IAS 39 is a multi-phase project with the objective of improving and simplifying the reporting for financial instruments and the issuance of IFRS 9 is part of the first phase of this project. IFRS 9 uses a single approach to determine whether a financial asset or liability is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. For financial assets, the approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. IFRS 9 requires a single impairment method to be used, replacing multiple impairment methods in IAS 39. For financial liabilities measured at fair value, fair value changes due to changes in an entity's credit risk are presented in other comprehensive income. IFRS 9 is effective for annual periods beginning on or after January 1, 2015. The Company does not expect the implementation to have a material impact on the Company's results of operations, financial position and disclosures.

(c) IFRS 10, Consolidated Financial Statements

In 2011, the IASB issued IFRS 10, Consolidated Financial Statements ("IFRS 10"), which replaces parts of IAS 27, Consolidated and Separate Financial Statements ("IAS 27") and all of SIC-12 Consolidation – Special Purpose Entities, changes the definition of control which is the determining factor in whether an entity should be consolidated. Under IFRS 10, an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Company intends to adopt IFRS 10 in its financial statements for the annual period beginning on May 1, 2013.

(d) IFRS 11, Joint Arrangements

In May 2011, the IASB issued IFRS 11 which replaces IAS 31, Interest in Joint Ventures and SIC-13 Jointly Controlled Entities – Non-monetary Contributions by Venturers, requires a venture to classify its interest in a joint operator will recognize its assets, liabilities, revenue and expenses, and/or its relative share thereof. For a joint venture, the joint venturer will account for its interest in the venture's net assets using the equity method of accounting. The choice to proportionally consolidate joint ventures is prohibited. This new standard is applicable for accounting periods beginning January 1, 2013.

(e) IFRS 12, Disclosure of Interests in Other Entities

In May 2011, the IASB issued IFRS 12, a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off-balance sheet vehicles. The required disclosures aim to provide information in order to enable users to evaluate the nature of and the risks associated with an entity's interest in other entities and the effects of those interests on the entity's financial position, financial performance and cash flows. The Company intends to adopt IFRS 12 in its financial statements for the annual period beginning on May 1, 2013.

(f) IFRS 13, Fair value measurement

In May 2011, the IASB issued IFRS 13 which replaces the fair value measurement guidance contained in individual IFRSs with a single source of fair value measurement guidance. It defines fair value as the price that would be received to see an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, i.e. an exit price. The standard also establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements to provide information that enables financial statement users to assess the methods and inputs used to develop fair value measurements and, for recurring fair value measurements that use significant unobservable inputs (Level 3), the effect of the measurements on profit or loss or other comprehensive income. The Company intends to adopt IFRS 13 in its financial statements for the annual period beginning on May 1, 2013.

(g) IAS 1, Presentation of Items of Other Comprehensive Income

The IASB has issued amendments to IAS 1which require entities to group items presented in other comprehensive income ("OCI") on the basis of whether they might at some point be reclassified from OCI to profit or loss at a later date when specified conditions are met. By requiring items of OCI to be grouped on this basis, their potential effect on profit or loss in future periods will be clearer. This amendment is effective for annual periods beginning on or after July 1, 2012 and requires full retrospective application. The Company does not expect IAS 1 to have a material impact on the financial statements.

Financial Instruments and Other Instruments

(a) Fair value of financial instruments

As at April 30, 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.

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.

The Company has no financial instrument assets or liabilities recorded in the statements of financial position at fair value.

The following table summarizes the classification, carrying values and fair value hierarchy of the Company's financial instruments:

	Carrying value	Fair value hierarchy	April 30, 2012	April 30, 2011	May 1, 2010
			$	$	$
Financial assets					
Loans and receivables					
Cash and cash equivalents	Amortized cost	N/A	543,030	700,853	163,483
Other receivables	Amortized cost	N/A	134,321	44,302	228,729
			677,351	745,155	392,212
Financial liabilities					
Other financial liabilities					
Accounts payable and accrued liabilities	Amortized cost	N/A	96,980	71,658	54,830
Loans payable	Amortized cost	N/A	-	120,000	-
			96,980	191,658	54,830

(b) Financial instruments risk

The Company is exposed in varying degrees to a variety of financial instrument related to risks. The Board approves and monitors the risk management processes:

(i) Credit risk

Credit risk primarily arises from the Company's cash and cash equivalents and receivables. The risk exposure is limited to their carrying amounts at the balance sheet date. Cash and cash equivalents are held as cash deposits or investments in guaranteed investment certificates at banks within Canada. Other receivables consist primarily of interest receivable of $3,603 (2011: $450) and other receivables of $2,697 (2011 - $1,599).

(ii) Liquidity risk

Liquidity risk is the risk that the Company cannot meet its financial obligations associated with financial liabilities in full. The Company manages liquidity risk through the management of its capital structure as outlined in note 12 to the Company's consolidated financial statements for the year ended April 30, 2012.

The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to settle obligations and liabilities when due. The Company achieves this by maintaining sufficient cash and seeking equity financing as required. As at April 30, 2012, the Company had cash and cash equivalents of $543,030 to settle current liabilities of $96,980 which mainly consist of accounts payable that are considered short term and settled within 30 days. See Note 1 to the Company's consolidated financial statements for the year ended April 30, 2012.

(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's cash and cash equivalents attract interest at floating rates and have maturities of 90 days or less. A change of 100 basis points in the interest rates would not be material to the financial statements.

(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. The Company holds cash in Canadian, United States and Peruvian currencies in line with forecasted expenditures. The Company's main risk is associated with the fluctuations in the US dollar and the Peruvian New Sol ("Sol") and assets and liabilities are translated based on the foreign currency translation policy described in note 2(d) to the Company's consolidated financial statements for the year ended April 30, 2012.

The Company's net exposure to the US dollar and Sol on financial instruments is as follows:

	April 30, 2012	April 30, 2011	May 1, 2010
	$	$	$
US dollar:			
Cash and cash equivalents	108,492	-	-
Sol:			
Cash and cash equivalents	18,701	-	-
Receivables	2,697	-	-
Accounts payable and accrued liabilities	(53,231)	-	-
Net Sol	(31,833)	-	-

The Company has determined that an effect of a 10% increase or decrease in the US dollar and Sol against the Canadian dollar on financial assets and liabilities as at April 30, 2012, including cash and cash equivalents denominated in US dollars and Sol, would result in an insignificant change to the net loss and comprehensive loss for the year ended April 30, 2012. At April 30, 2012, 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 risk relates primarily to the expected output to be produced at its resource properties described in Note 6 to its consolidated financial statements for the year ended April 30, 2012, from which production is not expected in the near future.

<u>Summary of Outstanding Share Data</u>

As at the date of this MD&A, the Company had 22,772,374 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	652,500
150,000	$0.250	February 9, 2017	150,000
2,261,000			2,046,500

(1) Of these options, 54,000 and 63,000 are held in escrow respectively.

(b) Warrants:

Number of warrants	Exercise price	Expiry date
343,686	$1.000	December 12, 2012
2,500,000	$0.750	June 30, 2013
2,843,686		

Additional Disclosures

Additional disclosures pertaining to the Company's news releases and other information are available on the SEDAR website at www.sedar.com.