



MANAGEMENT DISCUSSION AND ANALYSIS

For the Three and Six Months Ended October 31, 2021 and 2020
Report Dated December 29, 2021

INCA ONE GOLD CORP.

Management Discussion & Analysis

For the Three and Six Months Ended October 31, 2021, and 2020

This Management's Discussion and Analysis ("MD&A") of Inca One Gold Corp. (the "Company" or "Inca One") has been prepared by management as of December 29, 2021 and should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements for the three and six months ended October 31, 2021 and 2020 and the related notes thereto. This MD&A has been reviewed and approved by the Board of Directors of the Company. Unless otherwise specified, all financial information has been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. All dollar amounts herein are expressed in United States Dollars unless stated otherwise. References to CAD\$ are to Canadian Dollars.

This MD&A contains forward-looking statements and should be read in conjunction with the risk factors described in "**Risks and Uncertainties**" and "**Cautionary Statement on Forward-Looking Information**" at the end of this MD&A.

Description of the Business

Inca One was incorporated on November 9, 2005 and is in the business of developing custom mineral processing operations in Peru, to service government permitted small-scale miners. In recent years the Peruvian government instituted a formalization process for informal miners as part of its efforts to regulate their activities. The Company, has two Peruvian gold milling facilities ("Chala One" and "Kori One") with a total permitted capacity of 450 tonnes per day ("TPD") and has been in commercial production since 2015. The Company purchases high-grade gold mill feed from legally recognized Peruvian small-scale miners and processes the material for the export and sale of gold doré and refined gold.

Inca One is listed on the TSX Venture Exchange (the "TSX-V") under the symbol "INCA", on the OTCQB Exchange under the symbol "INCAF", on the Frankfurt Stock Exchange under the symbol "SU9.F", and the Santiago Stock Exchange Venture under the symbol "IOCL".

Inca One's vision is to become the largest, undisputed high-grade gold ore processor of choice in Peru, while maintaining its uncompromising guiding principles while it grows. This vision will be achieved through:

- Continuing to increase purchases of high-grade gold mill feed;
- The acquisition and development of mineral concessions that could be mined by contract miners and that would provide long-term supply to Chala One and Kori One; and
- Pursuing growth via merger and acquisition, including additional mineral processing operations.

Key Period Definitions (used below)

- three months ended October 31, 2021 ("**the Quarter**" or "**Q2 2022**");
- three months ended July 31, 2021 ("**Q1 2022**");
- three months ended April 30 2021 ("**Q4 2021**");
- three months ended January 31 2021 ("**Q3 2021**");
- three months ended October 31 2020 ("**Q2 2021**");
- six months ended October 31, 2021 ("**YTD Q2 2022**") and
- six months ended October 31, 2020 ("**YTD Q2 2021**")

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Second Quarter 2022 Highlights and Key Business Developments

- The Company arranged a \$9 million non-dilutive gold prepayment facility (the “Facility”) with OCIM Precious Metals AG (“OCIM”) and received the first tranche of \$6 million. Net proceeds were approximately \$5.95 million, of which \$4.6 million was used to purchase gold mill feed, and \$1.35 million was used for the repayment of a secured debenture.
- During Q2 2022, the Company processed 19,838 tonnes, which represents an increase of 7,642 tonnes when compared to 12,196 processed during Q1 2022. The daily production average during Q2 2022 was 217 TPD, which represents an increase of 85 TPD when compared with the 132 TPD average of Q1 2022
- Gold production during Q2 2022 totaled 6,976 ounces, which represents an increase of 1,718 ounces compared to 5,258 ounces in Q1 2022.
- Gold sales during Q2 2022 totaled 6,020 ounces, which represents an increase of 1,407 ounces compared to 4,614 ounces sold in Q1 2022. Total revenues for Q2 2022 were \$10.7 million, an increase of \$2.3 million when compared to Q1 2022 of \$8.4 million.

Subsequent to Q2 2022

- In November 2021, combined deliveries to Chala One and Kori One reached an all-time monthly high totaling 8,193 tonnes or 273 tonnes per day, surpassing the 8,000 tonnes level for the first time in the Company's history.
- In December 2021, the Company exercised its second tranche \$3 million drawdown option of the OCIM Facility. The full amount will be used to purchase gold mill feed.

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Operational Highlights - Consolidated

Quarter over Quarter highlights	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Variance % Q2 2022 to Q1 2022	Variance % Q2 2022 to Q2 2021
Tonnes processed in period (t)	19,838	12,196	8,019	10,822	9,239	62.66%	114.72%
Average daily processing volume (t)	217	132	90	118	100	64.39%	117.00%
Mineral grade processed (oz/t gold)	0.38	0.46	0.49	0.51	0.54	(17.39%)	(29.63%)
Gold production (oz)	6,976	5,258	3,606	5,086	4,998	32.67%	39.57%
Gold sold (equivalent oz) ⁽¹⁾	6,020	4,614	5,101	5,206	2,595	30.49%	131.98%
Gold sold (oz)	5,907	4,516	4,977	5,059	2,555	30.80%	131.19%
Silver sold (oz)	8,910	6,878	8,420	11,163	3,068	29.54%	190.42%
Sales Revenue (\$ millions)	10.7	8.40	9.01	9.80	5.02	27.67%	113.76%
Cost of goods sold (“COGS”) (\$ millions)	10.2	8.56	9.25	9.76	4.62	18.85%	120.13%
Gross operating margin (deficit) (\$ millions)	0.55	(0.16)	(0.23)	0.04	0.40	437.25%	39.06%
Gross operating margin %	5.11%	(1.9%)	(2.6%)	0.4%	7.9%	364.15%	(34.95%)
Revenue per tonne ⁽²⁾ (\$)	596	745	931	835	1,117	(20.00%)	(46.64%)
Cost per tonne ⁽²⁾ (\$)	565	760	955	831	1,029	(25.53%)	(45.09%)
Gross margin per tonne ⁽²⁾ (\$)	30	(14)	(24)	4	88	314.29%	(65.91%)
Average gold (equivalent) price per oz sold (\$)	1,781	1,821	1,767	1,883	1,933	(2.20%)	(7.86%)
Cost per oz sold (\$)	1,690	1,856	1,813	1,875	1,781	(8.94%)	(5.11%)
Gross margin per oz sold (\$)	91	(35)	(46)	8	152	360.00%	(40.13%)
Average London Close price (\$)	1,779	1,831	1,761	1,862	1,929	(2.79%)	(7.78%)

(1) Actual ounces of gold sold plus an estimate of the equivalent ounces of gold that could be purchased for the equivalent number of silver ounces sold.

(2) Calculated as the total of either sales revenue, cost of goods sold or gross operating margin (deficit) divided by the quantity of tonnes used in the production of the corresponding gold sold.

(3) Calculated as the total of either sales revenue, cost of goods sold or gross operating margin (deficit) divided by the quantity of gold sold (equivalent oz).

The Company has included certain non-IFRS measures in this MD&A. The Company believes that these measures, in addition to measures prepared in accordance with IFRS, provide readers an improved ability to evaluate the underlying performance of the Company and to compare it to information reported by other companies. The non-IFRS measures are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. These measures do not have any standardized meaning prescribed under IFRS, and therefore may not be comparable to similar measures presented by other issuers.

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Future Outlook

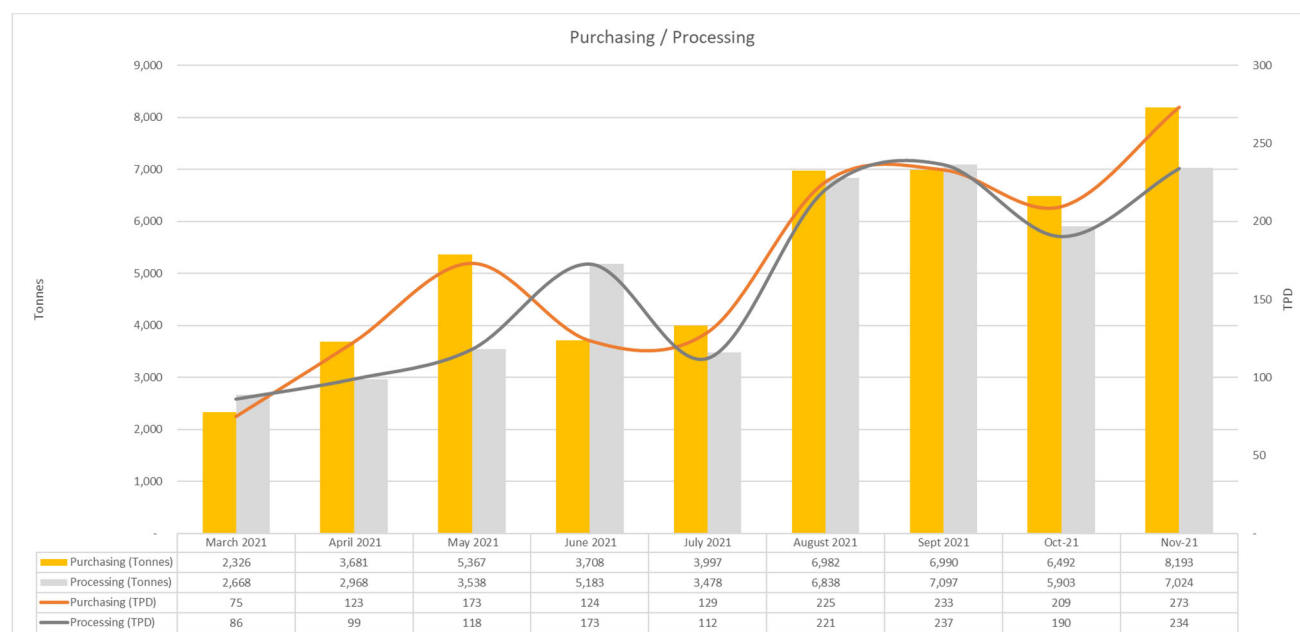
In March 2021, the Company received a \$2.5 million gold pre-payment facility from OCIM Precious Metals AG. The net proceeds of \$2.45 million were successfully used to increase gold mill feed purchasing and production from 86 TPD in March 2021 to 173 TPD in June 2021.

With the first OCIM gold pre-payment facility now fully repaid, the Company entered into a second non-dilutive Facility with OCIM for a total of \$9 million on August 6, 2021. Net proceeds of the Facility's first tranche was approximately \$5.95 million, of which \$4.6 million will be used to purchase gold mill feed and \$1.35 million was used for the repayment of a secured debenture. The term of the Facility is for 18 months and will be paid in gold bullion.

Due to the repayment of the first gold pre-payment facility to OCIM, processed tonnes in July 2021 dropped due to a reduction of working capital. However, after receiving the proceeds of the new Facility from OCIM, August production immediately jumped to an all-time record of 6,838 tonnes and 221 TPD. The average production during August 2021 to November 2021 was approximately 220 TPD.

Subsequent to the end of Q2 2022, with the proceeds of the Facility's first tranche fully deployed, the Company organized an early drawdown of the second tranche of \$3 million.

With November 2021 deliveries averaging 273 TPD, the Company is expecting a very strong processing month of December. Following with the trend, the \$3 million drawdown from OCIM in December 2021 should allow the Company to see a third increase in purchasing and processing during the coming months.



The Company continues to prove that with additional working capital, the supply of gold mill feed is very robust. The second OCIM Facility will allow the Company to continue capitalizing on the 2020 expansion of

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the small-scale mining industry in Peru, which saw the number of formally organized Artisanal Small Scale Miners (“ASM’s”) increase by 64%, from approximately 54,300 ASM’s to 88,900 ASM’s. This was a positive increase for the custom mineral processing business and confirms that due to the higher gold prices since Covid-19 started early in 2020, that supply should continue to increase for the foreseeable future. The Peruvian Ministry of Energy and Mines (“MEM”) reopened the formalization during 2020, to allow unregistered small-scale miners an opportunity to formalize their businesses. The formalization process requires ASM’s to register with the MEM, demonstrate their compliance with environmental and safety regulations and remit taxes on sales of extracted minerals.

These additional miners will require custom milling services from excess processing capacity such as at Inca One's two facilities, Chala One and Kori One, to buy and process their raw material. As a result of this significant growth of the small-scale mining market there are now more legal miners available for Inca One to expand its customer base and forge relationships with new customers that have achieved regulatory compliance within this program.

To capitalize on this significant increase in small-scale miners, the Company recently launched its XplorTracker (“Xplor”) project as part of a new initiative to expand gold production at Kori One and Chala One. The project is aimed at advancing its mineral buying process and securing future supplies of gold bearing mineral for processing.

Drawing on the prior six years of actively testing and buying gold bearing mineral consisting of more than 20,000 samples from across Peru, Inca One has accumulated an extensive database of samples, including grade, type, quality and concession coordinates. Furthermore, through positive and transparent business ethics and by employing best practices, Inca One has built extensive relationships with the small-scale miners throughout the country, enabling the ‘mapping’ of these mines throughout Peru. Through systematic analysis and plotting of data within Xplor, the Company will look to further engage with titleholders and ASM’s to create additional and mutually beneficial business arrangements.

In the first phase of this project, Inca One is looking to secure mineral rights for district-scale land positions within the Peruvian Gold Belts (PGB) by analyzing the results from the small-scale miners that are actively mining gold and currently bringing their mineral to either the Kori One or Chala One plants. Peru is famous for these gold belts and the three dominant PGB’s that contribute to Peru’s gold production stretch from over a few hundred kilometres in length up to 1,700 km. Peru has been actively mining for several centuries, is the largest Latin American gold producer and was ranked the 6th largest gold producer in the world for 2018. Once these mineral rights are secured by Inca One, the Company will carry out limited exploration programs to determine suitable projects that can be optioned out for future work programs and ultimately define economic gold resources on these gold properties.

The Company’s objective with this program is to deploy strategies that will allow for the direct purchase, investment, or other partnership arrangements to help advance these mining projects or concessions. Additional opportunities for Inca One may be to act as a facilitator assisting in the formalization of miners or titleholders and their environmental improvements and geological information. The end goal with Xplor will be to guarantee additional future supplies of mineral to Inca One processing facilities fueling the Company’s growth.

The Company continues to develop its corporate social responsibility initiatives by working with the communities around these small-scale mining areas to provide masks, cleaning supplies and assisting with

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education about Covid-19 protocols in order to build support with those that control the roads and transportation.

The Company continues to take orders from its online bullion store, providing collectors and investors an opportunity to purchase gold directly from the Company.

Upon the onset of the global pandemic, Inca One recognized the immediate need for precious metal investors to access and purchase gold and silver bullion. As a result, the Company views this as an ideal opportunity to begin selling its gold and silver directly to the retail bullion investor. The Company's bullion store is initially offering 1-ounce gold coins and will add additional products, including silver options in the future.

The Company is one of only a handful of public issuers to offer their own production in the form of gold coins. The bullion will exclusively be made available through Inca One's online bullion store. The Company will distribute its specialized, inaugural coins in a streamlined and user-friendly experience with worldwide shipping and order tracking.

The Company continues to comply with the Peruvian Government's COVID-19 requirements. The Company's health and safety protocols and plans related to COVID-19 have been approved by the Minister of Health and are operating effectively. The Company has implemented standard operating procedures to control the spread of the virus and maintain the health and safety of its employees, suppliers and customers.

Inca One has proven its ability over the years to adapt to evolving regulatory environments, meet COVID-19 related challenges and build a diversified framework for success across multiple strategic channels while expanding into key mining regions. Reduced levels of production due to COVID-19 has allowed management to focus and execute on strategic planning, which has been used to establish relationships with new mining partners, that should translate into increased future revenue and profitability. The Company has confidently developed industry leading compliance, expanding operations with the production of premium gold finished products and has built an exceptional team of proven and experienced professionals focused on dramatically scaling operations in 2021 and beyond.

Selected Quarterly and Annual Information

The following selected financial data with respect to the Company's financial condition and results of operations has been derived from the unaudited condensed interim consolidated financial statements for the three months ended October and July 31, 2021 and from the audited consolidated financial statements of the Company and for the years ended April 30, 2021, as applicable. The selected financial data should be read in conjunction with those financial statements and the notes thereto.

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	Three Months Ended		
	October 31, 2021	July 31, 2021	April 30, 2021
	\$	\$	\$
Revenue	10,724,480	8,399,844	9,011,749
Cost of goods sold	(10,176,317)	(8,562,383)	(9,246,110)
Gross margin (deficit)	548,163	(162,539)	(234,361)
Finance and other income (expense), net	(505,469)	(378,159)	(511,903)
Net loss for the period	(1,560,094)	(1,271,292)	(1,722,945)
Net loss per share (basic and diluted)	(0.04)	(0.03)	(0.05)
Other comprehensive loss	(1,595,502)	(1,155,392)	(1,923,530)

	Three Months Ended		
	October 31, 2021	July 31, 2021	April 30, 2021
	\$	\$	\$
Total assets	22,974,590	18,106,725	19,529,303
Total current liabilities	13,313,113	6,887,547	7,719,647
Total long term liabilities	7,607,230	7,635,393	7,633,147

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

Quarter ended	Working capital (deficiency)	Total assets	Long term liabilities	Net income (loss)	Basic gain (loss) per share ⁽¹⁾
	\$	\$	\$	\$	\$
October 31, 2021	(1,204,698)	22,974,590	7,607,230	(1,560,094)	(0.04)
July 31, 2021	460,176	18,106,725	7,635,393	(1,271,292)	(0.03)
April 30, 2021	911,830	19,529,303	7,633,147	(1,722,945)	(0.05)
January 31, 2021	2,265,520	20,639,037	7,305,950	(1,219,841)	(0.03)
October 31, 2020	2,736,714	21,248,803	6,942,183	(972,020)	(0.03)
July 31, 2020	4,487,963	19,272,556	7,961,570	666,235	0.02
April 30, 2020	(740,443)	22,508,395	5,300,277	(632,912)	(0.02)
January 31, 2020	(2,108,292)	18,867,357	4,467,411	(726,634)	(0.03)

(1) Basic gain (loss) per share previous to January 31, 2020 have been recalculated on a post consolidated basis.

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Results of Operations

Three months ended October 31, 2021 compared to three months ended October 31, 2020

Revenue for Q2 2022 was \$10.72 million (Q2 2021 - \$5.02 million), and cost of goods sold was \$ 10.18 million (Q2 2021 – \$4.62 million) resulting in a gross operating margin of \$ 0.55 million (Q2 2021 – gross operating margin of \$0.39 million).

During Q2 2022, the Company reported a net loss of \$1.6 million, an increase in net loss of \$0.6 million compared to net loss of \$1.0 million during Q2 2021. The increase in net loss is mainly attributable to the one-time expense of \$0.8 million related to the reinstatement of a contingent debenture and an increase in finance costs of \$0.3 million related to the cost of the gold prepayment facility. These increases were offset by \$0.2 million increase in gross operating margin and a decrease of \$0.1 million of corporate and administrative expenses.

Six months ended October 31, 2021 compared to six months ended October 31, 2020

Revenue for YTD Q2 2022 was \$19.12 million (YTD Q2 2021 - \$11.58 million), and cost of goods sold was \$ 18.74 million (YTD Q2 2021 – \$10.53 million) resulting in a gross operating margin of \$ 0.39 million (YTD Q2 2021 – gross operating margin of \$0.51 million).

During YTD Q2 2022, the Company reported net loss of \$2.8 million, an increase in net loss of \$2.5 million compared to a net loss of \$0.3 million during YTD Q2 2021. The increase in net loss is mainly attributable to the combined effect of:

- a decrease in its gross operating margin of \$0.1 million
- a one-time expense related to the reinstatement of a contingent debenture of \$0.8 million and
- a decrease of 1.5 million related to the one-time gains on restructuring of its promissory notes payables to Equinox which occurred during YTD Q2 2021.

Liquidity and Capital Resources

As at October 31, 2021, the Company financed its operations and met its capital requirements primarily through the re-investment of operational cash flows from the Chala One and the Kori One plants.

The Company had cash of \$0.95 million at October 31, 2021, representing a decrease of \$1.01 million compared to cash of \$1.96 million as at April 30, 2021 and working capital deficiency of \$1.2 million at October 31, 2021 representing a decrease of \$2.11 million when compared to a working capital of \$0.91 million as at April 30, 2021.

The decrease in the working capital is mainly attributable to:

- the cash loss from operations of approximately \$0.62 million
- the purchase of property plant and equipment of \$0.37 million,
- the net decrease in current liabilities of \$0.17 million,
- the increase in loans payable of \$0.78 due to the reinstatement of a contingent debenture,
- the reclassification of approximately \$1.15 million of contractual liabilities payable to Equinox from non-current to current liabilities

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- the net proceeds of \$0.5 million from its private placement closed on May 26, 2021.

Management intends to continue funding operations, administration, debt and debt service costs and any capital requirements with the proceeds of the sale of gold doré and refined gold from the Company's Chala One and Kori One plants and with the proceeds from the gold Facility. Where required and depending on the strength of the junior resource markets, the Company will continue to be dependent on its capital resources to cover any deficiencies in working capital.

Gold loan agreements

During Q1 2022, the Company paid in full its first gold prepayment facility with OCIM for a total of \$2.8 million.

On August 6, 2021, the Company arranged a \$9 million Facility, available in two tranches. The first tranche ("Tranche1") of \$6 million was drawn down on the same date as the Facility and is payable with 4,181 ounces gold in 16 equal, monthly payments of gold bullion of 261.3 ounces. The first payment was due 90 days after receipt of funds and the Company made the payment early on October 28, 2021.

Net proceeds of the Facility's Tranche1, were approximately \$5.95 million, of which \$4.6 million will be used to purchase gold mill feed and \$1.35 million was used for the repayment of CAD Secured Debenture (note 12). The Facility is secured by a Canadian general security agreement and will have registered security over the Chala One Plant.

Subsequently on December 8, 2021, the Company drew down the second tranche ("Tranche2") of \$3 million. Tranche2 is payable with 2,017 ounces of gold in 12 equal, monthly payments of gold bullion of 168.1 ounces. The first payment is due 120 days after receipt of the funds.

Share Issuances

- On May 26, 2021, the Company closed its private placement and issued 1,533,645 common shares for proceeds of \$0.5 million.
- During the six months ended October 31, 2021, 190,000 common shares were issued for proceeds of \$0.04 million in the exercise of same number of stock options at an average price of CAD\$0.28 per share.
- Subsequently on December 9, 2021, the Company issued 900,315 common shares at CAD\$0.65 as partial payment of its note payable to Equinox.

Summary of Outstanding Share Data

As at the date of this MD&A, the Company had 38,218,540 common shares issued and outstanding, 3,329,546 share-based options (with exercise prices ranging between CAD\$0.19 to CAD\$1.00) and 2,295,721 warrants outstanding (with exercise prices ranging between CAD\$0.18 and CAD\$0.60). The fully diluted shares outstanding at the date of this MD&A is 43,842,810.

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Transactions with Related Parties

(a) Related Party Transactions

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

- A company owned by Edward Kelly, the Company's CEO (also a director).
- A company owned by Mark Wright, the Company's VP Operations & New Projects.

The following expenditures were charged by related parties during the three and six months ended October 31, 2021 and 2020:

	Three Months Ended October 31,		Six Months Ended October 31,	
	2021	2020	2021	2020
	\$	\$	\$	\$
Management, salaries and consulting fees	101,440	109,715	205,167	204,554
Director fees	7,558	29,379	15,286	36,445
Business development	-	115,000	-	115,000
	108,998	254,094	220,453	355,999

(b) Compensation of Key Management Personnel

The Company's key management personnel have authority and responsibility for planning, directing and controlling the activities of the Company and includes the Directors, CEO, CFO, and VP Operations & New Projects. Compensation in respect of services provided by key management consists of consulting and management fees paid to companies controlled by the CEO and VP Operations & New Projects and by the issue of options. The compensation for key management personnel paid as management were for the three and six months ended October 31, 2021 and 2020 as follows:

	Three Months Ended October 31,		Six Months Ended October 31,	
	2021	2020	2021	2020
			\$	\$
Management fees	61,663	65,089	124,716	122,739
Salaries	39,777	44,626	80,451	81,815
Business development	-	22,000	-	22,000
	101,440	131,715	205,167	226,554

(c) Related Party Balances

All related party balances payable, including for business expenses reimbursements, annual bonuses are approved by the board of directors, and for services rendered as at October 31, 2021 are non-interest bearing and payable on demand, and are comprised of \$0.5 million (April 30, 2021 - \$0.4 million) payable to the CEO and a company controlled by the CEO, \$0.5 million (April 30, 2021 - \$0.4 million) payable to

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the CFO and \$nil million payable (April 30, 2021 – \$0.05 million payable) to the Directors or companies controlled by the Directors.

Commitments

As at October 31, 2021, the Company had a commitment to sell approximately 411 ounces of gold doré (April 30, 2021 - 287 ounces of gold doré) to third parties, which was settled subsequent to October 31, 2021 through the delivery of gold. At October 31, 2021 the Company received advances of \$0.7 million (April 30, 2021 – \$0.5 million) in relation to this commitment. Additionally, the Company received advances of \$0.5 million (April 30, 2021 - \$nil) to be offset against future sales of gold doré. Both amounts, totaling \$1.2 million (April 30, 2021 \$0.5 million) have been included as current deferred revenues in the condensed interim consolidated statement of financial position.

A summary of liabilities and future operating commitments at October 31, 2021 are as follows:

	Total	Within One Year	One to Five Years	Greater than Five Years
Maturity analysis of financial liabilities	\$	\$	\$	\$
Accounts payable and accrued liabilities	3,869,952	3,869,952	-	-
Contractual liabilities payable to Equinox	5,938,772	1,346,446	4,592,326	-
Loans payable	2,049,451	1,157,255	892,196	-
Gold loan	6,484,111	5,670,406	813,705	-
Lease liabilities	194,672	73054	106,922	14,696
	18,536,958	12,117,113	6,405,149	14,696
Commitments				
Gold sale deferred revenue	1,196,000	1,196,000	-	-
Asset retirement and reclamation obligations	1,187,385	-	-	1,187,385
	2,383,385	1,196,000	-	1,187,385
	20,920,343	13,313,113	6,405,149	1,202,081

Fair Value of Financial Instruments

As at October 31, 2021, the Company's financial instruments consist of cash and restricted cash, derivative financial assets, receivables, long term receivables, accounts payable and accrued liabilities, contractual liabilities payable to Equinox and loans payable and gold loan.

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

As at October 31, 2021 and 2020, the Company believes that the carrying values of the financial instruments noted above approximate their fair values because of their nature and relatively short maturity dates or durations or their interest rates approximate market interest rates. The derivative financial assets and the gold loan have been assessed on the fair value hierarchy described above and are classified as Level 1.

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Financial Instruments Risk

The Company's financial instruments are exposed in varying degrees to a variety of financial risks. The Board approves and monitors the risk management processes:

(i) *Credit risk*

Credit risk exposure primarily arises with respect to the Company's cash and receivables. The risk exposure is limited because the Company places its instruments in banks of high credit worthiness within Canada and continuously monitors the collection of other receivables.

(ii) *Liquidity risk*

Liquidity risk is the risk that the Company cannot meet its financial obligations as they become due. The Company's approach to managing liquidity is to ensure as far as possible, that it will have sufficient liquidity to settle obligations and liabilities when they become due. As at October 31, 2021, the Company had cash and restricted cash of \$1.28 million (April 30, 2021 – cash and restricted cash of \$2.1 million) and current working capital deficiency of \$1.2 million (April 30, 2021 – working capital of \$0.9 million) with total liabilities of \$20.9 million (April 30, 2021 - \$15.4 million).

A summary of the Company's future operating commitments is presented above under the Commitments and Contingencies section.

(iii) *Market risk*

a. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company invests cash in guaranteed investment certificates at fixed or floating interest rates in order to maintain liquidity while achieving a satisfactory return for shareholders. A change of 100 basis points in the interest rates would not be material to the financial statements. At October 31, 2021, the Company had no variable rate debt.

b. Foreign currency risk

Foreign exchange risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of the changes in the foreign exchange rates. The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates associated with the fluctuations in its Canadian dollar and the Peruvian New Sol ("Sol") bank accounts as well as the translation of foreign-held assets and liabilities at current exchange rates.

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

	October 31, 2021	April 30, 2021
	\$	\$
CAD dollar:		
Cash	15,649	7,530
Receivables	14,376	24,253
Accounts payable and accrued liabilities	(345,347)	(541,006)
Secured debentures	-	(1,295,350)
Contractual liabilities payable to Equinox	(5,130,689)	(4,940,504)
Net assets (liabilities)	(5,446,011)	(6,745,077)
Sol:		
Cash	383,039	77,425
Receivables	2,206,810	1,051,824
Accounts payable and accrued liabilities	(411,486)	(221,412)
Net assets (liabilities)	2,178,363	907,837

Assuming all other variables constant, an increase or a decrease of 10% of the Canadian dollar against the US dollar, as of October 31, 2021 would have changed the Company's net loss by approximately \$0.5 million. Assuming all other variables constant, an increase or a decrease of 10% of the Peruvian Sol against the US dollar, as of October 31, 2021 would have changed the Company's net loss by approximately \$0.2 million.

The Company had no hedging agreements in place with respect to foreign exchange rates.

c. Commodity price risk

Commodity price risk is the risk of financial loss resulting from movements in the price of the Company's commodity inputs and outputs. The Company's price risk relates primarily to: the spot price of gold for its derivative financial asset and its gold loan balances and future gold price expectations as it relates to gold-bearing mineral purchases and sales revenues. The Company continuously monitors precious metal trading prices as they are included in projections prepared to determine its future strategy.

Off-Balance Sheet Arrangements

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

Critical Accounting Policies, Estimates and Recent Accounting Pronouncements

The preparation of the Company's consolidated financial statements in accordance with IAS 1, *Presentation of Financial Statements*, requires management to make certain critical accounting estimates and to exercise

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judgment that affect the accounting policies and the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amounts of assets or liabilities in future periods.

Significant accounting judgments that management has made in the process of applying accounting policies which it considers have had the most significant effect on the amounts recognized in the consolidated financial statements include, but are not limited to going concern, assessment of debt holders and their capacity to act as debt-holders, assessment of extinguishment versus modification of debt, classification and measurement of its gold loan, and assessment on its contingent debenture.

Management considers the areas currently requiring a significant degree of estimation and assumption and which have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year, to include, but not be limited to, the value attributed to share-based compensation and share-purchase warrants, fair value measurement, deferred revenue, depreciation, inventory, asset retirement and reclamation obligation, deferred taxes and contingencies that could arise from time to time.

These accounting policies and estimates are further discussed in the Company's annual audited consolidated financial statements on April 30, 2021.

Changes in Accounting Standards

For the Company's changes in the accounting standards see the Company's unaudited condensed interim consolidated financial statements for the three months ended October 31, 2021 and 2020.

Risks and Uncertainties

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

Operational Risks:

The Company continuously monitors and responds to changes in operational risks, such as those noted below, and seeks to adhere to all regulations governing its operations.

Mineral Supply: The Company may not be able to source sufficient mill feed to operate both the Chala One and Kori One plants economically. In particular, the Company currently sources material exclusively from third-party sources and faces a competitive marketplace for purchase of supply from Peruvian government-approved mineral sources. Consequently, the Company does not have control over the mineral grade, metallurgical recovery, nor quantities received, noting that the Company mitigates this risk by working with minimum cut-off purchase grades, providing fair terms to their customers, and sourcing material from established suppliers to ensure best efficiency and profitability of its plant operation.

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Production Schedules: In relation to the mineral supply risks, no assurances can be provided that production schedules at the Chala One plant nor the Kori One plant, and the related operating margins and cash flows, are achieved, noting that failure to meet these schedules can have an adverse impact on the Company's profitability, results of operations, cash flows, and overall financial conditions.

Qualified Staff: Due to the competitive marketplace, the Company may have difficulty in hiring and retaining skilled employees and contractors to source sufficient mineral feed, operate the Chala One plant and the Kori One plant effectively (noting the diversity of mill feed received), and effectively administer the Peruvian permitting, compliance, exportation, and regulatory functions.

Regulations, Permits, and Hazards: The Company must also manage changing governmental laws and regulations, and the Company cannot guarantee title to its properties and permits. The Company must also contend with environmental hazards (including discharge of pollutants or hazardous chemicals), as well as industrial accidents and occupational and health hazards, mechanical failures, the unavailability of materials and equipment, and or lack of accessibility to required expertise.

Acquisitions: There is no assurance that the Company will acquire mineral properties and processing plants and any acquisitions may expose the Company to new risks, and the mining industry is intensely competitive for the acquisition of new properties and plants.

Covid 19: The Company may suffer some impact in its operations as result of the measures that the Peruvian government can enact in other to mitigate the spread of the pandemic. Mineral supply as well as chemical reactivities used in the productions of doré bars could be significantly affected.

Financial risks:

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

Regulatory risks:

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

Cautionary Statement on Forward-Looking Information

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

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Forward-looking statements are generally identifiable by the use of the words “may”, “will”, “should”, “continue”, “expect”, “anticipate”, “estimate”, “believe”, “intend”, “plan” or “project” or the negative of these words or other variations on these words or comparable terminology. All such forward-looking information and statements are based on certain assumptions and analyses made by the Company’s management in light of their experience and perception of historical trends, current conditions and expected future developments, as well as other factors management believes are appropriate in the circumstances. These statements, however, are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed, implied by or projected in the forward-looking information or statements.

Important factors that could cause actual results to differ from these forward-looking statements include but are not limited to: risks related to the exploration and potential development of the Company’s projects, risks associated to international operations, the actual results of current exploration activities, conclusions of economic evaluations, changes in project parameters as plans continue to be refined, future prices of minerals, as well as those factors discussed in the sections relating to risk factors of the Company set out in this MD&A.

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

Disclosure Controls and Procedures

Disclosure controls and procedures are intended to provide reasonable assurance that information required to be disclosed is recorded, processed, summarized, and reported within the time periods specified by securities regulations and that the information required to be disclosed is accumulated and communicated to management. Internal controls over financial reporting are intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. In connection with National Instrument 52-109 (Certificate of Disclosure in Issuer’s Annual and Interim Filings) (“NI 52-109”), the Chief Executive Officer and Chief Financial Officer of the Company have filed a Venture Issuer Basic Certificate with respect to the financial information contained in the unaudited condensed interim consolidated financial statements for the three and six months ended October 31, 2021 and this accompanying MD&A (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 Annual Filings on SEDAR at www.sedar.com.