



MANAGEMENT DISCUSSION AND ANALYSIS

For the Three Months Ended July 31, 2023 and 2022

Report Dated September 29, 2023

INCA ONE GOLD CORP.

Management Discussion & Analysis

For the Three Months Ended July 31, 2023, and 2022

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 September 29, 2023, and should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements for the three months ended July 31, 2023 and 2022 and the related notes thereto. This MD&A has been reviewed and approved by the Company's Board of Directors. 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 and built out 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, 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 access to working capital which will allow for the 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 July 31, 2023 ("**the Quarter**" or "**Q1 2024**")
- three months ended April 30, 2023 ("**Q4 2023**")
- three months ended January 31, 2023 ("**Q3 2023**")
- three months ended October 31, 2022 ("**Q2 2023**")
- three months ended July 31, 2022 ("**Q1 2023**")
- three months ended April 30, 2022 ("**Q4 2022**");

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First Quarter 2024 Highlights and Key Business Developments

- During Q1 2024 the Company processed 16,059 tonnes, which represents an decrease of 3,588 tonnes when compared to 19,647 tonnes processed during Q1 2023. The daily production average during Q1 2024 was 175 TPD, which represents a decrease of 39 TPD when compared with the 214 TPD average of Q1 2023.
- Gold sales during Q1 2024 totaled 5,729 ounces, which represents a decrease of 602 ounces compared to 6,331 ounces sold in Q1 2023. This increase in ounces sold resulted in revenues of \$11.5 million for Q1 2024, a decrease of \$0.2 million when compared to \$11.7 million in Q1 2023.
- Subsequent to the end of the Quarter, the Swiss Better Gold Association (“SBG”) announced that the Company was the first company to achieve Step 1 accreditation of a processing plant in Peru.

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Operational Highlights - Consolidated

| Quarter over Quarter highlights | Q1 2024 | Q4 2023 | Q3 2023 | Q2 2023 | Q1 2023 | Variance % Q1 2024 to Q4 2023 | Variance % Q1 2024 to Q1 2023 |
|---|------------|------------|------------|------------|------------|---|---|
| Tonnes processed in period (t) | 16,059 | 9,421 | 10,897 | 15,099 | 19,647 | 70.46% | (18.26%) |
| Average daily processing volume (t) | 175 | 106 | 119 | 166 | 214 | 65.09% | (18.22%) |
| Mineral grade processed (oz/t gold) | 0.40 | 0.42 | 0.42 | 0.38 | 0.40 | (4.76%) | - |
| Gold production (oz) | 5,732 | 3,949 | 4,339 | 5,203 | 7,064 | 45.15% | (18.86%) |
| Gold sold (equivalent oz) ⁽¹⁾ | 5,864 | 3,434 | 6,926 | 5,456 | 6,462 | 70.76% | (9.27%) |
| Gold sold (oz) | 5,729 | 3,369 | 6,712 | 5,333 | 6,331 | 70.05% | (9.51%) |
| Silver sold (oz) | 11,124 | 6,368 | 16,961 | 10,686 | 11,543 | 74.69% | (3.64%) |
| Sales Revenue (\$ millions) | 11.52 | 6.66 | 12.47 | 9.38 | 11.72 | 73.12% | (1.65%) |
| Cost of goods sold ("COGS") (\$ millions) | 10.77 | 6.91 | 11.21 | 9.01 | 11.00 | 55.91% | (2.10%) |
| Gross operating margin (deficit) (\$ millions) | 0.75 | (0.25) | 1.25 | 0.37 | 0.72 | 399.15% | 5.28% |
| Gross operating margin % | 6.53% | (3.78%) | 10.05% | 3.98% | 6.10% | 272.80% | 7.05% |
| Average gold (equivalent) price per oz sold (\$) ⁽²⁾ | 1,965 | 1,939 | 1,800 | 1,720 | 1,813 | 1.34% | 8.38% |
| Cost per oz sold (\$) ⁽³⁾ | 1,837 | 2,012 | 1,619 | 1,652 | 1,703 | (8.70%) | 7.87% |
| Gross margin per oz sold (\$) ⁽⁴⁾ | 128 | (73) | 181 | 68 | 110 | 275.34% | 16.36% |
| Average London Close price (\$) | 1,959 | 1,920 | 1,806 | 1,705 | 1,806 | 2.03% | 8.47% |

(1) Gold sold (equivalent oz) is a non-IFRS financial performance measure with no standard definition under IFRS, it is therefore possible that this measure could not be comparable with a similar measure of another corporation. This measure is calculated as the 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) Average gold (equivalent) price per oz sold is calculated as the total sale revenue divided by the quantity of gold sold (equivalent oz) and is a non-IFRS financial measure with no standard definition under IFRS.

(3) Cost per oz sold is calculated as the total cost of goods sold divided by the quantity of gold sold (equivalent oz) and is a non-IFRS financial measure with no standard definition under IFRS.

(4) Gross margin per oz sold is calculated as the total gross operating margin (deficit) divided by the quantity of gold sold (equivalent oz) and is a non-IFRS financial measure with no standard definition under IFRS.

The Company has included certain non-IFRS measures in this MD&A, therefore it is possible that these measures could not be comparable with a similar measure of another corporation. The Company believes that these measures, in addition to measures prepared in accordance with IFRS, provide readers an improved ability to evaluate the Company's underlying performance and 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

The custom mineral processing business in Peru continues to be very robust and has many competitive advantages over traditional mining businesses. Those advantages include the following:

- Costs based on the spot price of gold
- No exploration, development or mining risk
- No end of mine life
- Generates cash flow quickly
- Exposure to higher gold prices
- Stable revenues in low priced markets
- Margins turnover every 45 days

The Company continues to explore opportunities to raise additional working capital of approximately \$20 million, in order to maximize these advantages. A working capital increase should allow the Company to ramp up its production from current levels to full capacity of 450 tonnes per day ("TPD") within six to twelve months and at the same time increase the average grade of its gold mill feed. The Company's processing facilities are fully built out but have only been operating at approximately 141 TPD during the past twelve months, 31% of capacity. Therefore, any new capital would be used to purchase gold mill feed, allowing the Company to operate profitably in line with its peers in the industry and generate cash flow to repay its financial obligations.

Since March 2021, the Company has received a total of \$13 million from two gold pre-payment facilities from OCIM Precious Metals AG ("OCIM"). The net proceeds were successfully used to increase gold mill feed purchasing and production.

During August 2021, the Company repaid the first pre-payment facility of \$2.5 million and entered into a second non-dilutive facility (the "Facility") for a total of \$10.5 million. The Facility was drawn down in three tranches, of which approximately \$9.1 million was used to purchase gold mill feed and \$1.4 million was used to repay a secured debenture. Each tranche of the Facility had a term of 12 to 18 months and was to be paid in gold bullion.

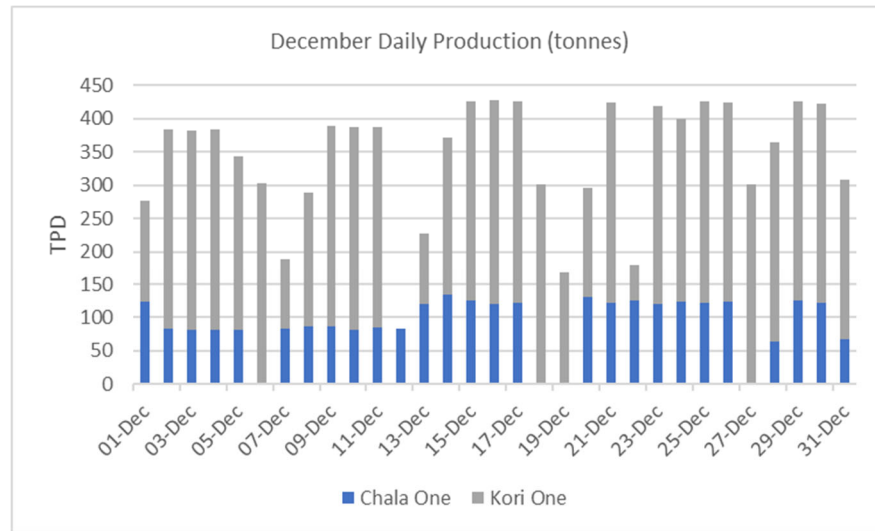
During YTD 2023, the Company agreed with OCIM to further restructure its payment schedule. Monthly payments of 75 ounces commenced in March 2023 and continue to October 2023. A final payment of 3,749 ounces is due on November 30, 2023. Raising additional working capital will be key in delivering the final payment and or refinancing it.

The Company proved during December 2021 that it could process at or near its built out capacity of 450 TPD. Processing averaged 340 TPD, which was an all time record for monthly production. Additionally, there were 9 days during December where the production was greater than 400 TPD and 18 days where production was greater than 350 TPD. The highest total production day was 428 TPD. Management was pleased with the results of December as they verified that the Company can operate at greater than 400TPD with sufficient working capital.

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The 2020 expansion of the small-scale mining industry in Peru, 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. The Company is working to increase its working capital, which will allow for further increases in our current production numbers.

The Company continues to develop its corporate social responsibility initiatives by working with the communities around these small-scale mining areas by supporting local initiatives, in order to build support with those that control the roads and transportation.

During Q4-2023 the Company signed a letter of intent with the Swiss Better Gold Initiative to work towards cooperative activities to help the Company's ASM suppliers enroll in the SBGI program. SBGI is a public-private partnership between SECO and the Swiss Better Gold Association. SBGI was launched in 2013, pursuing the objective to reduce poverty and to improve the social and environmental conditions in artisanal and small-scale mining. The initiative is active in Peru, Colombia, Brazil and Bolivia. In its third phase from 2021 to 2025 and in line with the aspiration to reach a higher development impact, the initiative aims to reach out to other sourcing models through complementary activities such as processing plants.

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The Company and SBGI will aim to cooperate in the following areas:

- Establishing a detailed work plan enabling SBGI to access and assess the network of Inca One ASM suppliers in view of their accreditation with SBG;
- Support and facilitate ASM evaluation activities in documents and on the ground as per agreed and confirmed work plan;
- Requesting to share relevant available data that may enhance the quality of the agreed work plan;
- Identify opportunities to collaboratively grow the number of eligible ASM suppliers;
- Create a responsible gold supply chain to Switzerland;
- Facilitate the inclusion of the ASM sector into SBG in order to access its premium paying market;
- Promote best business practices.

The SBGI Continuous Improvement Escalator has three steps throughout which the ASM operations are accompanied by the SBGI implementing partners to make social and environmental improvements and meet the SBGI sourcing criteria, maintain the good practices achieved, and make use of the SBGI premium.

The three steps and resulting incentives include the following:

- 1) Compliance with basic SBGI criteria – technical assistance
- 2) Compliance with all SBGI criteria – technical assistance, performance monitoring, gold sales to SBGI members, co-funding social and environmental projects
- 3) Monitoring and continuous improvement - performance monitoring, gold sales to SBGI members, co-funding social and environmental projects

Each step of this Continuous Improvement Escalator is linked to a specific incentive which encourages miners to continue to work towards better practices and improve their organizational capacity, as well as mine more productively, efficiently, safely, and cleanly.

During September 2023, the Company became the first processing plant in Peru to achieve SBGI Step 1 accreditation. The Step 1 accreditation of the Company's processing plants marks an important step for SBGI and the Company to significantly growing the number of artisanal and small-scale miners involved in responsible supply chains and giving them access to international markets. The Step 1 accreditation was achieved by identifying a precise list of ASM ore producers, visiting and assessing their eligibility for this accreditation. From now on SBGI and the Company will work on supporting these miners to achieve the next level of their ESG performance (Step 2).

In addition to SBGI, the Company was recently recognized by Planet Gold Peru for preventing approximately 3.8 tons of mercury between 2021 and 2022, from being released and/or emitted into the environment.

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

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

Inca One has proven its ability over the years to adapt to evolving regulatory environments and build a diversified framework for success across multiple strategic channels while expanding into key mining regions. Management has been focused on executing its strategic plan, by establishing 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 2023 and beyond.

Selected Quarterly 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 July 31, 2023 and January 31, 2023 and from the audited consolidated financial statements for the years ended April 30, 2023 and 2022 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 | | |
|---|--------------------|-------------------|---------------------|
| | July 31, 2023 | April 30, 2023 | January 31, 2023 |
| | \$ | \$ | \$ |
| Revenue | 11,524,328 | 6,657,013 | 12,466,384 |
| Cost of goods sold | (10,771,558) | (6,908,649) | (11,213,570) |
| Gross margin (deficit) | 752,770 | (251,636) | 1,252,814 |
| Finance and other income (expense), net | (353,351) | (919,004) | (1,536,823) |
| Net loss for the period | (311,351) | (2,376,921) | (1,235,990) |
| Net loss per share (basic and diluted) | (0.01) | (0.06) | (0.03) |
| Other comprehensive loss | (523,394) | (2,280,492) | (1,419,333) |

| | Three Months Ended | | |
|-----------------------------|--------------------|-------------------|---------------------|
| | July 31, 2023 | April 30, 2023 | January 31, 2023 |
| | \$ | \$ | \$ |
| Total assets | 21,588,678 | 20,937,090 | 19,450,098 |
| Total current liabilities | 19,154,976 | 18,211,878 | 16,164,387 |
| Total long term liabilities | 6,849,607 | 6,634,131 | 5,212,747 |

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

| Quarter ended | Working capital (deficiency) | Total assets | Long term liabilities | Net loss | Basic gain (loss) per share |
|------------------|------------------------------|--------------|-----------------------|-------------|-----------------------------|
| | \$ | \$ | \$ | \$ | \$ |
| July 31, 2023 | (7,340,179) | 21,588,678 | 6,849,607 | (311,907) | (0.01) |
| April 30, 2023 | (7,359,035) | 20,937,930 | 6,634,131 | (2,380,921) | (0.06) |
| January 31, 2023 | (6,621,805) | 19,450,098 | 5,212,747 | (1,248,257) | (0.03) |
| October 31, 2022 | (5,668,705) | 24,170,157 | 5,064,892 | (1,040,489) | (0.03) |
| July 31, 2022 | (4,104,859) | 23,112,438 | 6,299,582 | (1,034,852) | (0.02) |
| April 30, 2022 | (2,960,315) | 25,737,956 | 6,696,304 | (927,697) | (0.03) |
| January 31, 2022 | (2,124,679) | 25,126,050 | 6,851,496 | (1,098,206) | (0.03) |
| October 31, 2021 | (1,204,698) | 22,974,590 | 7,607,230 | (1,560,094) | (0.04) |

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Results of Operations

Three months ended July 31, 2023 compared to three months ended July 31, 2022

Revenue for Q1 2024 was \$11.52 million (Q1 2023 - \$11.72 million) and cost of goods sold was \$10.77 million (Q1 2023 – \$11.00 million) resulting in a gross operating margin of \$0.75 million (Q1 2023 – gross operating margin of \$0.72 million).

During Q1 2024, the Company reported a net loss of \$0.52 million, a decrease in net loss of \$0.5 million compared to a net loss of \$1.02 million during Q1 2023. The decrease in net loss is mainly attributable to the decrease in fair value loss on financial instruments of \$0.49 million.

Liquidity and Capital Resources

As of July 31, 2023, the Company financed its operations and met its capital requirements primarily by re-investing operational cash flows from the Chala One and the Kori One plants.

The Company had cash of \$1.1 million on July 31, 2023, representing an increase of \$0.4 million compared to cash of \$0.7 million as of April 30, 2023 and a working capital deficiency of \$7.34 million on July 31, 2023 representing a working capital increase of \$0.02 million when compared to a working capital deficiency of \$7.36 million as at April 30, 2023. This was the first quarter in eight quarters where working capital did not decrease.

The increase in working capital is mainly attributable to the combined effect of:

- the cash from operations net of finance costs of approximately \$0.24 million,
- the purchase of property plant and equipment of \$0.02 million,
- the loss in fair value of \$0.10 related to its gold loan, and
- the accretion of finance expenses of its contractual liability payable to Equinox.

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.

Share Issuances

- During the three months ended July 31, 2023, 90,000 common shares were issued for proceeds of \$0.02 million on the exercise of the same number of warrants at CAD\$0.18 per share.

Proposed Transactions

There are no proposed transactions at the date of this report.

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Summary of Outstanding Share Data

As of the date of this MD&A, the Company had 40,700,589 common shares issued and outstanding, 3,651,500 share-based options (with exercise prices ranging between CAD\$0.18 to CAD\$0.55) and 1,533,645 warrants outstanding (with exercise prices ranging between CAD\$0.30 and CAD\$0.60). Additionally, the Company had CAD\$1.3 million convertible debentures with a conversion price of CAD\$0.17 per share and convertible into 7,647,059 common shares and 7,647,059 warrants with an exercise price of CAD\$0.25. The fully diluted shares outstanding at the date of this MD&A is 61,179,852.

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 months ended July 31, 2023 and 2022:

| | Three Months Ended July 31, | |
|--|--------------------------------|----------------|
| | 2023 | 2022 |
| | \$ | \$ |
| Management, salaries and consulting fees | 95,651 | 184,603 |
| Director fees | 7,119 | 7,384 |
| | 102,770 | 191,987 |

(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 for the three months ended July 31, 2023 and 2022 as follows:

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| | Three Months Ended July 31, | |
|-----------------|--------------------------------|---------|
| | 2023 | 2022 |
| | \$ | \$ |
| Management fees | 58,184 | 106,879 |
| Salaries | 37,467 | 77,724 |
| | 95,651 | 184,603 |

(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 July 31, 2023 are non-interest bearing and payable on demand, with the exception of CAD convertible debentures and USD contingent debenture (note 11 (b) and (c)). Those balances include \$0.7 million (April 30, 2023 - \$0.6 million) payable to the CEO and a company controlled by the CEO and \$0.6 million (April 30, 2023 - \$0.6 million) payable to the CFO.

Commitments

A summary of liabilities and future operating commitments on July 31, 2023 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 | 4,530,069 | 4,440,156 | 89,913 | - |
| Contractual liabilities payable to Equinox | 5,857,621 | 2,546,835 | 3,310,786 | - |
| Loans payable | 3,405,598 | 2,432,318 | 973,280 | - |
| Gold loan | 7,762,111 | 7,762,111 | - | - |
| Lease liabilities | 136,008 | 49,556 | 3,618 | 82,834 |
| | 21,691,407 | 17,230,976 | 4,377,597 | 82,834 |
| Commitments | | | | |
| Gold sale deferred revenue | 1,924,000 | 1,924,000 | - | - |
| Asset retirement and reclamation obligations | 1,947,663 | - | - | 1,947,663 |
| | 3,871,663 | 1,924,000 | - | 1,947,663 |
| | 25,563,070 | 19,154,976 | 4,377,597 | 2,030,497 |

Fair Value of Financial Instruments

As of July 31, 2023, the Company's financial instruments consist of cash, receivables, long term receivables, accounts payable and accrued liabilities, contractual liabilities payable to Equinox, 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.

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As of July 31, 2023 and 2022, 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 gold loan has been assessed on the fair value hierarchy described above and is classified as Level 2.

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 of July 31, 2023, the Company had cash of \$1.1 million (April 30, 2023 - \$0.76 million) and current liabilities in excess of current assets of \$7.34 million (April 30, 2023 - current liabilities in excess of current assets \$7.36 million) with total liabilities of \$26.0 million (April 30, 2023 - \$24.8 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 financial instrument's fair value or future cash flows will fluctuate because of changes in market interest rates.

The Company invests cash in guaranteed investment certificates at fixed or floating interest rates 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. On July 31, 2023, 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 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

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dollar and the Peruvian New Sol ("Sol") bank accounts as well as the translation of foreign-held assets and liabilities at current exchange rates.

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

| | July 31, 2023 | April 30, 2022 |
|--|--------------------------|-------------------|
| | \$ | \$ |
| CAD dollar: | | |
| Cash | 32,361 | 224,603 |
| Receivables | 9,911 | 9,334 |
| Accounts payable and accrued liabilities | (551,677) | (538,073) |
| Contractual liabilities payable to Equinox | (4,870,978) | (4,630,171) |
| Loans Payable | (973,280) | (944,536) |
| Net assets (liabilities) | (6,353,663) | (5,878,843) |
| Sol: | | |
| Cash | 398,883 | 82,835 |
| Receivables | 3,523,905 | 2,968,296 |
| Accounts payable and accrued liabilities | (1,082,370) | (973,579) |
| Net assets (liabilities) | 2,840,418 | 2,077,552 |

Assuming all other variables constant, an increase or a decrease of 10% of the Canadian dollar against the US dollar, as of July 31, 2023 would have changed the Company's net loss by approximately \$0.6 million. Assuming all other variables constant, an increase or a decrease of 10% of the Peruvian Sol against the US dollar, as of July 31, 2023 would have changed the Company's net loss by approximately \$0.3 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.

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Critical Accounting Policies, Estimates and Recent Accounting Pronouncements

The preparation of the Company's unaudited condensed interim consolidated financial statements in accordance with IAS 1, *Presentation of Financial Statements*, requires management to make certain critical accounting estimates and to exercise judgment that affect the accounting policies and the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the unaudited condensed interim 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 unaudited condensed interim 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 for the years ended April 30, 2023 and 2022.

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 July 31, 2023 and 2022.

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 the purchase of supply from Peruvian government-approved mineral sources. Consequently, the Company does not have control over the mineral grade,

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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.

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 acquiring new properties and plants.

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.

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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.

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 with 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 months ended July 31, 2023 and 2022 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.