



MANAGEMENT DISCUSSION AND ANALYSIS

For the Years Ended April 30, 2020 and 2019

Report Dated August 20, 2020

INCA ONE GOLD CORP.

Management Discussion & Analysis

For the Years Ended April 30, 2020, and 2019

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 August 20, 2020 and should be read in conjunction with the Company's audited consolidated financial statements for the years ended April 30, 2020 and 2019 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. During the quarter ended July 31, 2018, the Company changed its presentation currency to the United States Dollar. References to CAD\$ are to Canadian Dollars and references to restated ("Restated") financial information are to amounts previously reported in 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 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 "IO", 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 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 April 30, 2020 ("**the Quarter**" or "**Q4 2020**")
- three months ended January 31, 2020 ("**Q3 2020**");
- three months ended October 31, 2019 ("**Q2 2020**")
- three months ended July 31, 2019 ("**Q1 2020**")
- three months ended April 30, 2019 ("**Q4 2019**");
- year ended April 30, 2020 ("**YE 2020**"); and
- year ended April 30, 2019 ("**YE 2019**")

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YE 2020 Highlights and Key Business Developments

- During Q1 2020, the Company received a VAT refund of approximately \$2.4 million related to VAT paid for the construction of Kori One in 2015.
- During Q1 2020, the Company completed the \$0.3 million expansion of the Kori One tailing facility, which allows the continuation of operations for 2.5 years assuming an average processing level of 150 TPD.
- During Q2 2020, the Company completed the recruitment of an experienced Peruvian management team to lead Inca One's operations in Peru.
- On January 14, 2020, the Company consolidated its shares issued and outstanding on a one-for-ten basis.
- During March 2020, the Company completed the restructuring of several gold sales agreements, which were due on demand and had a fair value of \$1.1 million in exchange for notes payable with a face value of \$0.93 million. In addition, the Company also restructured \$0.21 million in debt by the issuance of 1,058,020 shares.
- The Company repriced 4.54 million share purchase warrants from CAD\$1.00 to CAD\$0.40 during March 2020.
- During Q4 2020, the Company successfully implemented safety protocols to minimize the spread of COVID-19 in both its plant facilities as well as its regional operations. These protocols allowed the continuation of operations at reduced levels, while many competitors had to shut-down their operations.
- During the YE 2020, the Company processed 44,227 tonnes (YE 2019 – 55,139), an average of 122 TPD (YE 2019 – 151 TPD) and had gold production of 21,748 ounces (YE 2019 – 26,774 ounces).
- Gold sales during YE 2020 totaled 21,068 ounces, which represents a decrease of 5,749 ounces compared to 26,817 ounces sold in YE 2019. Total revenues for YE 2020 were \$31.4 million, a decrease of \$3.2 million when compared to YE 2019 of \$34.6 million.

Subsequent to YE 2020

- In May 2020, the Company launched a direct to consumer gold bullion store to build shareholder awareness and to increase margins for the sale of gold.
- During July 2020, the Company signed a Gold Ore Supply Contract with PPX Mining for 40,000 tonnes of gold bearing material which represents a daily average delivery of 110 TPD.
- During July 2020, the Company launched its XplorTracker project aimed at advancing its mineral buying and securing future supplies of gold bearing mineral for processing.
- Received proceeds of approximately CAD\$1.8 million from the exercise of warrants during June and July 2020.

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- Agreed to terms with Equinox Gold Corp. to extend the payment dates of its CAD\$7.95 million non-interest bearing secured promissory note for three to five years in the future.

Operational Highlights - Consolidated

Quarter over Quarter highlights	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Variance % Q4 2020 to Q3 2020	Variance % Q4 2020 to Q4 2019
Tonnes processed in period (t)	7,658	12,623	13,205	10,741	14,372	(39.3%)	(45.6%)
Average daily processing volume (t)	85	139	144	117	161	(38.0%)	(47.2%)
Mineral grade processed (oz/t gold)	0.68	0.50	0.52	0.55	0.54	36%	25.9%
Gold production (oz)	4,815	5,331	6,195	5,419	6,830	(9.7%)	(29.5%)
Gold sold (equivalent oz) ⁽¹⁾	3,496	6,585	7,149	4,277	6,456	(46.9%)	(45.9%)
Gold sold (oz)	3,442	6,456	6,978	4,192	6,320	(46.7%)	(45.5%)
Silver sold (oz)	5,043	11,032	14,298	7,286	11,367	(54.3%)	(55.6%)
Sales Revenue (\$)	5,622,577	9,485,930	10,374,957	5,549,466	8,413,716	(42.9%)	(33.2%)
Cost of goods sold ("COGS") (\$)	5,139,227	9,650,375	10,819,937	5,982,020	7,947,986	(46.8%)	(35.3%)
Gross operating margin (deficit) (\$)	483,350	195,555	(444,980)	(432,554)	465,730	147.2%	3.8%
Gross operating margin %	8.6%	2.0%	(4.3%)	(7.8%)	5.5%	332.8%	55.3%
Revenue per tonne (\$)	979	817	773	642	639	19.8%	52.2%
Cost per tonne (\$)	895	801	806	693	603	11.7%	48.3%
Gross margin per tonne (\$)	84	16	(33)	(51)	36	425.0%	140.0%
Average gold (equivalent) price per oz sold (\$)	1,608	1,495	1,451	1,298	1,303	7.6%	23.4%
Cost per oz sold (\$)	1,470	1,466	1,513	1,399	1,231	0.3%	19.4%
Gross margin per oz sold (\$)	138	29	(62)	(101)	72	375.9%	91.7%
Average London Close price (\$)	1,623	1,504	1,501	1,354	1,302	7.8%	24.7%

(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.

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Future Outlook

The Peruvian Government's COVID-19 pandemic emergency decrees continue to restrict the transportation of mineral throughout Peru. Because of the limited deliveries and COVID-19 protocols in place at both Kori One and Chala One, operations were scaled back to one shift per day at each plant to reduce overhead costs.

At Kori One, milling operations are on-going and are under strict supervision to provide the safest environment possible for employees and for mining partners to continue the supply chain as permitted by the Mining Ministry. At Chala One, desorption and smelting activities are working and recently the Company has reopened operations at Chala One to receive gold bearing mineral. Processing operations at Chala One continue to be temporarily suspended but the Company is looking at options for removing the suspension in the near future. All non-essential staff continue to work remotely, where possible.

Although there are restrictions in place for transportation and delays in the delivery of some supplies, the Company continues to export doré within this current environment while paying special attention to the health and safety of its clients and its employees at all times.

The Company used the slowdown period since early March to perform a number of updates to its processing facilities. At Chala One, management was able to fine-tune its systems, implement process improvements and complete necessary maintenance. Down time in between processing days at Kori One allowed for an extra clean out of the ball mills and tanks, providing additional ounces for smelting and export. Completing these necessary updates and maintenance in advance of a return to normal industrial activities is anticipated to improve efficiency and productivity at both plants in the future.

In addition, the small-scale mining market in Peru is showing encouraging signs of recovery, as more miners are looking to enter the industry and formalize to take advantage of the recent upswing in the gold and precious metals market. Gold bearing mineral deliveries have seen a modest increase in the past four weeks and averaging approximately 82 tonnes per day (approximately 2300 tonnes). The indications are that many of the small scale mining areas are slowly beginning to open. The Company is working with the communities around these small scale mining areas to provide masks, cleaning supplies and assisting with education about Covid-19 protocols in order to build support with those that control the roads and transportation.

The Company believes that the supply agreement recently announced with PPX Mining Corp ("PPX") will provide a foundational supply of material for processing over the remaining months of 2020 and into 2021. As PPX ramps up production, Inca One can meet their needs for processing capacity and leverage this capacity into additional sales. The first deliveries from PPX are expected in the coming weeks.

Additionally, the Company has launched its XplorTracker ("Xplor") project as part of new initiative to expand gold production at Kori One and Chala One. The project is aimed at advancing its mineral buying and securing future supplies of gold bearing mineral for processing.

Drawing on the prior 6 years of actively testing and buying mineral consisting of more than 20,000 samples from across the country, Inca One has accumulated an extensive database of samples from gold bearing mineral, 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

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analysis and plotting of data within Xplor, the Company will look to engage further with titleholders to create additional and mutually beneficial business arrangements.

In the first phase of this project, Inca One will look 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 land positions 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.

In addition to the PPX supply agreement and the Xplor project, which will help Inca One stabilize its plant supply, the Peruvian Government commenced a four month amnesty period beginning January 15, 2020 allowing new and existing mining operations another opportunity to register with the Ministry of Energy and Mines, to demonstrate their compliance with environmental and safety regulations and remit taxes on sales of extracted minerals. As indicated, this represented a renewed window of opportunity within the mining sector to potentially increase the market supply of mineral rich material and expand our customer base.

The initial results from re-opening the formalization process have been positive as the number of miners registered has grown 22% to an estimated 66,000 in March 2020, from approximately 54,000 as of January 2020. 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 also working towards launching 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 access to 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. With the official launch coming in the next couple of months, the Company's bullion store will initially offer 1-ounce gold coins and will add additional products, including silver options in the future. The Company will stamp and mint the inaugural, Peruvian-themed coins unique to the Inca One gold and silver bullion store.

The Company will become 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.

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Sales from the online bullion store are expected to provide increased margins to the Company from direct sales but, most importantly, will offer an intrinsic value through enhanced marketing and promotional opportunities. As an additional benefit to shareholders, it is the Company's intention to make the gold coins available to Inca One shareholders at a preferred rate. Furthermore, additional value will translate through to the Peruvian small-scale miners and solidify Inca One as the processor of choice, providing the best service and experience, whilst minimizing wealth extraction from the Peruvian economy.

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, is soon 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 the second half of 2020 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 audited consolidated financial statements of the Company for the years ended April 30, 2020, 2019 and 2018 as applicable. The selected financial data should be read in conjunction with those financial statements and the notes thereto.

	Years Ended April 30,		
	2020	2019	2018
	\$	\$	\$
Revenue	31,392,930	34,573,628	13,221,998
Cost of goods sold	(31,591,559)	(32,279,248)	(13,543,848)
Gross margin (deficit)	(196,629)	2,294,380	(321,850)
Finance and other income (expense), net	(1,463,465)	(753,320)	(597,996)
Net loss for the period	(4,236,473)	(84,491)	(3,170,593)
Net loss per share (basic and diluted)	(0.16)	(0.00) ⁽¹⁾	(0.35) ⁽¹⁾
Other comprehensive loss	(4,014,914)	(67,908)	(3,4089,861)

⁽¹⁾ Calculated on the basis to the post-consolidate share capital

	Years Ended April 30,		
	2020	2019	2018
	\$	\$	\$
Total assets	22,508,395	24,057,897	9,648,096
Total current liabilities	11,686,029	7,982,730	3,485,635
Total long term liabilities	5,300,277	7,091,690	2,788,264

The following table sets out selected quarterly financial data from the Company's unaudited quarterly financial statements for the last eight quarters. It is important to note that the working capital deficiency at January 31,

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2020 and October 31, 2019 include approximately \$3.6 million of current liabilities that are non-interest bearing and payable in cash or shares at the Company's option.

Quarter ended	Working capital (deficiency)	Total assets	Long term liabilities	Net income (loss)	Basic gain (loss) per share⁽²⁾
	\$	\$	\$	\$	\$
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)
October 31, 2019	(1,835,724)	20,442,144	4,415,066	(1,437,625)	(0.05)
July 31, 2019	2,259,771	24,175,991	7,344,978	(1,439,302)	(0.05)
April 30, 2019	3,417,245	24,057,897	7,091,690	1,204,566	0.05
January 31, 2019	3,695,305	21,251,543	8,522,216	29,793	0.00
October 31, 2018	3,010,284	21,094,908	8,337,432	(1,132,371)	(0.05)
April 30, 2018 ⁽¹⁾	776,225	9,468,096	2,788,264	(1,112,921)	(0.08)

(1) Amounts previous to Q1 2019 have been Restated to United States dollars

(2) Amounts previous to Q3 2020 have been recalculated to reflect the basic gain (loss) per share on a post consolidated basis.

Results of Operations

Three months ended April 30, 2020 compared to three months ended April 30, 2019

Revenue for Q4 2020 was \$5.6 million (Q4 2019 - \$8.4 million), and cost of goods sold was \$5.1 million (Q4 2019 - \$7.9 million) resulting in a gross operating margin of \$0.5 million (Q 2019 - gross operating margin of \$0.5 million).

During Q4 2020, the Company reported a net loss of \$0.6 million, a decrease of \$1.8 million compared to net earnings of \$1.2 million during Q4 2019. During Q4 2019 the company recognized a one-time bargain purchase gain of \$1.5 million related to the acquisition of Anthem United. That combined with increase finance costs of \$0.4 million in Q4 2020 explains the difference.

Year ended April 30, 2020 compared to April 30, 2019

Revenue for YE 2020 was \$31.4 million (YE 2019 - \$34.6 million), and cost of goods sold was \$31.6 million (YE 2019 - \$32.3 million) resulting in a gross operating deficit of \$0.2 million (YE 2019 - gross operating margin of \$2.3 million). The gross operating margin decreased in \$2.5 million as is mainly due to a decrease of production and gold sales from the prior year and generally more competitive commercial terms for purchasing high-grade gold mill feed.

During YE 2020, the Company reported a net loss of \$4.2 million, an increase in net loss by \$4.1 million compared to a net loss of \$0.1 million during YE 2019. This change is partially explained by a combination of the decrease in gross operating margin of \$2.5 million, the decrease in corporate and administrative expenses of \$0.3 million, the increase in finance and other expenses of \$0.7 million, the decrease in bargain purchase on acquisition of Anthem United of \$1.5 million and the combination of a reduction in business development expense of \$0.1 and the increase of restructuring gain of \$0.1 million.

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Liquidity and Capital Resources

As at April 30, 2020, 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 \$3.7 million at April 30, 2020, representing an increase of \$1.9 million compared to cash of \$1.8 million as at April 30, 2019 and working capital deficiency of \$0.7 million at April 30, 2020 representing decrease of \$4.1 million when compared to a working capital of \$3.4 million as at April 30, 2019.

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

- the reclassification of approximately \$3.1 million from non-current liabilities to current liabilities, which includes \$2.8 million of contractual liabilities as result of the acquisition of Anthem United and \$0.3 million of secured debentures,
- cash loss from operations and debt service cost of approximately \$1.6 million,
- additions to property, plant and equipment of approximately \$0.3 million, and
- the decrease in the derivative financial liability by approximately of \$0.9 million.

It is important to note that the working capital deficiency at April 30, 2020 includes \$3.3 million of current liabilities that are non-interest bearing and payable in cash or shares at the Company's option to Equinox Gold Corp. ("Equinox") as a result of the acquisition of Anthem United. Although the debt is presented as a current liability, the Company has elected to pay the debt in shares and therefore the debt will be settled at some date in the future, and subject to Equinox's ownership of Inca One Shares not exceeding 19.99% of the outstanding Inca One Shares (the "Equinox Ownership Limit"). At April 30, 2020, Equinox's Ownership Limit of 19.99% had been reached, therefore, the Company was not able issue additional shares for the current liability.

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. 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.

Contractual Liabilities as a result of the Acquisition of Anthem United

As a result of the acquisition of Anthem and Kori One, the Company issued a secured promissory note payable to Equinox as follows:

- CAD\$7.5 million payable to Equinox in three equal payments of CAD\$2.5 million on the first, second and third anniversaries of the completion of the Purchase Agreement to be paid in cash or Inca One Shares at the discretion of Inca One, based on the higher of CAD\$0.065 per share and the preceding 20-day volume-weighted average price of Inca One Shares, subject to Equinox Ownership Limit.

On August 20, 2019, the Company exercised its share payment election for the first installment and as at April 30, 2020 had issued 425,068 shares at CAD\$0.65 per share as partial payment of CAD\$0.28 million. The balance outstanding for the first installment as at April 30, 2020 was CAD\$2.22 million. Subsequent to April 30, 2020, the Company paid CAD\$0.77 million through the issuance of 1,187,333 shares at CAD\$0.65, reducing the balance outstanding for the first instalment to CAD\$1.45 million.

- CAD\$1.5 million payment to Equinox in cash on August 20, 2020.

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As part of the transaction, the Company also agreed to the following contractual obligations:

- Payment of an amount equal to 50% of the Historical IGV recovered prior to the fifth anniversary of the Closing Date. During Q1 2020, the company recovered approximately \$2.4 million of Historical IGV, of which approximately \$1.2 million was payable to Equinox. During October 2019, the Company paid \$1.0 million.
- Payment in cash to Equinox on or before the August 20, 2021 for the difference between the amount of working capital at closing and \$3 million. Anthem's working capital at such date was approximately \$3.7 million, and therefore the estimated amount payable is \$0.7 million payable on August 20, 2021.

Subsequent to YE 2020, on August 18, 2020, the Company announced it had agreed to terms with Equinox to amend the payment dates of its existing non-interest bearing secured promissory note.

The payment dates have been amended as follows:

	Amount (CAD\$)	Original payment dates	Amended payment dates
First Installment	\$1.45 million	August 20, 2019	August 20, 2023
Second Installment	\$2.5 million	August 20, 2020	August 20, 2024
Cash Only Installment	\$1.5 million	August 20, 2020	August 20, 2022
Third Installment	\$2.5 million	August 20, 2021	August 20, 2025
	\$7.95 million		

Equinox has also agreed to extend the payment date for approximately US\$0.7 million related to a working capital loan, from August 20, 2021 to August 20, 2023.

Based on the amended payment dates and the April 30 2020 book values, approximately \$4.4 million will be reclassified to long-term liabilities in the first quarter of 2021, effectively increasing working capital by the same amount.

Share Issuances

On August 20, 2019 the Company issued 160,733 shares as partial payment of the installment due to Equinox as part of the consideration for the acquisition of Anthem United Inc.

On March 16, 2020 the Company:

- Issued 1,058,020 shares for debt totaling \$0.21 million.
- Repriced 4,540,001 warrants that were issued pursuant to a private placement on January 31, 2018. The warrants had an original exercise price of CAD\$1.00 and have been repriced to CAD\$0.40. The warrants were subject to an accelerated expiry of 30 days after 10 consecutive trading days closing above CAD\$0.50. Subsequent to year end, 4,452,301 warrants were exercised for total proceeds of CAD\$1.8 million.

On April 28, 2020 the Company issued 264,335 shares as partial payment of the installment due to Equinox as part of the consideration for the acquisition of Anthem United Inc.

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Summary of Outstanding Share Data

As at the date of this MD&A, the Company had 34,256,677 common shares issued and outstanding, 2,045,000 share-based options (with exercised prices ranging between CAD\$0.19 to CAD\$1.00) and 1,158,293 warrants outstanding (with exercise prices ranging between CAD\$0.18 and CAD\$12.60 per share). The fully diluted shares outstanding at the date of this MD&A is 37,259,970.

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 years ended April 30, 2020 and 2019:

	Years Ended April 30,	
	2020	2019
	\$	\$
Management, salaries and consulting fees	386,506	589,020
Director fees	28,432	29,364
Share-based payments	71,243	114,154
	486,181	732,538

Consulting and management fees were paid to companies controlled by the CEO and VP Operations & New Projects.

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(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 years ended April 30, 2020 and 2019 as follows:

	Years Ended April 30,	
	2020	2019
	\$	\$
Management fees	236,861	236,861
Salaries	149,645	149,645
Share-based payments	46,128	46,128
	432,634	432,634

(c) Related Party Balances

All related party balances payable, including for business expenses reimbursements, annual bonuses approved by the board of directors, and for services rendered as at April 30, 2020 are non-interest bearing and payable on demand, and are comprised of \$0.3 million (April 30, 2019 - \$0.12 million) payable to the CEO and a company controlled by the CEO, \$0.3 million (April 30, 2019 - \$0.11 million) payable to the CFO and \$0.3 million payable (April 30, 2019 - \$0.02 million payable) to the Directors or companies controlled by the Directors.

Commitments

In addition to the commitments in connection with the Company's financings, the Company has:

- a three-year rent agreement for its corporate office in Lima, Peru, with a monthly payment of \$3,574 and termination date on July 31, 2021, and
- a five-year rent agreement for its corporate office in Vancouver, Canada with a monthly fee of CAD\$3,768 and termination date on July 31, 2023.

On March 16, 2020 the Company reached an agreement to restructure its Derivative Financial Liability, for which it had an obligation to deliver 742 ounces of gold to several related parties (the "Creditors") of the Company. The value of the gold deliverable under the Gold Agreements was approximately \$1.1 million based on the price of gold at the date of the Gold Agreements and was payable on demand. The Creditors agreed to restructure the Gold Agreements (the "Loan Restructuring") in exchange for notes payable (the "Notes") in the amount of \$0.93 million, representing a reduction in the liabilities of the Company of approximately \$0.17 million. The Notes have a three-year term and bear interest at an annual rate of 10%. The Notes are repayable at any time at the Company's option and are secured by general security agreements.

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As partial consideration for the Loan Restructuring, the Company issued an aggregate of 1,388,889 warrants (the "Bonus Warrants") to the Creditors. Each Bonus Warrant entitles the holder to acquire one common share of the Company at a price of CAD\$0.18 per share with expire date on March 16, 2023.

As at April 30, 2020 the Company had commitments to sell approximately 2,278 ounces of gold doré to third parties, which was settled subsequent to April 30, 2020 through the delivery of gold. At April 30, 2020 the fair value of these commitments is \$3.2 million. Additionally, the Company received advances of \$0.50 million to be offset against future sales of gold doré. Both amounts, totaling \$3.7 million (April 30, 2019 - \$1.8 million) have been included as deferred revenues.

A summary of undiscounted liabilities and future operating commitments on April 30, 2020 are as follows:

	Total	Within One Year	One to Five Years
Maturity analysis of financial liabilities	\$	\$	\$
Accounts payable and accrued liabilities	3,150,839	3,150,839	
Secured debentures	2,354,620	300,000	2,054,620
Contractual liabilities as result of the acquisition of Anthem United	6,730,393	4,572,830	2,157,563
	12,235,852	8,023,669	4,212,183
Commitments			
Office lease rental	166,012	77,473	88,539
Gold sale deferred revenue	3,726,500	3,726,500	-
Asset retirement and reclamation obligations	1,088,094	-	1,088,094
	4,980,606	3,803,973	1,176,633
	17,216,458	11,827,642	5,388,816

Contingent Debenture

In September 2016, the Company completed a comprehensive capital restructuring which involved: (i) negotiating with debt holders to reduce long and short term debt, (ii) a private placement to provide sufficient working capital to ramp-up operations at the Chala Plant; and (iii) consolidating the Company's shares. As result of this restructuring, the Company issued a \$0.78 million contingent debenture certificate (the "Contingent Debenture"), which only becomes payable on the date that the Company achieves two production milestones including (i) achieving 300 tonnes per day mineral processing capacity in Peru, and (ii) achieving three months of 200 tonnes per day average daily production. Upon reinstatement, the Contingent Debenture will have a 12% annual interest rate paid quarterly in arrears, twelve-month term to maturity, certain early redemption features, and a general security agreement will be issued. If the performance milestones are not achieved before August 31, 2026, the Contingent Debenture will be cancelled.

As at April 30, 2020, the value of the contingent debenture was \$nil because the Company has not achieved three months of consecutive 200 tonnes per day average daily production. However, the first milestone of 300 tonnes per day mineral processing capacity in Peru was achieved as a result of the acquisition of Anthem.

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Fair Value of Financial Instruments

As at April 30, 2020, the Company's financial instruments consist of cash, receivables, long term receivables, accounts payable and accrued liabilities, promissory notes payable, contractual liabilities as result of the acquisition of Anthem United, secured debentures and notes payable.

IFRS requires disclosures about the inputs to fair value measurements for financial assets and liabilities recorded at fair value, including their classification within a hierarchy that prioritizes the inputs to fair value measurement.

The three levels of hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly; and

Level 3 – Inputs for the asset or liability that are not based on observable market data.

As at April 30, 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 gold delivery contracts, being a derivative financial liability, have been assessed on the fair value hierarchy described above and are 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 at April 30, 2020, the Company had cash of \$3.7 million (April 30, 2019 - \$1.8 million) and current working capital deficit of \$0.7 million (April 30, 2019 – working capital of \$3.4 million) with total liabilities of \$17 million (April 30, 2019 - \$15.1 million).

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

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(iii) Market risk

a. Interest rate risk

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

The Company invests cash in guaranteed investment certificates at fixed or floating interest rates in order to maintain liquidity while achieving a satisfactory return for shareholders. A change of 100 basis points in the interest rates would not be material to the financial statements. At April 30, 2020, 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.

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

	April 30, 2020	April 30, 2019
	\$	\$
CAD dollar:		
Cash	37,900	7,140
Receivables	23,386	23,857
Accounts payable and accrued liabilities	(439,474)	(430,578)
Secured debentures	(1,124,620)	(1,148,011)
Contractual liabilities as result of the acquisition of Anthem United	(5,928,811)	(5,813,425)
Derivative financial liability	-	(951,467)
Net assets (liabilities)	(7,431,619)	(8,312,484)
Sol:		
Cash	185,920	109,747
Receivables	859,798	4,144,524
Accounts payable and accrued liabilities	(601,000)	(625,297)
Net assets (liabilities)	444,718	3,628,974

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Assuming all other variables constant, an increase or a decrease of 10% of the Canadian dollar against the US dollar, as of April 30, 2020 would have changed the Company's net loss by approximately \$0.79 million. Assuming all other variables constant, an increase or a decrease of 10% of the Peruvian sol against the US dollar, as of April 30, 2020 would have changed the Company's net loss by approximately \$0.05 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 liability balance and future gold price expectations as it relates to 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 judgment that affect the accounting policies and the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amounts of assets or liabilities in future periods.

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

These accounting policies and estimates are further discussed in the Company's annual audited consolidated financial statements on April 30, 2020.

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Changes in Accounting Standards

Effective May 1 2019 the Company has adopted IFRS 16 – *Leases*. The adoption of this accounting standard had no significant impact on the consolidated financial statements.

Risks and Uncertainties

Mineral processing and natural resources exploration, development, 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.

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.

Resource Properties: The Company may not be able to find and develop resource properties economically. In addition, the Company may have to deal with development and mining issues including pit slope failures, unusual or unexpected rock formations, poor or unexpected geological or metallurgical conditions, poor or inadequate ventilation, failure of mine communication systems, poor water conditions, interruptions to gas and electricity supplies, human error and adverse weather conditions.

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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.

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.

Financial Instruments and Risk:

For a description of the risks faced by the Company with respect to financial instruments, see the Company's audited consolidated financial statements for the years ended April 30, 2020 and 2019.

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 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.

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

Disclosure Controls and Procedures

Disclosure controls and procedures are intended to provide reasonable assurance that information required to be disclosed is recorded, processed, summarized, and reported within the time periods specified by securities regulations and that the information required to be disclosed is accumulated and communicated to management. Internal controls over financial reporting are intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. In connection with National Instrument 52-109 (Certificate of Disclosure in Issuer's Annual and Interim Filings) ("NI 52-109"), the Chief Executive Officer and Chief Financial Officer of the Company have filed a Venture Issuer Basic Certificate with respect to the financial information contained in the audited consolidated financial statements for the year ended April 30, 2020 and this accompanying MD&A (together, the "Annual Filings").

In contrast to the full certificate under NI 52-109, the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109. For further information, the reader should refer to the Venture Issuer Basic Certificates filed by the Company with the Annual Filings on SEDAR at www.sedar.com.