INCA ONE METALS CORP.
(Formerly SUB Capital Inc.)

MANAGEMENT'S DISCUSSION AND ANALYSIS
Years ended April 30, 2011 and 2010

The Management's Discussion and Analysis ("MD&A") of Inca One Metals Corp. (the "Company" or "IO") for the years ended April 30, 2011 and 2010 has been prepared by management in accordance with the requirements of National Instrument 51-102 as of August 26, 2011 and should be read in conjunction with the audited financial statements and related notes thereto of the Company, as at and for the years ended April 30, 2011 and 2010, which were prepared in accordance with Canadian generally accepted accounting principles. The Company's reporting currency is the Canadian dollar, and all monetary amounts in this MD&A are expressed in Canadian dollars unless otherwise stated.

This MD&A may contain "forward-looking statements" which reflect the Company's current expectations regarding its future results of operations, performance and achievements. The Company has tried, wherever possible, to identify these forward-looking statements by, among other things, using words such as "anticipate," "believe," "estimate," "expect" and similar expressions. The statements reflect the current beliefs of the management of the Company, and are based on currently available information. Accordingly, these statements are subject to known and unknown risks, uncertainties and other factors, which could cause the actual results, performance, or achievements of the Company to differ materially from those expressed in, or implied by, these statements.

The Company undertakes no obligation to publicly update or review the forward-looking statements whether as a result of new information, future events or otherwise, other than as required by applicable law.

Historical results of operations and trends that may be inferred from the following discussions and analysis may not necessarily indicate future results from operations.

Highlights for the Year and Recent Developments

- Effective September 23, 2010, the Company completed its Change of Business pursuant to an option agreement dated June 25, 2010, with Unity Energy Corp. with respect to the Thorburn Lake property. See "*Description of Business*".

- On September 24, 2010, the Company's listing was transferred from the NEX Board to the TSX Venture Exchange (the "Exchange") as a Tier 2 Mining Issuer Issuer and commenced trading on the Exchange under the trading symbol "SUB".

- In October 2010, the Company appointed two directors to the Board. The two new additions were Thomas Henricksen and Oliver W. Foeste. See "*Appointments*".

- On November 15, 2010, the Company commenced trading on the Frankfurt Stock Exchange under the ticker symbol "SU9". The German Securities Number is "A1C8PL" and the international security identification number (ISIN) is CA8642642059.

- On March 25, 2011, the Company entered into a definitive letter agreement to acquire a 100% interest in the Las Huaquillas gold-copper project located in the Department of Cajamarca in northern Peru. This transaction was approved by the Exchange on August 19, 2011. See "*Description of Business*".

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

- On May 24, 2011, the Company entered into a loan agreement whereby IO will advance up to US$100,000 to a Peruvian company to fund its exploration activities. See "*Subsequent Events*".

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

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

Description of Business

The Company was incorporated under the laws of Canada on November 9, 2005. The Company is a junior mineral resource exploration company with a focus on the acquisition, exploration and development of mineral properties. It had the right to acquire a 75% interest in the Thorburn Lake Property (the "Property") located in Saskatchewan. Subsequent to the year end, the Company determined that it would not pursue the option agreement and all costs incurred on the property were written off as at April 30, 2011.

On March 25, 2011, the Company entered into a definitive letter agreement to acquire 100% shares of a private Peruvian company which owns 100% interest in the Las Huaquillas gold-copper project located in the Department of Cajamarca in northern Peru. On August 19, 2011, the transaction was approved by the Exchange.

In addition to the Company's ongoing work program on the Property, it continues to actively evaluate new potential projects.

Las Huaquillas Project

On March 25, 2011, the Company entered into a definitive letter agreement with Rial Minera SAC ("Rial") and its shareholders (collectively the "Optionors") pursuant to which the Company has been granted an option to acquire all of the issued and outstanding shares of Rial (the "Rial Shares"). Rial is a private Peruvian company that owns a 100% interest in the Las Huaquillas gold-copper project located in the Department of Cajamarca in northern Peru. Pursuant to the agreement, the Company can acquire 100% of the Rial Shares, of which 95% may be acquired by (a) paying an aggregate of US$5,000,000 to the Optionors; (b) issuing 5,000,000 common shares of the Company to the Optionors; and (c) incurring exploration expenditures of US$10,000,000 over a period of four years.

Upon the Company acquiring 95% of Rial Shares, a 1% net smelter royalty shall be payable to the Optionors on all future production. After completion of the cash and share payments and exploration expenditures, the Company may earn a further 5% of Rial Shares by issuing an additional 3,000,000 common shares to one of the Optionors within 15 days of notice of exercise of the option. In addition, the Company shall issue to one of the Optionors as bonus payments one common share of the Company per each new ounce of gold or gold equivalent that is found or determined to exist on the project, in excess of 560,000 ounces of gold or gold equivalent, to be delivered upon public announcement of such discovery.

A finder's fee of $282,500 and 400,000 common shares are payable to an arm's length party over a period of four years.

As at April 30, 2011, the Company incurred acquisition and other costs of $158,097 on the property. Subsequent to the year end, the Company paid to the Optionors US$175,000 and issued 200,000 common shares at a fair value of $74,000 pursuant to the option agreement.

About the Project:

The Project is located in the Department of Cajamarca in northern Peru. It is easily accessible by road and is situated at a relatively low elevation of between 1000 to 1800 meters. It consists of 9 mineral concessions and is 3700 hectares in size.

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

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

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

Previous exploration on the Project by Cooperacion Minero Peruano - Alemana (1988-1992) and Sulliden Gold Corporation Ltd. (TSX: SUE, "Sulliden") (1996 - 1999) consisted of surface geological, geochemical, and geophysical studies, 26 drill holes and 1200 meters of underground workings.

> In 1998, Sulliden estimated that a 500 meter section of the 2.2 km long **Los Socavones Zone hosts a geological resource of 6.57 million tonnes grading 2.09 g/t Au and 25.2 g/t Ag, equivalent to 443,000 ounces of gold and 5.3 million ounces of silver.** This has been calculated at a cutoff of 1.5 g/t gold, and remains open at depth and along strike. This historic resource, based on 10 drill holes and 20 mineralized intercepts, was estimated by Sulliden to a depth of 200 meters.*[3]*
>
> *The historic resource was calculated in 1998 and the Company has not completed the work necessary to have the historical estimate verified by a Qualified Person. The Company is not treating the estimate as a current NI 43-101 defined resource and the historical estimate should not be relied upon. The Project will require considerable future exploration which the Company intends to carry out in due course.*

The average true width encountered to date of the Los Socavones gold mineralization is 20+ meters, with some intercepts more than 75 meters in true width. Only a quarter of the length of the Los Socavones Zone has been drill tested in some detail. See attached geology plan map (Figure 1) and Los Socavones Zone drillhole cross section (Figure 2). Table 1 below summarizes some highlighted mineralized intercepts of the Los Socavones Zone. **[3]**

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

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

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

(1) Source: US Geological Survey (2009 Minerals Yearbook - Peru, February 2011)

(2) Source: Tectonic, Magmatic and Metallogenic Evolution of The Cajamarca Mining District, Northern Peru. PHD Thesis; Richard Charles Idris Davies. December 2002.

(3) Source: Sulliden Annual Report filed August 12, 1998, available on www.sedar.com

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

The Thorburn Lake Property

On June 25, 2010, the Company entered into an option agreement with Unity Energy Corp. ("Unity") to acquire a 75% interest in the Property. Unity currently has an option to acquire a 100% undivided interest in the Property pursuant to an agreement dated February 22, 2010 with GWN Investment Ltd. ("GWN"). The Company had the right to exercise the option by incurring exploration expenditures totaling 2,400,000 prior to February 22, 2014 ($200,000 on or before December 31, 2011), making a cash payment to Unity totaling $30,000 (paid) and making the underlying cash payments to GWN totaling $600,000 over a period of three years.

Subsequent to April 30, 2011, the Company decided not to pursue its option agreement with Unity Energy Corp. and as a result, $40,545 in resource property costs was written-off as at April 30, 2011.

Appointments

Effective October 20, 2010, Thomas Henricksen was appointed as a Director of the Company. Mr. Henricksen, PhD, brings over 35 years of experience to the Company in the mineral exploration industry, which includes over 20 years with Bear Creek Mining (BCM–V), Kennecott Exploration and Rio Tinto Exploration (RIOZ). During his tenure at Rio Tinto, he successfully discovered significant borate deposits in southern Bolivia, and acquired the Ollachea and Corani precious metal projects in Peru. In 2005, he recommended to Centenario Copper the acquisition of the Pelusa copper project in Chile, part of the Franke Copper Project, acquired and currently in production by Quadra Mining (QUX-T). Mr. Henricksen also served as Chief Geologist of Norsemont Mining Inc. (NOM-T), where he initiated and managed the exploration of the Constancia copper porphyry deposit. Currently, Mr. Henricksen is Chief Geologist for AQM Copper (AQM-V) in Peru, responsible for the initial exploration at Zafranal, a 50/50 Joint Venture with Teck Resources Ltd. (TCK-Z) Mr. Henricksen holds a BSc. in Geology from the University of Wisconsin-Oshkosh and a PhD in Economic Geology from Oregon State University.

Effective November 1, 2010, Oliver Foeste was appointed as a Director of the Company. Mr. Foeste is a chartered accountant with over 10 years of experience in corporate structuring, acquisitions, financial reporting and corporate governance. He started his career with the accounting firm of Deloitte & Touche where he obtained his CA designation in 2006. Mr. Foeste also provided business consulting services to entrepreneurial start-up operations. Mr. Foeste is an associate partner of Breakwater Accounting Advisors LLP, a Vancouver-based accounting firm providing services primarily for the resource sector. Previously, he was director of finance and corporate secretary of Huntingdon Real

Estate Investment Trust, a Vancouver-based TSX-listed issuer and prior to that was U.S. Divisional Controller at Precision Drilling Trust, a leading TSX and NYSE listed, oilfield services provider based in Calgary, Alberta.

Risk Factors

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

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

Resource Exploration and Development is Generally a Speculative Business: Resource exploration and development is a speculative business and involves a high degree of risk, including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but from finding mineral deposits which, though present, are insufficient in size to return a profit from production. The marketability of natural resources that may be acquired or discovered by the Company will be affected by numerous factors beyond the control of the Company. These factors include market fluctuations, the proximity and capacity of natural resource markets, government regulations, including regulations relating to prices, taxes, royalties, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital. The great majority of exploration projects do not result in the discovery of commercially mineable deposits of ore.

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

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

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

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

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

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

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

Share Price Volatility: In recent years, the securities markets in the United States and Canada have experienced a high level of price and volume volatility, and the market price of securities of many companies, particularly those considered exploration stage companies, have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that significant fluctuations in the trading price of the Company's common shares will not occur, or that such fluctuations will not materially adversely impact on the Company's ability to raise equity funding without significant dilution to its existing shareholders, or at all.

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

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

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

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

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

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

Selected Annual Information

The following selected financial data with respect to the Company's financial condition and results of operations has been derived from the audited financial statements of the Company for the years ended April 30, 2011, 2010 and 2009, which have been prepared in accordance with accounting principles generally accepted in Canada. The selected financial data should be read in conjunction with those financial statements and the notes thereto.

	Years ended April 30,		
	2011	2010	2009
	$	$	$
Interest income	987	-	-
Net Income (loss)	(471,246)	(232,379)	12,983
Income (loss) per share	(0.04)	(0.07)	-
Total assets	906,773	392,212	23,837
Total long term liabilities	Nil	Nil	Nil
Cash dividends declared per share for each class of share	Nil	Nil	Nil

Results of Operations

<u>Year ended April 30, 2011 compared with year ended April 30, 2010</u>

During the year ended April 30, 2011, the Company reported a net loss of $471,246 compared to a net loss of $232,379 during the year ended April 30, 2010, representing an increase in loss of $238,867. The increase in loss was primarily attributable to increases in general and administrative expenses of $197,289, write-off of resource property costs of $40,545, exchange loss of $2,020 offset by an increase in interest income of $987.

General and administrative expenses increased by $197,289 from $232,379 during the year ended April 30, 2010 to $429,668 during the year ended April 30, 2011. The increase resulted from increases in amortization of $410, consulting and management fees of $69,245, interest and bank charges of $6,493, office, rent and administration of $20,486, project investigation costs of $9,063, regulatory fees of $25,554, transfer agent and shareholder information of $51,853 and travel and promotion of $100,177 offset by decreases in stock-based compensation of $60,861 and professional fees of $25,131.

The overall increase in general and administrative expenses was attributable to increased corporate activity as a result of the Company's Change of Business and related transactions and management changes. During the year ended April 30, 2010, the Company's operations were restricted to sustaining the NEX listing and seeking new business opportunities to reactivate the Company, hence, minimal operating expenses were incurred.

The write-off of resource property costs of $40,545 resulted from the Company's decision not to pursue its option agreement to acquire a 75% interest in the Thorburn Lake Property.

During the year ended April 30, 2011, the Company incurred travel and promotion of $100,177, consisting of travel and accommodation related to the evaluation of potential assets, expenses related to a distribution of investment materials and other marketing efforts carried out during the year.

During the year ended April 30, 2011, the Company recorded stock-based compensation of $27,739 as compared to $88,600 for the year ended April 30, 2010. The increase in stock-based compensation expense was the result of a greater number of options vested during the current year and higher weighted average fair value per option granted. The weighted average fair value of the 136,000 options granted during the year ended April 30, 2011 was $0.20 per option as compared to $0.09 per option for the 911,000 options granted during the year ended April 30, 2010.

Summary of Quarterly Results

Quarter ended	Interest Income $	Loss $	Loss per share $
April 30, 2011	326	(230,578)	(0.02)
January 31, 2011	479	(140,893)	(0.01)
October 31, 2010	182	(71,596)	(0.01)
July 31, 2010	-	(28,179)	-
April 30, 2010	-	(157,567)	(0.03)
January 31, 2010	-	(58,954)	(0.02)
October 31, 2009	-	(14,361)	(0.02)
July 31, 2009	-	(1,497)	-

There are no general trends regarding the Company's quarterly results and the variation seen over the quarters is primarily due to the Company's change of business. Since the sale of substantially all of the Company's assets and business operations in September 2008 ("Asset Sale") and throughout the year ended April 30, 2010, the Company's operations have been restricted to sustaining its listing on the NEX and seeking new business opportunities. The quarterly result for the quarter ended April 30, 2009 contains revenues and operating expenses related to business activities prior to the Asset Sale. The variation in this quarter was largely attributable to professional or legal fees incurred related to shares for debt transactions and other corporate matters. The Company was designated as inactive and its listing was transferred to the NEX Exchange and these factors accounted for the variation in the Company's net losses for the quarters ended July 31, 2009 and October 31, 2009. Management actively began searching for new business opportunities to reactivate the Company and there was an increase in operating expenses as a result of increased corporate activities related to a property acquisition, financings and management changes. This is reflected in the quarter ended April 30, 2010. In September 2010, the Company completed its property acquisition and its listing was transferred to the Exchange as a Tier 2 mining issuer and as a result, general operating costs increased. This accounted for the variation in the Company's net losses for the quarters ended January 31, 2011 and April 30, 2011. The variation in interest income is related solely to the interest earned on funds held by the Company, which is dependent upon the success of the Company in raising the required financing for its activities which will vary with overall market conditions, and is therefore difficult to predict.

Liquidity and Capital Resources

The Company has no revenue generating operations from which it can internally generate funds. The Company has financed its operations and met its capital requirements primarily through the sale of capital stock by way of private placements and the exercise of share purchase warrants issued from the private placements, and from loans from related parties. The Company's main source of liquidity consisted of cash and cash equivalents. As at April 30, 2011, the Company had cash and cash equivalents of $700,853 representing an increase of $537,370 compared with cash and cash equivalents of $163,483 at April 30, 2010. The increase in cash resulted mainly from net inflows of cash of $277,239 from private placements, $758,052 from exercise of warrants, $2,640 from exercise of options and $120,000 from loans offset by outflows of cash for operations of $419,188, acquisition of resource properties of $198,642 and purchase of equipment of $2,731.

The Company's cash and cash equivalents at April 30, 2011 were held for working capital purposes and were invested primarily in Guaranteed Investment Certificates.

The Company reported working capital of $554,697 at April 30, 2011 as compared to working capital of $337,382 as at April 30, 2010, representing an increase in working capital by $217,315..

Current assets excluding cash at April 30, 2011 consisted of share subscription receipts in transit of $1,599, amounts receivable of $42,703, prepaid expenses and deposits of $1,200 as compared to share subscription receipts in transit of $218,290 and amounts receivable of $10,439 at April 30, 2010.

Subsequent to April 30, 2011, the Company raised an aggregate of $2,093,958 from a private placement financing and exercise of warrants.

During the year ended April 30, 2011, the Company obtained an aggregate loan of $120,000, of which $60,000 was payable to a company controlled by an officer of the Company. The loan was repaid in full subsequent to April 30, 2011.

During the year ended April 30, 2011, the Company closed a non-brokered private placement of 805,001 units at $0.09 per unit for gross proceeds of $72,450. The Company paid a finder's fee consisting 80,500 common shares at a deemed price of $0.09 per share for a gross consideration of $7,245 and legal fees of $11,902 totaling $19,147.

During the year ended April 30, 2011, 6,064,412 warrants at a price of $0.125 per unit were exercised for gross proceeds of $758,052.

During the year ended April 30, 2010, the Company closed a non-brokered private placement of 6,011,078 units at $0.09 per unit for gross proceeds of $540,997. The Company paid a finder's fee consisting 489,463 common shares at a deemed price of $0.09 per share for a gross consideration of$ 44,051 and legal fees of $27,000 totaling $71,051.

As at the date of this MD&A, the other source of funds currently potentially available to the Company are through the exercise of the following outstanding exercisable options:

Number of options	Exercise price	Expiry date
311,000 [(1)]	$0.135	February 18, 2015
600,000 [(1)]	$0.125	April 7, 2015
124,000	$0.220	September 23, 2020
376,000	$0.500	May 13, 2021
820,000	$0.430	July 11, 2021
2,231,000		

[(1)] Of these options, 120,000 and 140,000 are held in escrow respectively.

and the exercise of the following share purchase warrants:

Number of warrants	Exercise price	Expiry date
125,000	$2.000	January 12, 2012
916,666	$1.500	May 9, 2012
343,686	$1.000	December 12, 2012
2,500,000	$0.750	June 13, 2013
3,885,352		

However, there can be no assurance that these outstanding convertible securities will be exercised, particularly if the trading price of the common shares on the Exchange does not exceed, by a material amount and for a reasonable period, the exercise price of such convertible securities at some time prior to their expiry dates.

The Company has not entered into any long-term lease commitments. However, the Company is subject to mineral property commitments as outlined in Note 7 to the audited financial statements for the year ended April 30, 2011.

The Company has prepared a budget for its cash flows and management expects that it has sufficient liquidity and additional financing will be available to meet its obligations for the next twelve months. The Company will be required to raise additional capital in order to make option payments, incur expenditures to maintain its option to acquire an interest in the Las Huaquillas project and to fund working capital requirements in the long term. Although the Company has previously been successful in raising the funds required for its operations, there can be no assurance that the Company will have sufficient financing to meet its future capital requirements or that additional financing will be available on terms acceptable to the Company in the future.

The Company's overall success will be affected by its current or future business activities. The Company is in the process of acquiring and exploring its interests in a resource property and has not yet determined whether this property contain mineral deposits that are economically recoverable. The recoverability of expenditures incurred to earn an interest in this resource property are dependent upon the existence of economically recoverable reserves, securing and maintaining title and beneficial interest in the property, obtaining necessary financing to explore and develop the property, and upon future profitable production or proceeds from disposition of its resource property. See "*Risk Factors*".

Off-Balance Sheet Arrangements

The Company does not utilize off-balance sheet arrangements.

Transaction with Related Parties

The Company has entered into certain transactions with related parties during the year ended April 30, 2011. All transactions with related parties have occurred in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed upon by the related parties.

A description of the related party transactions is as follows:

Name and Relationship to Company	Purpose of Transaction	Three months ended April 30, 2011 $	Year ended April 30, 2011 $	Year ended April 30, 2010 $
Ekelly Investments Ltd., a company controlled by a director and officer of the Company	Management fees	14,000	33,500	-
James L. Harris Law Corporation, a company controlled by an officer of the Company	Legal fees	7,060	47,457	63,114
Remstar Resources Ltd., a company with a common officer	Office, rent and administration (1)	8,100	27,000	-
Ultra Lithium Inc., a company with a common director and a common officer	Rent (2)	1,800	6,000	-
JLHLC Holding Inc., a company controlled by an officer of the Company	Loan to the Company (3)	-	60,000	-
	Interest on loan (3)	1,756	5,073	-

(1) The Company entered into a month-to-month arrangement for the rental of office premises and the provision of accounting, financial reporting and administrative services with Remstar Resources Ltd., a public company related by a common officer.

(2) The Company entered into a month-to-month arrangement for the rental of office premises with Ultra Lithium Inc., a public company related by a common director and a common officer.

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

Included in prepaid expenses were rent deposits of $1,200 (2010 - $Nil) paid to companies having an officer in common.

Included in accounts payable and accrued liabilities was a legal fee of $7,627 (2010 - $9,800) payable to a company controlled by an officer of the Company.

Included in accounts payable and accrued liabilities was a management fee of $6,003 (2010: $Nil) payable to a company controlled by an officer of the Company.

Included in accounts payable and accrued liabilities was an accounting fee of $Nil ($8,500) payable to a company controlled by a director of the Company.

Fourth Quarter

During the fourth quarter, the Company reported a net loss of $230,578 as compared to a net loss of $157,567 during the fourth quarter in the prior fiscal year, representing an increase in loss of $73,011. The increase in loss was primarily attributable to increases in general and administrative expenses of $30,772, written off of resource property of $40,545 and exchange loss of $2,020 offset by an increase in interest income of $326.

General and administrative expenses increased by $30,772 as a result of decreases in professional fees of $2,558 and stock-based compensation of $88,600 offset by increases in amortization of $103, bank charges and interest of $2,197, consulting and management fees of $24,500, office, rent and administration of $19,307, project investigation costs of $9,063, regulatory fees of $13,701, transfer agent and shareholder information of $39,232 and travel and promotion of $13,827.

The overall increase in general and administrative expenses was attributable to increased corporate activity as a result of the Company's Change of Business and related transactions and management changes. During the three months ended April 30, 2010, the Company's operations were restricted to sustaining the NEX listing and seeking new business opportunities to reactivate the Company, hence, minimal operating expenses were incurred.

The write-off of resource property costs of $40,545 resulted from the Company's decision not to pursue its option agreement to acquire a 75% interest in the Thorburn Lake Property.

During the fourth quarter, the Company recorded stock-based compensation of $Nil as compared to $88,600 for the three months ended April 30, 2010. The increase in stock-based compensation expense was the result of a greater number of options vested during the current year and higher weighted average fair value per option granted. The weighted average fair value of the 136,000 options granted during the year ended April 30, 2011 was $0.20 per option as compared to $0.09 per option for the 911,000 options granted during the year ended April 30, 2010.

Subsequent Events

The following events occurred subsequent to April 30, 2011:

a) The Company entered into a loan agreement dated May 24, 2011 with Minera Huaquillas SAC, a Peruvian company engaged in the exploration of mineral properties, pursuant to which the Company will lend Minera Huaquillas up to US$100,000 to fund its exploration activities. The loan is non-interest bearing and due within one year from the date of the last amount advanced. Subsequent to April 30, 2011, the Company advanced US$60,000 under this agreement.

b) The Company completed a private placement of 5,000,000 units at $0.40 per unit for gross proceeds of $2,000,000. Each unit consists of one common share and one-half of one share purchase warrant. Each share purchase warrant entitles the holder to acquire one additional common share of the Company at $0.75 per share expiring June 30, 2013. The warrants are subject to an acceleration provision whereby the warrant holders will be required to exercise their warrants within a period of 30 days if the Company's common shares close at or above $1.00 per share for 10 consecutive trading days, otherwise the warrants will, if not exercised, expire at the end of such 30 day period. The Company paid $136,790 and issued 87,750 common shares as finders' fees on this private placement.

c) The Company granted 376,000 stock options at $0.50 per share and 820,000 options at $0.43 per share to directors, officers, employees and consultants of the Company, all expiring ten years from date of grant.

d) 751,667 common shares were issued on exercise of 751,667 warrants at $0.125 for proceeds of $93,958.

Adoption of New Accounting Standards

Effective May 1, 2010, the Company adopted the provisions of the following new Canadian Institute of Chartered Accountants ("CICA") accounting standard:

Fair Value Hierarchy

In 2009, the CICA amended 3862, Financial Instruments – Disclosures, to include additional disclosure requirements about fair value measurement for financial instruments and liquidity risk disclosure. This amendment requires a three level hierarchy that reflects the significance of the inputs used in measuring the fair value as follows:

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.
Level 3 – Inputs that are not based on observable market data.

The amended section relates to disclosure only and did not have a material impact on the financial results of the Company.

Future Accounting Pronouncements

(a) Business Combinations/Consolidated Financial Statements/Non-Controlling Interests

The AcSB issued CICA sections 1582, *Business Combinations*, 1601, *Consolidated Financial Statements*, and 1602, *Non-Controlling Interests*, which replaced sections 1581, *Business Combinations*, and 1600, *Consolidated Financial Statements*. CICA 1582 is effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011. CICA 1601 and CICA 1602 apply to interim and annual consolidated financial statements relating to years beginning on or after January 1, 2011. Early adoption is permitted for these new standards. The Company does not expect the adoption of these sections to have a material impact on its financial statements.

(b) International Financial Reporting Standards ("IFRS")

In February 2008, the Canadian Accounting Standards Board ("AcSB") confirmed that publicly accountable enterprises will be required to adopt IFRS, replacing Canadian GAAP, for fiscal years beginning on or after January 1, 2011 with early adoption permitted.

The Company will prepare its first financial statements in accordance with IFRS for the year ending April 30, 2012. In accordance with IFRS 1, First-time Adoption of International Financial Reporting Standards ("IFRS 1"), the Company will retrospectively apply IFRS, except for mandatory and elected optional exemptions from full retrospective application of IFRS as provided by IFRS 1.

Preparation of the first financial statements in accordance with IFRS will require presentation of comparative information in accordance with IFRS. Accordingly, the Company will be required to restate its balance sheet as at May 1, 2010 to comply with IFRS ("transition date").

The execution of the Company's IFRS conversion plan is underway, including the evaluation of the financial impact upon IFRS adoption, development of IFRS accounting policies, and redesign of business processes. The Company anticipates there will be changes in accounting policies but these changes will not materially impact the Company's financial statements. The Company does anticipate a significant increase in disclosure resulting from the adoption of IFRS and is continuing to assess the level of disclosure required. However, the Company has initially determined that its accounting and financial reporting systems will not be significantly impacted.

The Company's transition to IFRS and conversion plan consist of three phases:

1. Planning and Scoping

This phase covered project planning and identification of differences between existing Canadian GAAP and IFRS which have been completed during the first quarter of 2011. The areas of accounting differences that have been identified that will potentially be impacted are share-based payments and initial adoption of IFRS under the provisions of IFRS 1.

2. In-depth Analysis

This phase involves detailed evaluation of the financial impacts of various options and alternative methodologies available under IFRS, analysis of IFRS 1 optional exemptions and mandatory exceptions to the general requirement for full retrospective application upon transition to IFRS, compilation of IFRS disclosure requirements and development of required solutions to address identified issues.

3. Implementation and Review

This phase commenced in the second quarter of 2011 and will include the preparation and reconciliation of opening balance sheet and collection of financial information required to complete IFRS compliant interim and annual financial statements.

First time adoption of IFRS

IFRS 1 generally requires that all IFRS standards and interpretations be accounted for on a retrospective basis. However, IFRS 1 provides for certain optional exemptions and other mandatory exceptions in specific areas of certain standards that do not require retrospective application of IFRS. The most significant IFRS optional exemptions which the Company is expected to apply are:

IAS 16, Property, Plant and Equipment	The Company has decided not to use an optional IFRS 1 election to measure its property, plant and equipment at the date of transition to IFRS at its fair value and use that fair value as its deemed cost, or use a previous GAAP revaluation of property, plant and equipment as its deemed cost at the transition date. Instead, the Company will retrospectively apply recognition and measurement requirements of IAS 16, Property, Plant and Equipment. Under IAS 16, the Company made an accounting policy choice to measure its property, plant and equipment after its recognition at its cost less any accumulated depreciation and any accumulated impairment losses.
IAS 39, Financial Instruments: Recognition and Measurement	As at transition date, the Company will not make any additional optional designations of financial instruments as available for sale, or financial asset or financial liability at fair value through profit or loss, unless such designation has been made on initial recognition of such instruments in accordance with IAS 39.
IFRS 2, Share-based payments	The Company will take the election and only reassess the fair value of options that were granted after Nov 7, 2002 and that have not vested at the date of transition, May 1, 2010.

IFRS to Canadian GAAP differences

IAS 36, Impairment of Assets

Both Canadian GAAP and IFRS require an entity to undertake impairment testing where there is an indication of impairment. Annual impairment tests are required for goodwill and indefinite-lived intangible assets.

Canadian GAAP generally uses a two-step approach to testing a long-lived asset for impairment if an indication of impairment exists. The first step is a test for recoverability whereby the carrying value is compared to the undiscounted cash flows that the asset is expected to generate. If the undiscounted cash flows exceed the carrying amount, then no impairment charge is necessary. If the undiscounted cash flows are lower than the carrying amount of the asset, then the asset is written down to the estimated fair value, determined based on the discounted cash flows.

Under IFRS, if there is an indication of impairment the entity must compare the carrying value of the asset to the recoverable amount. Recoverable amount is defined as the higher of an asset less costs to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from an asset. An impairment loss is recognized to the extent that the carrying value exceeds the recoverable amount. Unlike Canadian GAAP, IFRS requires impairment charges to be reversed if the circumstances leading to the impairment no longer exist.

The Company preliminarily assessed the carrying value of its exploration project in accordance with IAS 36 and found that no impairment losses are required to be recognized as at the transition date.

IFRS 2, Share-based payments

Canadian GAAP requires that share-based payments are measured at fair value and an expense recorded over the vesting period of the instrument and award forfeitures are accounted for as they occur. IFRS standards require each tranche in the grant to be amortized over their respective vesting period, and estimates of forfeiture rates are applied at the outset. The Company's accounting policy under IFRS is largely consistent with Canadian GAAP except for the initial inclusion of a forfeiture rate in the fair value estimation and small changes to the initial valuation of tranches of options that vest over different periods.

IFRS 6, Exploration for and Evaluation of Mineral Resources

Under Canadian GAAP, costs incurred in the acquisition, exploration, evaluation and development of mineral resources are capitalized as incurred. IFRS has no explicit guidance on the treatment of these costs. IFRS allows a company to set its accounting policy to expense or capitalize the costs incurred in the acquisition, exploration, evaluation and development of mineral resources. The Company's current accounting policy is likely to be maintained through transition with no differences anticipated.

The discussion above should not be regarded as a complete list of changes that will result from the Company's transition to IFRS. In the period leading up to the changeover in 2011, the AcSB has ongoing projects and intends to issue new accounting standards during the conversion period. As a result, the final impact of IFRS on the Company's financial statements can only be measured once all the applicable IFRS accounting standards at the transition date are known. The Company will continue to review new standards, as well as the impact of the new accounting standards, between now and the transition date to ensure all relevant changes are addressed.

Financial Instruments and Other Instruments

The Company manages its exposure to financial risks, including foreign exchange risk and interest rate risk, based on a framework to protect itself against adverse rate movements. All transactions undertaken are to support the Company's ongoing business and the Company does not acquire or issue derivative financial instruments for trading or speculative purposes. The Company's Board of Directors oversees management's risk management practices.

As at April 30, 2011, the Company's financial instruments consist of cash and cash equivalents, share subscription receipts in transit, amounts receivable, accounts payable and accrued liabilities and loans payable.

Cash and cash equivalents are designated as held-for-trading and carried at their fair values. Amounts receivable and share subscription receipts in transit are classified as loans and receivables and carried at their amortized cost. Accounts payable and accrued liabilities and loans payable are classified as other liabilities and carried at their amortized cost.

The fair values of these financial instruments approximate their carrying values due to their short-term nature and/or the existence of market related interest rate on the instruments.

The Company categorizes all of its financial instruments which are measured at fair value as Level 1 inputs.

The risk exposure is summarized as follows:

a) Credit Risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company is subject to credit risk on the cash balances at the bank, its short-term bank guaranteed investment certificates and amounts receivable. Cash and cash equivalents consisting of Guaranteed Investment Certificates ("GICs") have been invested with Schedule 1 banks or equivalents, with its cash held in Canadian based banking institutions, authorized under the Bank Act to accept deposits, which may be eligible for deposit insurance provided by the Canadian Deposit Insurance Corporation. The amounts receivable consist primarily of harmonized sales tax recoverable of $42,254 and interest receivable of $449.

b) Liquidity Risk

The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to settle obligations and liabilities when due. As at April 30, 2011, the Company had cash and cash equivalents of $700,853 to settle current liabilities of $180,592 which consist of accounts payable that are considered short term and settled within 30 days and interest bearing loans which shall be repaid on or before August 31, 2011. The Company believes that it has sufficient capital and additional financing will be available to meet its requirements for the next twelve months.

c) Market Risk

(i) Interest Rate Risk

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

The Company's cash and cash equivalents attract interest at floating rates and have maturities of 90 days or less. The Company's short-term investment is invested in GICs with greater than 90 day terms but not greater than one year. These GICs have a fixed interest rate for the term of the deposit. The interest on cash and GICs is typical of Canadian banking rates, which are low at present and the conservative investment strategy mitigates the risk of deterioration to the investment. A change of 100 basis points in the interest rates would not be material to the financial statements.

(ii) Commodity Price Risk

Commodity price risk is the risk of financial loss resulting from movements in the price of the Company's commodity inputs and outputs. The Company's risk relates primarily to the expected output to be produced at its resource property described in Note 7 of the financial statements from which production is not expected in the near future.

Changes in Internal Control over Financial Reporting

Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian GAAP. The Chief Executive Officer and Chief Financial Officer have concluded that there have been no changes in the Company's internal control over financial reporting or any other factors during the year ended April 30, 2011, that have materially affected, or are reasonably likely to materially affect the Company's internal control over financial reporting.

Summary of Outstanding Share Data

Authorized and issued common shares:

(a) Authorized:

Unlimited number of common shares without par value.

(b) Issued and fully paid:

	Number of Shares		Amount
Balance, April 30, 2009	3,118,498	$	3,553,483
Common shares issued for cash	6,011,078		540,997
Finder's fees	489,463		44,051
Share issue costs	-		(71,051)
Balance, April 30, 2010	9,619,039		4,067,480
Common shares issued for cash	805,001		72,450
Finder's fees	80,500		7,245
Share issue costs	-		(19,147)
Cancellation of escrow shares	(109,245)		(42,931)
Exercise of warrants	6,064,412		758,052
Exercise of options	12,000		2,640
Reclassification from contributed surplus on exercise of options	-		2,448
Balance, April 30, 2011	16,471,707	$	4,848,237

(c) Stock options:

As of August 26, 2011, the following stock options were outstanding:

Number of options	Exercise price	Expiry date	Exercisable
311,000 [1]	$0.135	February 18, 2015	311,000
600,000 [1]	$0.125	April 7, 2015	600,000
124,000	$0.220	September 23, 2020	124,000
376,000	$0.500	May 13, 2021	141,000
820,000	$0.430	July 11, 2021	317,500
2,231,000			1,493,500

[1] Of these options, 120,000 and 140,000 are held in escrow respectively.

(d) Warrants:

As of August 26, 2011, the following warrants were outstanding:

Number of warrants	Exercise price	Expiry date
125,000	$2.000	January 12, 2012
916,666	$1.500	May 9, 2012
343,686	$1.000	December 12, 2012
2,500,000	$0.750	June 13, 2013
3,885,352		

Additional Disclosures

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