OneCap Investment Corporation

Consolidated Financial Statements

For the years ended December 31, 2017 and 2016

(Expressed in Canadian dollars)

Raymond Chabot Grant Thornton

Independent Auditor's Report

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To the Shareholders of
OneCap Investment Corporation

We have audited the accompanying consolidated financial statements of OneCap Investment Corporation, which comprise the consolidated statements of financial position as at December 31, 2017 and 2016 and the consolidated statements of loss and comprehensive loss, the consolidated statements of changes in equity (deficiency) and the consolidated statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of OneCap Investment Corporation as at December 31, 2017 and 2016 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

Emphasis of matter

Without modifying our opinion, we draw attention to Note 2 to the consolidated financial statements, which indicates the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern.

Raymond Chabot Grant Thornton LLP[1]

Montréal
April 11, 2018

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[1] CPA auditor, CA public accountancy permit n° A127023

OneCap Investment Corporation
Consolidated Statements of Financial Position
As at December 31, 2017 and 2016
(n Canadian dollars)

	Note	2017	2016
		$	$
Assets			
Current assets			
Cash and cash equivalents	6	1,074,635	103,801
Sales taxes receivable		40,070	9,479
Prepaid expenses and advances to suppliers		31,297	-
Total assets		1,146,002	113,280
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		76,000	55,188
Advance and loan from a related party	8	-	65,000
Total liabilities		76,000	120,188
Equity (Deficiency)			
Share capital	9	6,767,802	4,535,475
Contributed surplus		3,429,299	2,728,727
Deficit		(9,127,099)	(7,271,110)
Total equity (Deficiency)		1,070,002	(6,908)
Total liabilities and equity (Deficiency)		1,146,002	113,280

Going concern 2

Approved by the Board of Directors

(s) Signed
Jacques Authier, Director

(s) Signed
Jean Depatie, Director

The accompanying notes are an integral part of these consolidated financial statements.

OneCap Investment Corporation

Consolidated Statements of Loss and Comprehensive Loss
For the years ended December 31, 2017 and 2016
(In Canadian dollars, except for number of shares)

	Note	2017	2016
		$	$
			(Note 14)
Expenses			
Exploration and evaluation	7	212,049	174,848
Professional and consulting fees		188,069	98,532
Administration expenses		27,328	20,723
Shareholders communication and transfer agent fees		32,031	3,186
Travel expenses and representation		40,107	34,109
Shared-based payments	9	117,600	25,000
Foreign exchange loss		4,648	32
Listing expense	5	745,687	-
Operating loss		1,367,519	356,430
Other gains			
Interest income		944	2,095
Net loss and comprehensive loss		1,366,575	354,335
Loss per common share, basic and diluted		0.04	0.02
Weighted average number of common shares outstanding – basic and diluted		32,601,547	23,634,351

The accompanying notes are an integral part of these consolidated financial statements.

OneCap Investment Corporation

Consolidated Statements of Changes in Equity (Deficiency)
For the years ended December 31, 2017 and 2016
(In Canadian dollars, except for number of shares)

	Note	Number of common shares outstanding	Share capital	Contributed surplus	Deficit	Total Equity (Deficiency)
			$	$	$	$
Balance - January 1, 2017		61,458,710	4,535,475	2,728,727	(7,271,110)	(6,908)
Private placements						
Proceeds from shares issuance	9	5,000,000	250,000	-	-	250,000
Transactions as part of the reverse takeover						
Capital reorganization	5	(37,563,619)	-	-	-	-
		28,895,091				
Deemed issuance of common shares	5	6,914,100	1,140,827	-	-	1,140,827
Deemed issuance of stock options	5	-	-	31,656	-	31,656
Concurrent private placement	5	5,100,000	1,020,000	-	-	1,020,000
Less: Valuation of warrants	5	-	(178,500)	178,500	-	-
Agent compensation warrants	5	-	-	24,990	-	24,990
Replacement warrants	5	-	-	347,826	(347,826)	-
Share and unit issue expenses	5,9	-	-	-	(141,588)	(141,588)
Share options						
Share-based payments	9	-	-	117,600	-	117,600
Transactions with owners		40,909,191	6,767,802	3,429,299	(7,760,524)	2,436,577
Net loss and comprehensive loss		-	-	-	(1,366,575)	(1,366,575)
Balance – December 31, 2017		40,909,191	6,767,802	3,429,299	(9,127,099)	1,070,002

	Note	Number of common shares outstanding	Share capital	Contributed surplus	Deficit	Total Equity (Deficiency)
			$	$	$	$
Balance - January 1, 2016		50,108,710	4,251,725	2,703,727	(6,916,775)	38,677
Private placements						
Proceeds from shares issuance	9	11,350,000	283,750	-	-	283,750
Share options						
Share-based payments	9	-	-	25,000	-	25,000
Transactions with owners		61,458,710	4,535,475	2,728,727	(6,916,775)	347,427
Net loss and comprehensive loss		-	-	-	(354,335)	(354,335)
Balance – December 31, 2016		61,458,710	4,535,475	2,728,727	(7,271,110)	(6,908)

The accompanying notes are an integral part of these consolidated financial statements.

OneCap Investment Corporation

Consolidated Statements of Cash Flows
For the years ended December 31, 2017 and 2016
(In Canadian dollars)

	Note	2017	2016
		$	$
Cash flows used in operating activities			
Net loss		(1,366,575)	(354,335)
Adjustments for:			
Non-cash component of listing expense	5	590,473	-
Share-based payments	9	117,600	25,000
Changes in non-cash working capital items:			
Sales taxes receivable		(30,591)	(9,479)
Prepaid expenses and advances to suppliers		(31,297)	-
Accounts payable and accrued liabilities		20,812	55,188
		(699,578)	(283,626)
Cash flows from financing activities			
Proceeds from private placements	5,9	1,270,000	283,750
Share and unit issue expenses	5,9	(116,598)	-
Repayment of advance and loan from a related party	8	(65,000)	-
		1,088,402	283,750
Cash flows from investing activities			
Cash acquired through the acquisition of OneCap	5	582,010	-
		582,010	-
Net change in cash and cash equivalents		970,834	124
Cash and cash equivalents, beginning		103,801	103,677
Cash and cash equivalents, end		1,074,635	103,801

The accompanying notes are an integral part of these consolidated financial statements.

1. INCORPORATION AND NATURE OF ACTIVITIES

OneCap Investment Corporation (the “Corporation” or “OneCap”) was incorporated under the *Canada Business Corporations Act* (“CBCA”) on April 20, 2012. The Corporation’s common shares are listed on the TSX Venture Exchange (the “Exchange”) under the symbol OIC. The address of its head office and principal place of business is 1801 McGill College Avenue, Suite 950, Montreal (Quebec), Canada, H3A 2N4.

Prior to August 25, 2017, the Corporation was a capital pool company (“CPC”) as defined in Policy 2.4 of the Exchange. On that date, the Corporation completed its qualifying transaction (the “Qualifying Transaction”) pursuant to the rules and policies of the Exchange by acquiring 100% of the issued and outstanding share capital of Rio Moche Exploration Inc. (“Rio”) and evolved into a mineral exploration company with its exploration activity focused in Colombia.

Accordingly, from an accounting standpoint, the transaction constitutes a reverse takeover. As Rio was deemed to be the acquirer for accounting purposes, its assets, liabilities and operations since incorporation are included in these consolidated financial statements at their carrying value. OneCap’s results have been included from the date of the reverse takeover. The legal share capital continues to be that of OneCap, the legal parent.

2. GOING CONCERN

Given that the Corporation has not yet determined whether its mineral property contains mineral deposits that are economically recoverable, the Corporation has not yet generated income nor cash flows from its operations. As at December 31, 2017, the Corporation has an accumulated deficit of $9,127,099 ($7,271,110 as at December 31, 2016). These material uncertainties cast a significant doubt regarding the Corporation’s ability to continue as a going concern.

These consolidated financial statements have been prepared using International Financial Reporting Standards (“IFRS”) applicable to a going concern. The Corporation’s ability to continue as a going concern is dependent upon its ability to raise additional financing, to meet its existing commitments, to further explore its mineral properties, to pay for general and administrative expenses and to continue to support its suppliers and creditors. Even if the Corporation has been successful in the past in doing so, there is no assurance that it will manage to obtain additional financing in the future.

These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities, to the reported expenses and to the financial position classifications that would be necessary if the going concern assumption was inappropriate. These adjustments could be material.

During the year ended December 31, 2017, the Corporation raised $1,270,000 from the issuance of common shares to finance its new exploration project in Colombia and for general purposes.

While management has been successful in securing financing in the past, there can be no assurance that it will be able to do so in the future or that these sources of funding or initiatives will be available to the Corporation or that they will be available on terms which are acceptable to the Corporation. If management is unable to obtain new funding, the Corporation may be unable to continue its operations, and amount eventually realized for assets might be less than amounts reflected in these consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation and evaluation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”).

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Corporation’s accounting policies. These areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

The consolidated financial statements have been prepared using accounting policies specified by those IFRS that are in effect as at December 31, 2017.

These consolidated financial statements were approved by the Corporation’s Board of Directors on April 11, 2018.

(b) Basis of consolidation

The acquisition of Rio has been accounted for as a reverse takeover of the Corporation by Rio. Accordingly, the reported balances and transactions for periods prior to August 25, 2017 are those of Rio.

The consolidated financial statements include the accounts of the Corporation since August 25, 2017 and those of its wholly-owned subsidiary Rio since the incorporation of Rio in 2007. All intra-group transactions, balances, income and expenses are eliminated during consolidation.

The Corporation controls an entity when the group is exposed to, or has the right to variable returns from involvement with the entity and has the ability to affect these returns through its power over the entity.

(c) Functional and presentation currency

The consolidated financial statements are presented in Canadian dollars, which is the Corporation’s functional currency. The functional currency has remained unchanged during the reporting period.

Monetary assets and liabilities denominated in a foreign currency are translated into the functional currency of the respective Corporation entity at the exchange rate in effect at the consolidated financial position date, whereas non-monetary assets and liabilities denominated in a foreign currency are translated at the exchange rate in effect at the transaction date. Revenue and expenses denominated in a foreign currency are translated at the average rate in effect during the period with the exception of depreciation that is translated at the historical rate. Gains and losses on exchange arising from the translation of foreign operations are recorded in the consolidated financial statements.

(d) Financial instruments

Financial assets and liabilities are recognized when the Corporation becomes a party to the contractual provisions of the instrument and are measured initially at fair value plus transactions costs.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognized when it is extinguished, discharged, cancelled or when it expires.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Financial instruments (Cont'd)

Financial assets and financial liabilities are measured subsequently as described below.

Financial assets

For the purpose of subsequent measurement, the Corporation's financial assets are classified into loans and receivables upon initial recognition.

All financial assets are reviewed for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty;
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial reorganization.

All income and expenses relating to financial assets that are recognized in profit or loss are presented within "Other gains or losses", except for impairment of receivables which is presented in operating expenses, if applicable.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortized cost using the effective interest method, less a provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Corporation's cash and cash equivalents fall into this category of financial instruments.

Financial liabilities at amortized cost

Financial liabilities are measured subsequently at amortized cost using the effective interest method.

Financial liabilities are classified as current liabilities if payment is due within twelve months. Otherwise, they are presented as non-current liabilities. All interest-related charges are reported in profit or loss within investment costs, if applicable.

The Corporation's financial liability includes accounts payable and accrued liabilities, and advance and loan from a related party.

(e) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, bank balances and short-term liquid investments, that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

(f) Exploration and evaluation expenses

Pre-exploration costs, which include costs prior to the Corporation's obtaining rights to explore and evaluate a defined area are expensed as incurred.

Once the legal right to undertake exploration and evaluation activities has been obtained, all costs of acquiring mineral rights or options to acquire such rights and expenses related to the exploration and evaluation of mineral properties are also expensed as incurred.

Exploration and evaluation expenses are costs incurred in the course of initial search for mineral resources before the technical feasibility and commercial viability of extracting a project's mineral resources are demonstrable, at which time any further directly attributable pre-production expenditures that give rise to future economic benefits are capitalized.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Exploration and evaluation expenses (Cont'd)

Expenses related to exploration and evaluation expenses include topographical, geological, geochemical and geophysical studies, drilling, trenching, sampling and other costs related to the evaluation of the technical feasibility and commercial viability of extracting a mineral resource.

(g) Income taxes

Tax expense recognized in profit or loss comprises the sum of deferred tax and current tax not recognized directly in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the consolidated financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. However, since the Corporation is in exploration phase and has no taxable income, tax expense, if any, recognized in profit or loss is currently comprised only of deferred tax.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognized to the extent that it is probable that the underlying tax loss or deductible temporary difference will be able to be utilized against future taxable income. This is assessed based on the Corporation forecast of future operating results, adjusted to significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit. Deferred tax liabilities are always provided for in full. Deferred tax assets and liabilities are offset only when the Corporation has a right and intention to set off current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognized as deferred income tax expense in profit or loss, except where they relate to items that are recognized in directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or in equity, respectively.

(h) Basic and diluted loss per share

Basic loss per share is calculated by dividing the net loss by the weighted average number of outstanding common shares during the period. Diluted loss per share is calculated by adjusting net loss and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares which include share purchase stock options ("Options") and common share purchase warrants ("Warrants"), if any. The diluted net loss per share is equal to the basic net loss per share due to the anti-dilutive effect of outstanding Options and Warrants.

(i) Share capital

Share capital represents the amount received on the issue of shares. If shares are issued when Options and Warrants are exercised, the share capital account also comprises the compensation costs previously recorded as Contributed Surplus.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Equity-settled share-based payments

The Corporation operates equity-settled share-based remuneration plans ("Options Plan") for its eligible directors, officers, employees and consultants. None of the Corporation's plans feature any Options for a cash settlement.

All goods and services received in exchange for the grant of any share-based payments are measured at their fair values, unless that fair value cannot be estimated reliably. If the Corporation cannot estimate reliably the fair value of the goods or service received, the Corporation shall measure their value indirectly by reference to the fair value of the equity instruments granted. For the transactions with employees and others providing similar services, the Corporation measured the fair value of the services received by reference to the fair value of the equity instruments granted.

All equity-settled share-based payments (except agent's compensation warrants) are ultimately recognized as an expense in the profit or loss with a corresponding credit to "Contributed Surplus", in equity. Equity-settled share-based payments to agents, in respect of an equity financing are recognized as issuance cost of the equity instrument with a corresponding credit to contributed surplus, in equity.

If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of Options expected to vest. Estimates are subsequently revised if there is any indication that the number of Options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognized in the current period. No adjustment is made to any expense recognized in prior period if the number of Options ultimately exercised are different to that estimated on vesting.

(k) Unit placements

Proceeds from unit placements are allocated between shares and Warrants according to their respective fair value. The Corporation uses the quoted price of the share at the date of issuance and the Black-Scholes pricing model to determine the fair value of the shares and the Warrants issued.

(l) Other elements of equity

Contributed Surplus include charges related to Options and Warrants. When Options and Warrants are exercised, the related compensation costs are transferred to share capital.

Contributed surplus includes charges related to expired Options and Warrants.

Deficit includes all current and prior period retained profits or losses and share and unit issue expenses, deductions of all tax advantages on profit or loss of those share and unit issue expenses.

(m) Segmental reporting

The Corporation determined that it had only one operating segment being the acquisition, exploration and evaluation of mineral properties.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Accounting standards issued but not yet adopted

At the date of authorization of these consolidated financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been adopted early by the Corporation.

Management anticipates that all of the pronouncements will be adopted on the Corporation's accounting policies for the first period beginning after the effective date of each pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Corporation's consolidated financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have an impact on the Corporation's consolidated financial statements.

IFRS 9 - Financial instruments
In July 2014, the IASB published IFRS 9 which replaces IAS 39, Financial Instruments: Recognition and Measurement. IFRS 9 introduces improvements which include a logical model for classification and measurement of financial assets, a single, forward-looking "expected loss" impairment model and a substantially-reformed approach to hedge accounting. IFRS 9 is effective for annual reporting periods beginning on or after January 1, 2018 and its implementation by the Corporation will not have a material impact on its consolidated financial statements.

4. CRITICAL ACCOUNTING ESTIMATES, JUDGMENTS AND ASSUMPTIONS

When preparing the consolidated financial statements, management undertakes a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results are likely to differ from the judgments, estimates and assumptions made by management, and will seldom equal the estimated results. Information about the significant judgments, estimates and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses are discussed below.

Significant Judgments:

Going concern
The assessment of the Corporation's ability to execute its strategy by funding future working capital and exploration and evaluation activities involves judgement. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Areas of significant judgement in assessing whether the going concern assumption is appropriate relate to the expected timing to secure its financing on a timely basis.

Recognition of deferred income tax assets and measurement of income tax expense
Management continually evaluates the likelihood that its deferred tax assets could be realized. This requires management to assess whether it is probable that sufficient taxable income will exist in the future to utilize these losses within the carry-forward period. By its nature, this assessment requires significant judgment. To date, management has not recognized any deferred tax assets in excess of existing taxable temporary differences expected to reverse within the carry-forward period (See Note 3(g)).

4. CRITICAL ACCOUNTING ESTIMATES, JUDGMENTS AND ASSUMPTIONS (CONT'D)

Significant estimates:

Share-based payments
The estimation of share-based payment costs requires the selection of an appropriate valuation model and consideration as to the inputs necessary for the valuation model chosen. The Corporation has made estimates as to the volatility determined by reference to historical data of comparable entities, the probable life of Options and Warrants granted and the time of exercise of those Options and Warrants. The model used by the Corporation is the Black-Scholes valuation model (see Note 9).

5. REVERSE TAKEOVER AND RELATED TRANSACTIONS

On August 25, 2017, in connection with an amalgamation agreement (the "Amalgamation") dated June 1, 2017, between the Corporation, Rio and 10146307 Canada Inc. ("Subco"), a wholly-owned subsidiary of the Corporation, OneCap acquired of all the issued and outstanding share capital of Rio through a three-cornered amalgamation as follows:

a) The shareholders of Rio received one common share of OneCap for each 2.3 issued and outstanding common shares of Rio (the "Exchange Ratio"). In total, OneCap issued 28,895,091 common shares from treasury to Rio's shareholders. In addition, OneCap issued 1,530,435 Options and 3,478,261 Warrants to all holders of Rio Options and Warrants in accordance with the Exchange Ratio. The replacement Options and Warrants issued by OneCap are at a price of $0.20. The maturity date of the Options and Warrants have identical terms as the Rio Options and Warrants that were surrendered;

b) OneCap completed a brokered private placement for aggregate proceeds of $1,020,000 through the issuance of 5,100,000 units at a price of $0.20 per unit. Each unit is comprised of one common share and one half of one common share purchase warrant. Each full warrant will allow for the purchase of one common share at a price of $0.25 until August 25, 2019;

c) In connection with the private placement, OneCap paid to the agent an amount of $77,750 and issued 357,000 agent warrants. Each agent warrant entitles the holder to purchase one common share at a price of $0.25 until August 25, 2019;

d) Rio and 10146307 Canada Inc., amalgamated and continued as one corporation under the CBCA under the name "Rio Moche Exploration Inc.".

On August 25, 2017, OneCap had 6,914,100 issued and outstanding common shares and 791,410 options to acquire common shares of OneCap at an exercise price of $0.20 per common share expiring twelve months after the completion of the Qualifying Transaction.

For accounting purposes, this transaction is considered to be a reverse takeover of the Corporation by Rio whereby Rio have acquired control of the Corporation through the deemed issuance of 6,914,100 common shares to the Corporation's shareholders based on the Corporation's net assets as at August 25, 2017. Accordingly, the reported balances and transactions for periods prior to August 25, 2017 are those of Rio.

This transaction constitutes a reverse takeover of the Corporation but does not meet the definition of a business combination under IFRS 3 *Business Combinations*. Accordingly, the reverse takeover transaction is accounted for in accordance with IFRS 2 *Share-based Payment*.

In accordance with IFRS 2, equity instruments issued were recognized at fair value of net assets acquired and services received. Services received by the Corporation consist in the listing of the Corporation as a publicly listed entity on the Exchange and are measured at the amount of the excess of the fair value of equity instruments issued to the Corporation' shares and stock options holders at the time of the merger over the Corporation' net assets acquired. The transaction with the Corporation is thus recognized in substance as if Rio had proceeded to the issuance of shares and Options to acquire the Corporation's net assets.

(In Canadian dollars)

5. REVERSE TAKEOVER AND RELATED TRANSACTIONS (CONT'D)

The acquisition of the Corporation has been accounted for as follows:

	Amount
Net assets acquired	$
Assets acquired	
Cash and cash equivalent	582,010
Sales taxes receivable	21,769
Prepaid expenses	15,435
Liabilities assumed	
Accounts payable and accrued liabilities	(127,474)
Corporation's net assets as at August 25, 2017	491,740
Consideration paid	
6,914,100 common shares deemed issued to the Corporation's existing shareholders	1,140,827
791,410 Options for common shares deemed issued to the Corporation's existing option holders	31,656
Transaction costs paid in cash	64,944
	1,237,427
Listing expense	**745,687**

The fair value of $1,140,827 of the 6,914,100 common shares was estimated based on the pricing of the concurrent financing with a value of $0.165 being allocated to each common share.

The fair value of $31,656 of the 791,410 options was estimated at using the Black-Scholes model based on the following assumptions: risk-free interest rate of 1.25%, expected volatility of 78.16%, dividend yield of 0% and expected life of 12 months. The underlying expected volatility was determined by reference to historical data of comparable entities as the common shares of the Corporation were not publically traded.

Concurrent private placement
From the total proceeds received from the units of $1,020,000, $178,500 has been allocated to warrants and $841,500 to capital stock, according to a pro-rata allocation of the estimated fair value of each of the two components.

Issue costs of the concurrent private placement totaled $132,901, consisting of the agent cash commission of $77,750, the value of the 357,000 agent warrants of $24,990 and the other issuance costs of $30,161.

The estimated fair value of the warrants and broker warrants were determined using the Black-Scholes pricing model based on the following assumptions: no expected dividend yield, an expected volatility of 102.82%, a risk free interest rate of 1.26% and an expected life of the warrants of 2 years. The underlying expected volatility was determined by reference to historical data of comparable entities as the common shares of the Corporation were not publicly traded.

Replacement warrants
In April 2017, Rio amended its outstanding warrants' terms entitling its holder to certain rights including an anti-dilution right and granted 8,000,000 warrants of Rio (or 3,478,261 of OneCap's replacement warrants) subject to the closing of the Qualifying Transaction. Each full warrant will allow for the purchase of one OneCap share at an exercise price of $0.20 until September 29, 2020.

(In Canadian dollars)

5. REVERSE TAKEOVER AND RELATED TRANSACTIONS (CONT'D)

This operation was treated as an exchange of the original warrant for a new warrant. The incremental value of $347,826 recorded in equity was measured as the difference in the fair value of the new and the original warrant at the amendment date. The fair value of the new warrants was calculated using the Black-Scholes model based on the following assumptions: risk-free interest rate of 1.34%, expected volatility of 105.04%, dividend yield of 0% and expected life of three years. The underlying expected volatility was determined by reference to historical data of comparable entities as the common shares of the Corporation were not publicly traded.

6. CASH AND CASH EQUIVALENTS

	As at December 31,	
	2017	**2016**
	$	$
Cash	1,074,635	3,378
Guaranteed investment certificates bearing interest between 0.95% and 1.05%	-	100,423
	1,074,635	103,801

7. EXPLORATION AND EVALUATION EXPENSES

	For the years ended December 31	
	2017	**2016**
Las Marias, Colombia	$	$
Acquisition cost	37,761	17,382
Exploration and evaluation expenditures	122,427	157,466
Regional exploration expenditures - Colombia	51,861	-
	212,049	174,848

Pursuant to an exclusive option agreement signed on July 23, 2016, the Corporation has an option to earn a 100% interest in the Las Marias concession (the "Property"), located in Colombia, subject to the payment of US$1,000,000 and exploration work of US$4,350,000, over a 5-year period.

As of December 31, 2017, payments and exploration work commitments are as follows:

	Cash payment	**Exploration work commitment**	**Cash payment**	**Exploration work commitment**
	US$	US$	Canadian dollar equivalent (1)	
During Year 2				
(By July 23, 2018)	60,000	400,000	75,000	500,000
During Year 3	100,000	700,000	125,000	875,000
During Year 4	250,000	1,000,000	312,500	1,250,000
During Year 5	547,000	2,000,000	683,750	2,500,000
Total	957,000	4,100,000	1,196,250	5,125,000

(1) Converted at the exchange rate on December 31, 2017

The owners of the Property retain a 3% net smelter return ("NSR") subject to the Corporation's right to purchase one-half of the NSR within five years after the start of production for US$1,500,000. The Corporation shall also pay US$75,000 per annum starting the sixth year of the agreement and successively each year thereafter, until the exploitation begins.

8. ADVANCE AND LOAN FROM A RELATED PARTY

The advance, made by a director of the Corporation, in the amount of $15,000 bore no interest, was unsecured and was payable upon demand. The same director granted a loan to the Corporation, in the amount of $50,000. The loan bore no interest, was unsecured and was payable within 90 days upon demand. The advance and the loan were reimbursed in October 2017.

9. SHARE CAPITAL

a) Authorized

An unlimited number of voting common shares without par value.

b) Private placements

In 2017, before the Amalgamation date, Rio issued 5,000,000 (11,350,000 in 2016) common shares for total consideration of $250,000 ($283,750 in 2016) pursuant to non-brokered private placements. Issue costs totaled $8,687 (nil in 2016) in cash.

c) Escrowed shares

8,435,454 common shares of the Corporation are subject to a surplus security escrow agreement, whereby a 36-month escrow period applies, with 5% having been released on receipt of final approval of the Exchange (September 7, 2017), 5% been releasable on the date that is 6 months from the final Exchange approval, 10% being releasable on the dates that are 12 months and 18 months from final Exchange approval, 15% being releasable on the dates that are 24 months and 30 months from final Exchange approval and 40% being releasable on the date that is 36 months from final Exchange approval. As at December 31, 2017, 8,013,684 common shares are subject to this escrow.

A further 3,345,000 common shares are held under a CPC escrow agreement, with 10% having been released on receipt of final Exchange approval, and a further 15% being releasable every six month thereafter. As at December 31, 2017, 3,010,500 common shares are subject to this escrow.

d) Share-based payments

On July 12, 2012, the Corporation adopted a stock option plan pursuant to which its Board of Directors may from time to time, in its discretion and in accordance with the Exchange requirements, grant to directors, officers and consultants non-transferable Options to purchase common shares, provided that the number of common shares reserved for issuance does not exceed 10% of the issued and outstanding common shares exercisable for a period of up to 10 years from the date of grant. Options may be exercised the greater of 12 months after the completion of the qualifying transaction or 90 days following cessation of the optionee's position with the Corporation.

On March 26, 2013, the Corporation adopted a new "floating" stock option plan (the "Floating Stock Option Plan" or the "Plan"). Options issued under the old plan of 2012 are included in the new plan and the original terms and conditions of these Options are not modified. The Plan must be approved by the shareholders annually. The Directors may, from time to time, at their discretion, and under the requirements of the Exchange, issue non-transferable Options to directors, officers, employees and consultants, provided that the number of shares reserved for issuance does not exceed 10% of the shares issued and outstanding from time to time. The number of shares reserved for issuance to a director or officer shall not exceed 5% of the total number of shares issued and outstanding for a period of 12 months and the number of shares reserved for issuance to a consultant will not exceed 2% of the total issued and outstanding shares for a period of 12 months.

(In Canadian dollars)

9. SHARE CAPITAL (CONT'D)

d) Share-based payments *(Cont'd)*

Options may be exercised for a period of up to five years from the date of issue of the Option. Options granted to any participant who is an officer, director, employee or consultant must expire within 90 days after the participant ceases to be in at least one of those categories. If the termination of employment, or the termination of the contract, of the director, officer, employee or consultant occurs after death, the option will be exercised within one year of the said death and, in any event, before the expiration date.

The Plan also provides that the number of options granted to an investor relations consultant for a 12-month period shall not exceed 2% of the number of shares outstanding at the grant date, and in respect of which no more than 1/4 of the options shall vest in each quarter. Options granted to an investor relations consultant shall expire 30 days from the date when the person ceased to manage the Corporation's investment relationship activities.

All options granted under the Plan will have a higher or equivalent market price of the shares on the grant date.

All stock-based compensation will be settled in equity instruments. The Corporation has no legal or constructive obligation to repurchase or settle the options in cash.

A summary of changes of the Corporation's options is presented below:

	For the years ended December 31			
	2017		2016	
	Number of Options	Weighted average exercise price	Number of Options (3)	Weighted average exercise price (3)
		$		$
Balance, beginning of year	1,530,434	0.20 (1)	2,073,913	0.16
Options deemed issued upon the Reverse Takeover (Note 5)	791,410	0.20	-	-
Granted (2)	1,960,000	0.15	217,391	0.14
Expired	(226,087)	0.20	(760,870)	0.16
Balance, end of year – outstanding	4,055,757	0.18	1,530,434	0.16
Balance, end of year – exercisable	4,055,757	0.18	1,530,434	0.16

(1) The replacement Options issued by OneCap are at a price of $0.20 (see Note 5a))

(2) Vested on grant date

(3) Adjusted to reflect the Exchange Ratio (see Note 5a)

(In Canadian dollars)

9. SHARE CAPITAL (CONT'D)

d) Share-based payments (Cont'd)

Options outstanding and exercisable as at December 31, 2017 are as follows:

Number of Options	Exercise price	Expiry date
	$	
217,391	0.20	January 24, 2018 (1)
791,410	0.20	August 25, 2018
217,391	0.20	November 8, 2018
434,782	0.20	October 6, 2019
1,960,000	0.15	December 12, 2019
434,783	0.20	June 1, 2020
4,055,757		

(1) Unexercised at expiry date

For the year ended December 31, 2017, the total share-based compensation fair value for the Options granted to directors, officers and consultants amount to $117,600 and was expensed in the consolidated statements of Comprehensive Loss and credited to Contributed Surplus.

For the year ended December 31, 2016, the total share-based compensation fair value for the Options granted to a consultant amounts to $25,000 and was expensed in the consolidated statements of Comprehensive Loss and credited to Contributed Surplus.

The weighted average fair value of the granted Options of $0.06 ($0.12 (1) in 2016) was determined using the Black-Scholes option pricing model based on the following weighted average assumptions:

	For the years ended December 31	
	2017	2016
Expected dividends yield	-%	-%
Expected volatility	104%	102%
Risk-free interest rate	1.52%	0.73%
Expected life	2 years	5 years
Exercise price at date of grant	$0.15	$0.14 (1)
Share price at date of grant	$0.12	$0.14 (1)

(1) Adjusted value to reflect the Exchange Ratio.

The underlying expected volatility was determined by reference to historical data of comparable entities as the common shares of the Corporation were not publicly traded before the Reverse Takeover.

e) Warrants

Warrants outstanding as at December 31, 2017 are as follows:

Number of warrants	Exercise price	Expiry date
2,907,000	$0.25	August 25, 2019
3,478,261	$0.20	September 29, 2020
6,385,261		

(In Canadian dollars)

10. INCOME TAXES

Relationship between expected tax expense and accounting loss
The relationship between the expected tax expense based on the combined federal and provincial income tax rate in Canada and the reported tax expense in the statement of consolidated comprehensive loss can be reconciled as follows:

	For the years ended December 31,	
	2017	**2016**
		$
Expected tax recovery calculated using the combined federal and provincial tax rate in of 26.80% (18.50% in 2016)	(366,242)	(65,552)
Difference in tax rates	1,472	-
Non-deductible expenses and other	233,787	5,719
Change in unrecognized temporary differences	130,983	59,833
Income tax expense	-	-

As at December 31, 2017, deductible timing differences for which the Corporation has not recognized deferred tax asset are as follows:

	Federal	**Provincial**
	$	
Net operating losses carried-forward	1,319,689	1,306,363
Capital losses carried forward	38,948	38,949
Equity instrument issuance costs	93,278	93,278
Exploration and evaluation expenditures	400,932	400,932
	1,852,847	1,839,522

As at December 31, 2016, deductible timing differences for which the Corporation has not recognized deferred tax asset are as follows:

	Federal	**Provincial**
	$	
Net operating loss carry-forwards	697,408	693,287
Exploration and evaluation assets	188,883	188,883
	886,291	882,170

The ability to realize the tax benefits is dependent upon a number of factors, including the future profitability of operations. Deferred tax assets are recognized only to the extent that it is probable that sufficient taxable profits will be available to allow the asset to be recovered. Accordingly, no deferred tax assets have been recognized. These deferred tax assets not recognized equal an amount of $489,471 as at December 31, 2017.

(In Canadian dollars)

10. INCOME TAXES (CONT'D

The Corporation has the following non-capital losses which are available to reduce income taxes in future periods, for which no deferred tax asset has been recognized in the consolidated statement of financial position that can be carried over the following years:

Years ending December 31	Federal	Provincial
	$	$
2032	174,916	174,916
2033	378,918	375,997
2034	200,081	200,081
2035	45,182	45,182
2036	150,354	146,233
2037	370,238	363,954
	1,319,689	1,306,363

11. COMPENSATION TO KEY MANAGEMENT AND RELATED PARTY TRANSACTIONS

Key management includes directors and officers. The compensation paid or payable to key management is presented below:

	For the years ended December 31,	
	2017	2016
	$	$
Professional and consulting fees [(a)] [(b)]	121,382	65,241
Share-based payments	72,900	-
Listing expense [(b)]	33,618	-
	227,900	65,241

Details of related party transaction with the directors and officers of the Corporation and companies controlled by the directors and officers not otherwise disclosed in these consolidated financial statements are as follows:

a) In 2017, the remuneration of the President and CEO, paid to a company controlled by him totaled $75,000 ($65,241 in 2016);

b) In 2017, a company controlled by the Chief Financial Officer and Secretary charged professional fees of $46,382 and fees relating to the listing of $33,618. In addition, his company charged fees of $10,752 for the support staff in respect of accounting, bookkeeping and administrative support.

As at December 31, 2017, the balance due to officers amounted to $16,849 ($6,906 in 2016) and was recorded in accounts payable and accrued liabilities.

These related party transactions were recorded at the exchange value, which is the consideration determined and agreed to by the related parties. Unless otherwise stated, none of the transactions incorporated special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash.

12. FINANCIAL INSTRUMENT RISKS

Objectives and politics concerning financial risks management
The Corporation considers managing risk as being an integral part of its development and diversification strategies. The Corporation uses a proactive and rigorous approach for the management of the financial risks to which it is exposed. The Corporation's management manages financial risks. The Corporation focusses on actively securing short to medium term cash flows by minimizing the exposures to financial markets.

The Corporation does not enter into financial instrument agreements including derivative financial instruments for speculative purposes.

Financial risks
The Corporation's most significant financial risk exposure and its financial risk management policies are as follows:

Credit risk
Credit risk relates to the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

As at December 31, 2017 and 2016, the Corporation may have been exposed to credit risk from its cash and cash equivalents.

The Corporation's cash and cash equivalents are held with a Canadian chartered banks, which reduces credit risk.

Interest rate risk
All of the Corporation's financial assets and liabilities are non-interest bearing, except for the cash equivalents. Cash equivalents bore interest at a fixed rate until maturity in 2017 and the Corporation was, therefore, not exposed to the cash flow risk from interest rate fluctuations.

Liquidity risk
Liquidity risk is the risk that the Corporation will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Liquidity risk management serves to maintain a sufficient amount of cash and to ensure that the Corporation has sufficient funding sources in the form of private and public investments. The Corporation also established budget and liquidity forecasts to ensure that it has to its disposal sufficient funds to meet its financial obligations. Over the past periods, the Corporation has financed its exploration and evaluations programs, its working capital requirements and acquisition of mining properties through private financings.

As at December 31, 2017, the Corporation estimates that funds available will not be sufficient to meet the Corporation's obligations and budgeted expenditures through December 31, 2018 (Note 2).

All of the Corporation's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. The advance and the loan were reimbursed in October 2017.

The Corporation regularly evaluates its cash position to ensure preservation and security of capital as well as maintenance of liquidity.

(In Canadian dollars)

13. CAPITAL MANAGEMENT

The Corporation's capital management objectives are to ensure the Corporation's ability to continue as a going concern, to increase the value of the entity's assets and to provide an adequate return to shareholders.

These objectives will be achieved by identifying the right exploration projects, adding value to these projects and ultimately taking them through to production or obtaining sufficient proceed from their disposal.

The Corporation is not subject to any external imposed capital requirements.

The Corporation monitors capital on the basis of the carrying amount of equity.

As at December 31, 2017, managed capital totaled $1,070,002 ($6,908 deficit as at December 31, 2016).

14. COMPARATIVE FIGURES

Certain comparative figures in the consolidated statements of loss and comprehensive loss have been reclassified to conform to the financial statement presentation adopted in the current year. The effect of the reclassification is summarized below:

	As previously reported	Adjusted	Balance adjusted
	$	$	$
Year ended December 31, 2016			
Administration expenses	28,965	(8,242)	20,723
Travel expenses	25,867	8,242	34,109