

# **OneCap Investment Corporation**

## **Management's Discussion and Analysis Quarterly Highlights**

For the three-month period ended March 31, 2018

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The following quarterly highlights management discussion and analysis (the “MD&A Highlights”) of the financial condition and results of the operations of OneCap Investment Corporation (“OneCap” or “the Corporation”) and constitutes management’s review of the factors that affected the Corporation’s financial and operating performance for the three-month period ended March 31, 2018 (“Q1-2018”).

This MD&A Highlights discussion should be read in conjunction with the accompanying condensed interim financial statements of the Corporation (“Q1-2018 Financials”) and the notes thereto for Q1-2018 and with the audited financial statements of the Corporation, the MDA and the notes thereto for the fiscal year ended December 31, 2017. These documents were prepared in accordance with the International Financial Reporting Standards (“IFRS”).

All monetary amounts included in this report are expressed in Canadian dollars, the Corporation’s reporting currency, unless otherwise noted.

Further information regarding the Corporation and its operations are filed electronically on the System for Electronic Document Analysis and Retrieval (SEDAR) in Canada and can be accessed at [www.sedar.com](http://www.sedar.com).

### **Incorporation and nature of activities**

OneCap was incorporated under the *Canada Business Corporations Act* on April 20, 2012. The Corporation’s 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.

OneCap is a mineral exploration company with its exploration activity focused in Colombia.

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 an exploration and evaluation company.

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.

### **Financial highlights**

The Corporation reported a net loss of \$229,926 in Q1-2018 compared to a net loss of \$98,799 for the same period of last year reflecting:

- a) Exploration and evaluation expenses of \$99,228 in Q1-2018 (\$23,372 in Q1-2017).

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.

The Property which covers over 512 hectares is located in the Province of San Lucas, Department of Bolivar South, approximately 460km due North of the Colombian capital, Bogota.

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### Financial highlights (Cont'd)

Following are the exploration and evaluation expenses incurred on the Property:

	Q1-2018	Q1-2017
	\$	\$
Exploration and expenditures – Las Marias property		
Sampling and assays	-	6,683
Geology	17,051	-
Environmental study	7,971	-
Logistic, travel and other	9,262	16,689
Sub-total	<b>34,284</b>	<b>23,372</b>
Regional exploration expenditures in Colombia		
Technical study	59,757	-
Metallurgical study	5,187	-
	<b>64,944</b>	-
Exploration and evaluation expenses	<b>99,228</b>	<b>23,372</b>

#### Exploration and evaluation expenses on the Las Marias property in Q1-2018

On the Las Marias project, results from work performed in 2017 have been carefully analyzed in order to prepare the drill site for the next exploration phase. Additional trenching and rock geochemical survey work will be performed before diamond drilling is considered as part of the next exploration phase. The 3,000 metre drill program, estimated at US\$765,000 (refer to the independent technical report on the Property) is subject to positive results from the trenching and geochemical survey and securing additional funding (see *Liquidity and Capital Resources* section in the 2017 MDA for additional details).

#### Regional Exploration in Q1-2018

In 2017, OneCap has conducted a regional survey of artisanal gold mining operations sites in South Bolivar in order to better understand the geology of the area and evaluate the gold potential within 40 km radius around the Las Marias gold property.

This investigation was carried out in two campaigns, covering a total of 60 operations from 31 mining settlements or mining cooperatives in the region. It provided an inventory of all mines and their conditions, including daily tonnage, production type, number of mine workings, recovery methods and capacity, social acceptability, etc. All this information was compiled and recorded in a data base.

Following the encouraging results from this regional sampling program, management of the Corporation is pursuing discussions with concession owners for possible acquisitions.

Furthermore, the sample collected during the two campaigns were combined to form two different composites. The composite weighing close to 300kg were then packed and shipped for metallurgical testing to Actlabs in Thunder Bay under the supervision of Bumigeme Inc. (“Bumigeme”), an independent engineering firm specialized in metallurgy and plant design in Montreal.

The positive results from the metallurgical testing, conducted on sites not owned by the Corporation, led to the engagement of Bumigeme, in January 2018, to conduct a study to evaluate the feasibility of operating a 300 tonnes per day (“t/d”) (105,000 tonnes per year (“t/y”) regional gold milling and processing facility in the Bolivar South province. The results of those metallurgical tests were used to design a flowsheet for a gravity followed by cyanidation processing plant.

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### Financial highlights (Cont'd)

On March 20, 2018, Bumigeme issued a report entitled “*Study of the regional gold processing plant, 300t/d mill project, Department of Bolivar (South), Colombia*”. Highlights of the report are:

- Results indicate gold recovery of 90% using a process flowsheet consisting of gravity separation followed by cyanidation;
- Mineralized material from different artisanal miners to be trucked to the plant, weighted, assayed and stockpiled individually;
- Dry tailing will be produced and stockpiled;
- The capital expenditure for the project is estimated at US\$10.9 million;
- The implementation of the process plant in Bolivar South will benefit the stakeholders: elevated standard of living of the local community, improved infrastructure, cleaner environment and increased revenue for the government derived from taxes and royalties;
- The report recommends that the Corporation should decide the exact location of the plant in order to start the environmental and social impact study and to better define the transportation and infrastructure parameters. Bumigeme also recommends to perform additional metallurgical testwork in order to refine the plant design.

The results of this study show a potentially viable project. During the second quarter of 2018, the Corporation will first evaluate the financial market's appetite for this kind of project and then define the technical, financial and regulatory parameters to implement the project.

Before proceeding with the mill project, the Corporation should obtain the Exchange approval that could trigger a Change of Business (“COB”) as defined by Policy 5.2 of the Exchange. The securities of OneCap could be subject to a trading halt until the Corporation satisfies Exchange's requirements for a COB and receives shareholders' approval.

#### Qualified Persons

Daniel Goffaux, P.Eng., is the qualified person as defined by Regulation 43-101 who has reviewed the scientific and technical information in this document.

The study on the regional processing plant, 300t/d mill project has been prepared by Bumigeme and Daniel Goffaux (D.G. Mine Consultant Inc.). The qualified persons at Bumigeme responsible for the preparation of this report are independent of OneCap. Mr. Goffaux is not independent of the Corporation as he acts as principal technical advisor for the Corporation.

#### b) Professional and consultant fees of:

	Q1-2018	Q1-2017
	\$	\$
Consulting fees	30,000	15,000
Accounting fees	30,168	23,085
Audit fees	24,151	15,225
Legal fees	2,087	7,887
Other	5,150	-
<i>Professional and consulting fees</i>	<b>91,556</b>	<b>61,197</b>

Consulting fees relate to the President & Chief Executive Officer compensation paid to a company controlled by him.

The increase in professional and consulting fees in Q1-2018 as compared to the same period of last year is due to the step-up of the Corporation's exploration activities in Colombia and additional disclosure as a public entity.

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- c) Shareholders communication and transfer agent fees: Following the listing of the Corporation on the Exchange in August 2017, expenses inherent to listed companies were incurred, most specifically relating to trustee fees, registration fees and communication with investors.

### Forward-looking information

All statements in this quarterly highlights management's discussion and analysis, other than statements of historical fact, that address future acquisitions and events or developments that the Corporation expects to occur, are forward-looking statements. Although the Corporation believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include industry related risks, regulatory approvals, and continued availability of capital and financing and general economic, market or business conditions.

May 14, 2018