

# One World Investments Inc.

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**CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2011**

Expressed in Canadian Dollars



**DALE MATHESON CARR-HILTON LABONTE LLP**  
CHARTERED ACCOUNTANTS & BUSINESS ADVISORS

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## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of One World Investments Inc.:

We have audited the accompanying consolidated financial statements of One World Investments Inc., which comprise the consolidated statements of financial position as at 31 December 2011 and 2010 and 01 January 2010 and the consolidated statements of comprehensive loss, changes in equity and cash flows for the years ended 31 December 2011 and 2010, 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, and for such internal control as management determines is necessary to enable the preparation of the 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 consolidated 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 that 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 One World Investments Inc. as at 31 December 2011, 2010 and 01 January 2010, and its financial performance and its cash flows for the years December 31, 2011 and 2010, in accordance with International Financial Reporting Standards.

### Emphasis of Matter

Without modifying our opinion, we draw attention to Note 1 to the consolidated financial statement which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about Dynasty Gold Corp.'s ability to continue as a going concern.

*"DMCL"*

DALE MATHESON CARR-HILTON LABONTE LLP  
CHARTERED ACCOUNTANTS

Vancouver, Canada  
April 27, 2012

Canadian Dollars

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	As at		
		31 December 2011	31 December 2010	01 January 2010
			(Note 15)	(Note 15)
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash		\$ 390,473	\$ 36,591	\$ 73,582
Sales tax receivable		27,769	7,345	1,066
Other current assets		5,700	1,500	1,500
Marketable securities	(6)	50	50	50
		423,992	45,486	76,198
<b>Non-current Assets</b>				
Equipment	(7)	-	-	4,875
Exploration and evaluation assets	(8)	2	2	59,196
		\$ 423,994	\$ 45,488	\$ 140,269
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Accounts payable and accrued liabilities	(10,12)	\$ 241,206	\$ 156,301	\$ 148,408
Promissory note payable	(9)	323,573	316,700	346,999
Due to related parties	(10)	438,390	365,530	61,279
		1,003,169	838,531	556,686
<b>EQUITY</b>				
Share capital	(11)	8,430,700	7,605,442	7,605,442
Share-based payment reserve		10,340	1,340	1,340
Deficit		(9,020,215)	(8,399,825)	(8,023,199)
		(579,175)	(793,043)	(416,417)
		\$ 423,994	\$ 45,488	\$ 140,269
Nature of operations and going concern	(1)			
Subsequent event	(14)			

The consolidated financial statements were approved by the Board of Directors on  $\diamond$  and were signed on its behalf by:

"Kevin Beaulieu"  
Kevin Beaulieu, Director

"Bryce Clark"  
Bryce Clark, Director

Canadian Dollars

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

	Note	Year ended 31 December 2011	Year Ended 31 December 2010
			(Note 15)
<b>EXPENSES</b>			
Consulting fees		\$ 30,000	\$ -
Exploration expenditures	(8)	197,037	-
Professional fees	(10)	156,576	112,567
Interest and financing costs	(9,10)	55,108	42,309
Management and director fees	(10)	45,000	30,000
Office, rent and phone	(10)	45,518	26,457
Salaries and benefits	(10)	29,335	30,013
Marketing and development	(10)	25,232	30,074
Travel		14,394	29,543
Transfer agent and filing fees		14,289	28,484
Foreign exchange gain		7,901	(16,890)
Amortization	(7)	-	776
<b>Loss from operating activities</b>		<b>(620,390)</b>	<b>(313,333)</b>
Write-down of exploration and evaluation assets	(8)	-	(59,194)
Loss on write-off of equipment	(7)	-	(4,099)
<b>Comprehensive Loss</b>		<b>\$ (620,390)</b>	<b>\$ (376,626)</b>
<b>Basic and Diluted Loss per Common Share</b>		<b>\$ (0.20)</b>	<b>\$ (0.17)</b>
<b>Weighted Average Number of Shares Outstanding – basic and diluted</b>		<b>3,151,414</b>	<b>2,207,120</b>

Canadian Dollars

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	Note	Issued Capital		Share-based	Shareholders'	
		Shares	Amount	Payment Reserve		Deficit
<b>BALANCE AT 01 JANUARY 2010</b>	15	2,207,172	\$ 7,605,442	\$ 1,340	\$(8,023,199)	\$ (416,417)
Net loss for the year		-	-	-	(376,626)	(376,626)
<b>BALANCE AT 31 DECEMBER 2010</b>		2,207,172	7,605,442	1,340	(8,399,825)	(793,043)
Proceeds from share issuance		2,848,334	854,500	-	-	854,500
Share issuance costs		-	(20,242)	-	-	(20,242)
Fair value of agent's warrants granted		-	(9,000)	9,000	-	-
Net loss for the year		-	-	-	(620,390)	(620,390)
<b>BALANCE AT 31 DECEMBER 2011</b>		5,055,506	\$ 8,430,700	\$ 10,340	\$(9,020,215)	\$ (579,175)

Canadian Dollars

## CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended 31 December 2011	Year ended 31 December 2010
		(Note 15)
<b>OPERATING ACTIVITIES</b>		
<b>Loss for the year</b>	\$ (620,390)	\$ (376,626)
<b>Items not affecting cash</b>		
Amortization	-	776
Foreign exchange loss (gain) on promissory note	6,873	(17,481)
Loss on write-off of equipment	-	4,099
Interest	55,108	42,448
Write-down of exploration and evaluation assets	-	59,194
	<u>(558,409)</u>	<u>(287,590)</u>
<b>Net change in non-cash working capital</b>		
Amounts receivable	(20,424)	(6,279)
Other current assets	(4,200)	-
Accounts payable and accrued liabilities	84,905	7,893
	<u>(498,128)</u>	<u>(285,976)</u>
<b>FINANCING ACTIVITIES</b>		
Advances from related parties	17,752	261,803
Proceeds from share issuances	834,258	-
Repayment of promissory note	-	(12,818)
	<u>852,010</u>	<u>248,985</u>
<b>Change in cash for the year</b>	<u>353,882</u>	<u>(36,991)</u>
Cash – beginning	36,591	73,582
<b>Cash – ending</b>	<u>\$ 390,473</u>	<u>\$ 36,591</u>

# ONE WORLD INVESTMENTS INC.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**DECEMBER 31, 2011**

*Canadian Dollars*

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

#### 1) Nature of operations and going concern

One World Investments Inc. (the "Company") is engaged in the acquisition, exploration and development of exploration and evaluation assets. The Company's shares are listed on the TSX Venture Exchange ("Exchange") and the Company is currently halted for trading as it is in the process of acquiring a private company in Chile (Note 8).

The Company's head office and its registered and records offices are located at Suite 200, 905 West Pender Street, Vancouver, British Columbia, V6C 1L6.

These consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. As at December 31, 2011 the Company had not advanced its exploration and evaluation assets to commercial production and is not able to finance day to day activities through operations. The Company's continuation as a going concern is dependent upon the successful results from exploration activities and its ability to attain profitable operations and generate funds there from and raise equity capital or borrowings sufficient to meet current and future obligations. Management continues to actively pursue the necessary capital to meet its funding requirements and has implemented available cost control measures.

#### 2) Statement of compliance

The financial statements were authorized for issue on 27 April 2012 by the directors of the Company.

The consolidated financial statements of the Company comply with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These are the Company's first set of annual financial statements prepared in accordance with IFRS. The disclosures concerning the transition from pre-changeover Canadian Generally Accepted Accounting Principles ("Canadian GAAP") to IFRS are provided in Note 15.

# ONE WORLD INVESTMENTS INC.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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### 3) Summary of significant accounting policies

#### a) Basis of presentation

The consolidated financial statements of the Company have been prepared on an accrual basis except for financial instruments and are based on historical costs, modified where applicable. The consolidated financial statements are presented in Canadian dollars unless otherwise noted.

#### b) Consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, incorporated in Nevada, Equus Energy Corporation. Inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated on consolidation.

#### c) Foreign currency translation

The functional currency of each entity is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Canadian dollars which is the Company's functional and presentation currency.

##### Transactions and balances:

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in profit or loss in the statement of comprehensive loss in the period in which they arise, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognized in other comprehensive income in the statement of comprehensive income to the extent that gains and losses arising on those non-monetary items are also recognized in other comprehensive income. Where the non-monetary gain or loss is recognized in profit or loss, the exchange component is also recognized in profit or loss.

##### Foreign operations:

The financial results and position of foreign operations whose functional currency is different from the Company's presentation currency are translated as follows:

- assets and liabilities are translated at period-end exchange rates prevailing at that reporting date; and
- income and expenses are translated at average exchange rates for the period.

Exchange differences arising on translation of foreign operations are transferred directly to the Company's foreign currency translation reserve in the statement of comprehensive income. These differences are recognized in the profit or loss in the period in which the operation is disposed.



# ONE WORLD INVESTMENTS INC.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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### d) Measurement uncertainty

The preparation of these consolidated financial statements, in conformity with IFRS, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Significant areas that require estimates as the basis for determining the stated amounts include assumptions related to the carrying value of exploration and evaluation assets, useful lives of equipment, fair values of financial instruments and the valuation allowance of future income tax assets.

The Company bases its estimates and assumptions on current facts, historical experience, and various other factors that it believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities and the accrual of costs and expenses that are not readily apparent from other sources. These estimates require extensive judgement about the nature, cost and timing of the work to be completed, and may change with future changes to costs, environmental laws and regulations and remediation practices. The actual results experienced by the Company may differ materially and adversely from the Company's estimates. To the extent there are material differences between the estimates and the actual results, future results of operations will be affected.

### e) Share-based payments

The Company operates an employee stock option plan. Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the option reserve. The fair value of options is determined using a Black-Scholes pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

### f) Income taxes

Current income Tax:

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax:

Deferred income tax is provided using the balance sheet method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

# ONE WORLD INVESTMENTS INC.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Flow-through shares:

On the issuance of flow-through shares, any premium received in excess of the closing market price of the Company's common shares is initially recorded as a liability ("flow-through tax liability") and included in trade payables and accrued liabilities. Provided that the Company has renounced the related expenditures, or that there is a reasonable expectation that it will do so, the flow-through tax liability is reduced on a pro-rata basis as the expenditures are incurred and a deferred tax liability is recognized. The reduction to the flow-through tax liability is recognized in profit or loss as other income.

To the extent that the Company has suitable unrecognized deductible temporary differences, an offsetting recovery of deferred income taxes would be recorded.

### g) Loss per share

Basic loss per share is calculated by dividing the loss attributable to common shareholders by the weighted average number of common shares outstanding in the period. For all periods presented, the loss attributable to common shareholders equals the reported loss attributable to owners of the Company. Diluted loss per share is calculated by the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period.

### h) Equipment

Equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Repairs and maintenance are charged to the statement of comprehensive loss during the financial period in which they are incurred.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in profit or loss.

Depreciation and amortization are calculated on a straight-line method to write off the cost of the assets to their residual values over their estimated useful lives. The depreciation and amortization rates applicable to each category of property, plant and equipment are as follows:

Equipment	Depreciation rate
Computer equipment	30% declining balance basis
Office equipment	20% declining balance basis

# ONE WORLD INVESTMENTS INC.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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*Canadian Dollars*

### **i) Impairment of assets**

The carrying amount of the Company's assets is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the statement of income and comprehensive income.

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

### **j) Exploration and evaluation**

Exploration and evaluation expenditures include the costs of acquiring licenses, costs associated with exploration and evaluation activity, and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. Exploration and evaluation expenditures are capitalized. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in profit or loss.

Government tax credits received are recorded as a reduction to the cumulative costs incurred and capitalized on the related property.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

Recoverability of the carrying amount of any exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

# ONE WORLD INVESTMENTS INC.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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### k) Restoration and environmental obligations

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of long-term assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future restoration cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to exploration and evaluation assets along with a corresponding increase in the restoration provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The restoration asset will be depreciated on the same basis as other mining assets.

The Company's estimates of restoration costs could change as a result of changes in regulatory requirements. These changes are recorded directly to mining assets with a corresponding entry to the restoration provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit or loss for the period.

The net present value of restoration costs arising from subsequent site damage that is incurred on an ongoing basis during production are charged to profit or loss in the period incurred.

The costs of restoration projects that were included in the provision are recorded against the provision as incurred. The costs to prevent and control environmental impacts at specific properties are capitalized in accordance with the Company's accounting policy for exploration and evaluation assets.

### l) Financial instruments

The Company classifies its financial instruments in the following categories: at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale and financial liabilities. The classification depends on the purpose for which the financial instruments were acquired. Management determines the classification of its financial instruments at initial recognition.

Financial assets are classified at fair value through profit or loss when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortized cost. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are subsequently measured at amortized cost. Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period.

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not suitable to be classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments and are subsequently measured at fair value. These are included in current

# ONE WORLD INVESTMENTS INC.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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assets. Unrealized gains and losses are recognized in other comprehensive income, except for impairment losses and foreign exchange gains and losses on monetary financial assets.

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortized cost.

Regular purchases and sales of financial assets are recognized on the trade-date – the date on which the group commits to purchase the asset.

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant and prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen.

The Company does not have any derivative financial assets and liabilities.

#### **4) Accounting standards issued but not yet applied**

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods beginning after January 1, 2012 or later periods.

The following new standards, amendments and interpretations that have not been early adopted in these financial statements, is not expected to have a material effect on the Company's future results and financial position:

- a) IFRS 9 Financial Instruments (New; to replace IAS 39 and IFRIC 9);
- b) IFRS 10 Consolidated Financial Statements (New; to replace consolidation requirements in IAS 27 (as amended in 2008) and SIC-12);
- c) IFRS 11 Joint Arrangements (New; to replace IAS 31 and SIC-13);
- d) IFRS 12 Disclosure of Interests in Other Entities (New; to replace disclosure requirements in IAS 27 (as amended in 2008), IAS 28 (as revised in 2003) and IAS 31);
- e) IFRS 13 Fair Value Measurement (New; to replace fair value measurement guidance in other IFRSs);
- f) IAS 1 Presentation of Financial Statements, (Amendments regarding Presentation of Items of Other Comprehensive Income);
- g) IAS 19 Employee Benefits (Amended in 2011);
- h) IAS 27 Separate Financial Statements (Amended in 2011);
- i) IAS 28 Investments in Associates and Joint Ventures (Amended in 2011); and
- j) IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine (New).

# ONE WORLD INVESTMENTS INC.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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### 5) Financial Instruments and Risk Management

#### Financial instrument classification and measurement

Financial instruments of the Company, consisting of cash, sales tax receivable, other current assets, marketable securities, accounts payable, promissory note payable and due to related parties, carried on the consolidated statements of financial position are carried at amortized cost with the exception of cash, which is carried at fair value.

The fair value of the Company's financial assets and liabilities approximates the carrying amount.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The Company's cash and marketable securities have been assessed on the fair value hierarchy described above and classified as Level 1.

#### Risk Management

##### a) Market risk

Market risk is the risk that changes in market prices will affect the fair value of financial instruments. Market risk is comprised of commodity price risk and interest rate risk. The objective of market risk management is to manage and control exposures within acceptable limits, while maximizing returns. The Company is not exposed to significant market risk.

##### b) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its bank accounts. The Company's bank accounts are held with major banks in Canada accordingly the Company believes it not exposed to significant credit risk.

##### c) Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is not exposed to significant foreign currency risk.

##### d) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements at any point in time. As the Company has no significant source of cash flows this is a significant risk.

# ONE WORLD INVESTMENTS INC.

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### 6) Marketable Securities

Marketable securities consist of an investment in shares of a company listed on the Exchange with a market value of \$50 at 30 December 2011 (2010 - \$50).

### 7) Equipment

		Computer		Office Equipment		Total
<b>COST</b>						
<b>Balance at 01 January 2010</b>	\$	5,309	\$	11,989	\$	17,298
Disposals		(5,309)		(11,989)		(17,298)
<b>Balance at 31 December 2010</b>	\$	-	\$	-	\$	-
<b>Balance at 01 January 2011</b>	\$	-	\$	-	\$	-
Additions		-		-		-
<b>Balance at 31 December 2011</b>	\$	-	\$	-	\$	-
<b>DEPRECIATION</b>						
<b>Balance at 01 January 2010</b>	\$	4,717	\$	7,706	\$	12,423
Depreciation		133		643		776
Disposals		(4,850)		(8,349)		(13,199)
<b>Balance at 31 December 2010</b>	\$	-	\$	-	\$	-
<b>Balance at 01 January 2011</b>	\$	-	\$	-	\$	-
Depreciation		-		-		-
<b>Balance at 31 December 2011</b>	\$	-	\$	-	\$	-
<b>NET BOOK VALUE</b>						
At 01 January 2010	\$	592	\$	4,283	\$	4,875
At 31 December 2010	\$	-	\$	-	\$	-
At 31 December 2011	\$	-	\$	-	\$	-

During the year ended 31 December 2010 all equipment was written off and the Company recorded a loss of \$4,099.

# ONE WORLD INVESTMENTS INC.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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### 8) Exploration and evaluation assets

	Northeast			
	Milliken	Sangudo	Ashlu Creek	Total
<b>EXPLORATION EXPENDITURES</b>				
<b>Balance at 01 January 2010</b>	\$ 1	\$ 1	\$ 59,194	\$ 59,196
Impairment	-	-	(59,194)	(59,194)
<b>Balance at 31 December 2010</b>	\$ 1	\$ 1	\$ -	\$ 2
<b>Balance at 01 January 2011</b>	\$ 1	\$ 1	\$ -	\$ 2
<b>Balance at 31 December 2011</b>	\$ 1	\$ 1	\$ -	\$ 2

#### a) Northeast Milliken Prospect

The Company holds interests in properties in the Northeast Milliken Prospect, in Texas, USA. The carrying cost of the property has been fully impaired.

#### b) Sangudo Property

During the year ended 31 December 2007, the Company acquired a 100% working interest in seven oil and gas leases located in Alberta. The Company's interests in the properties are subject to gross royalties on revenues of 5.5%.

During the year ended 31 December 2008, all related expenditures previously capitalized were written-off.

#### c) Ashlu Creek Property

On 10 August 2009, the Company entered into an option agreement with Ashlu Mines Inc. to acquire 51% of the Ashlu Creek Property.

During the year ended 31 December 2010, management determined that it would not pursue development of this property. Therefore, all related expenditures previously capitalized were written-off.

#### d) Exploration Expenditures

The Company entered into a binding Letter of Intent ("LOI") to purchase 80% of the issued and outstanding shares of a private company ("Vendor") in Chile for the issuance of 21,000,000 common shares of the Company, a cash payment of \$500,000 and the granting of an aggregate 1% net smelter returns royalty to the shareholders of the Vendor. The Vendor owns the titles in properties known as Chanarcillo, Yervas Buenas, Pircas, Chimbeos and Lomas Bayas properties. Upon signing of the LOI, the Company paid a non-refundable deposit of \$25,000 to the Vendor. As at December 31, 2011, no formal agreement has been entered into.



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The Company has incurred the following exploration expenditures for during the year ended 31 December 2011 on the Canarcillo, Yervas Buenas, Piras, Chimbeos and Lomas Bayas properties:

		Chile
Geological	\$	100,608
Administration		50,770
Mapping		23,859
Transportation		21,800
<b>Year ended 31 December 2011</b>	<b>\$</b>	<b>197,037</b>

### 9) Promissory Note Payable

The Company entered into a loan agreement with former officer and director of the Company in 2007. The loan had a term of one year, which was renewed annually by the Company. The loan is unsecured and bears an effective interest rate of 8% payable semi-annually. During the period ended 31 December 2011, the Company repaid \$Nil (2010 - \$12,500) of principal to the lender. The principal balance remains unchanged for the period ended 31 December 2011. The balance of the promissory note, which is payable on demand, is as follows:

	30 December 2011	30 December 2010	01 January 2010
Principal (US\$318,164 (2010 – US\$318,164, January 1, 2010 – US\$330,664)	\$ 323,573	\$ 316,700	\$ 346,999

Interest of \$25,200 on the note up to 31 December 2011 (2010 - \$26,280; 2009 - \$Nil) is recorded in due to related parties.

Subsequent to December 31, 2011, the balance of \$323,573 was assigned to third parties at arms' length (Note 14).

### 10) Related Party Transactions

The Company incurred the following expenses with directors, officers and companies controlled by directors and officers of the Company:

- Management fees of \$30,000 (2010 - \$30,000) were paid to a former officer and director of the Company.
- Marketing and development expenses of \$25,000 (2010 - \$30,074) were paid to an individual related to a former officer and director.
- Salaries and benefits of \$29,335 (2010 - \$30,013) were paid to a former director of the Company.
- Professional fees of \$41,750 (2010 - \$45,750) were paid to former directors of the Company.
- Professional fees of \$12,647 (2010 - \$6,489) were paid to a legal firm of which a partner is the former Secretary of the Company.
- Office rent of \$19,500 (2010 - \$18,000) was paid to an officer and director of the Company.
- Director fees of \$15,000 (2010 - \$nil) to a director of the Company.

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The balance of \$438,390 (31 December 2010 - \$365,530, 01 January 2010 - \$61,279) due to related parties represent amounts payable to directors and individuals related to directors of the Company and bear an effective interest at 8% per annum, unsecured and with no specific date of repayment. Interest of \$29,951 (2010 - \$16,168) was accrued on amounts payable to related parties during the year ended 31 December 2011. Subsequent to December 31, 2011, the balance of \$438,390 was assigned to third parties at arms' length (Note 14).

The balance of \$15,920 due to a company controlled by a former director was included in accounts payable and accrued liabilities.

### 11) Share capital

#### a) Authorized

Unlimited common shares without par value

#### b) Issued

On 01 September 2011, pursuant to the terms of the private placement, the Company issued 2,848,334 units at \$0.30 per share for total proceeds of \$854,500. Each unit consist of one common share and one share purchase of warrants which is exercisable at \$0.40 per warrant up to 01 September 2013. The Company incurred share issuance costs of \$20,242 and issued 51,500 agent's warrants exercisable on the same basis. No fair value has been attributed to the share purchase warrants. The fair value of the Agent's Warrants issued has been estimated at \$9,000 using the Black-Scholes option pricing model with the following assumptions: expected life – 2 years, risk free rate – 0.63% , volatility – 117% and a dividend yield of 0%.

#### c) Stock options

The Company maintains a stock option plan whereby it may grant options to its directors, officers, employees and key consultants. The terms and conditions of options are determined solely by the Board of Directors. Options are generally granted with a term not exceeding five years, vest immediately, and have exercise prices equal to the market value of the shares on the date of grant.

There were no options issued or outstanding during the years ended 31 December 2011 and 2010.

#### d) Warrants

Warrant activity during the year ended 31 December 2011 is as follows:

<b>WARRANTS OUTSTANDING</b>			
	Expiry Date	Number of Warrants	Exercise Price
Balance - 31 December 2010		-	-
Share Purchase Warrants Granted	1 September 2013	2,848,334	\$0.40
Agent's Warrants Granted	1 September 2013	51,500	\$0.40
Balance - 31 December 2012	1 September 2013	2,899,834	\$0.40

The weighted average life of warrants outstanding at 31 December 2011 is 1.7 years.

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### e) Share-based payment reserve

Share-based payment reserve records the fair value of warrants and options issued for services until such time that the warrants are exercised, at which time the corresponding amount will be transferred to share capital.

### 12) Income tax expense and deferred tax assets and liabilities

A reconciliation of the expected income tax recovery to the actual income tax recovery is as follows:

	31 December 2011	31 December 2010
Loss before income taxes	\$ (620,390)	\$ (376,626)
Statutory income tax rate	26.5%	28.5%
Expected income tax recovery	(164,403)	(107,338)
Non-deductible expenses and other	3,470	8,918
Expiration of non-capital loss carry-forwards	-	51,372
Effect of change in tax rate	9,933	5,777
Change in valuation allowance	151,000	41,271
Income tax recovery	\$ -	\$ -

The Company has the following deductible temporary differences for which no deferred tax asset has been recognized:

	31 December 2011	31 December 2010
Non-capital loss	\$ 757,000	\$ 607,000
Exploration and evaluation assets	291,000	291,000
Share issuance costs	5,000	4,000
Equipment	58,000	58,000
Deferred income tax assets	1,111,000	960,000
Valuation allowance	(1,111,000)	(960,000)
	\$ -	\$ -

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The tax pools relating to these deductible temporary differences expire as follows:

	Canadian non- capital loss	Canadian resources Pool	Foreign resources pool	Equipment	Share issuance costs
2012	\$ -	\$ -	\$ -	\$ -	\$ 6,515
2013	-	-	-	-	4,048
2014	302,162	-	-	-	4,048
2015	397,792	-	-	-	4,048
2026	348,335	-	-	-	-
2027	457,296	-	-	-	-
2028	186,971	-	-	-	-
2029	424,651	-	-	-	-
2030	309,720	-	-	-	-
2031	603,040	-	-	-	-
No expiry	-	819,000	39,000	232,000	-
	\$ 3,029,967	\$ 819,000	\$ 39,000	\$ 232,000	\$ 18,659

The Company has not incurred all the Canadian qualified exploration expenditures as required under the Income Tax Act and signed subscription agreements. This will have no impact on the Company's taxable income, but will expose it to a Part XII.6 tax liability and penalties. The Company will also be liable to indemnify the investors, in the relevant flow-through shares, for any adverse tax reassessments that they may receive. At 31 December 2011, the Company accrued \$116,475 (2010 = \$116,475) the maximum estimated amount of the potential tax liability, indemnity and penalties that may result from failure to incur the exploration expenditures

### 13) Capital Management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern, to pursue the development of its exploration and evaluation assets and to maintain a flexible capital structure which optimizes the cost of capital within a framework of acceptable risk. In the management of capital, the Company includes the components of shareholders' equity and cash.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new shares, issue new debt, acquire or dispose of assets.

The Company is dependent on the capital markets as its source of operating capital and the Company's capital resources are largely determined by the strength of the junior resource markets and by the status of the Company's projects in relation to these markets, and its ability to compete for investor support for its projects.

Neither the Company nor its subsidiary is subject to externally imposed capital restrictions. There were no changes to the Company's approach to capital management during the year.

### 14) Subsequent Event

Subsequent to the December 31, 2011, the former directors assigned \$761,963 of debt to two parties at arm's length. The debts were recorded as promissory note payable and due to related parties as at December 31, 2011.

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### **15) Transition to IFRS**

As result of the Accounting Standards Board of Canada's decision to adopt IFRS for publicly accountable entities for financial reporting periods beginning on or after 01 January 2011, the Company has adopted IFRS in these consolidated financial statements, making them the first annual financial statements of the Company under IFRS. The Company previously applied the available standards under previous Canadian GAAP that were issued by the Accounting Standards Board of Canada.

As required by IFRS 1 "First-time Adoption of International Financial Reporting Standards", January 1, 2010 has been considered to be the date of transition to IFRS by the Company. Therefore, the comparative figures that were previously reported under previous Canadian GAAP have been restated in accordance with IFRS.

IFRS 1 provides for certain mandatory exceptions and optional transition exemptions for first time adopters of IFRS. The Company elected to take the following IFRS 1 optional exemptions:

- Business Combinations - Under IFRS 1, an entity has the option to retroactively apply IFRS 3 to all business combinations or may elect to apply the standard prospectively only to those business combinations that occur after the date of transition. The Company has elected this exemption under IFRS 1, which removes the requirement to retrospectively restate all business combinations prior to the date of transition to IFRS.
- Share-based Payment – IFRS 2 has not been applied to equity instruments that were granted on or before 07 November 2002, or equity instruments that were granted subsequent to 07 November 2002 and vested before the later of the date of transition to IFRS and 01 January 2005. The Company has elected not to apply IFRS 2 to awards that vested prior to 01 January 2010, which have been accounted for in accordance with Canadian GAAP.

#### Reconciliation of Canadian GAAP to IFRS

Except for the reclassification, only between equity accounts from contributed surplus, the Canadian GAAP term used for this account, to option reserve, the IFRS term for this account, the adoption of IFRS had no impact on the Company's financial position at 1 January 2010 and 31 December 2010 or its financial performance or cash flows for the year ended 31 December 2010.