

Form 51-102F1
Management's Discussion & Analysis

General

This management's discussion and analysis ("MD&A") of Trueclaim Exploration Inc. (the "Company" or "Trueclaim") refers to material information regarding the financial year of Trueclaim ended December 31, 2010 and has been prepared by management with an effective date of April 28, 2011.

The following information should be read in conjunction with the Company's audited financial statements for the year financial ended December 31, 2010 together with all of the notes, risk factors and information contained therein which have been prepared in accordance with Canadian generally accepted accounting principles. All amounts shown are in Canadian currency.

Description of Business

The Company is a mineral exploration company listed on the TSX-Venture Exchange (Symbol TRM). The Company is engaged in the acquisition and development of precious and base metals properties in strategically located areas, currently within Ontario and Arizona

Corporate Developments

The Company was incorporated on May 17, 2006 by Certificate of Incorporation issued pursuant to the provisions of the Business Corporations Act of British Columbia under the name "Stage Capital Inc."

On March 30, 2007, the Company was classified as a capital pool corporation ("CPC") as defined by policy 2.4 of the TSX Venture Exchange (the "TSXV").

On July 22, 2008, the Company announced that it had entered into an arm's length letter of intent with Trueclaim Resources Inc. ("Trueclaim Resources") dated July 7, 2008 pursuant to which the Company and Trueclaim Resources proposed a business combination ("the Transaction") by way of an amalgamation, arrangement, take-over bid, or other similar form of transaction. This transaction was completed on December 18, 2008 pursuant to an arrangement agreement, as amended, (the "Arrangement") among the Company, Trueclaim Resources and 7048955 Canada Inc. ("Stage Subsidiary"), a wholly-owned subsidiary of the Company. Upon completion of the Arrangement, (i) Trueclaim Resources amalgamated with Stage Subsidiary (to form a company called "Trueclaim Resources Inc.") and (ii) all of the outstanding securities of Trueclaim Resources, including warrants, were exchanged for equivalent securities of the Company on a one-for-one basis. The Company issued an aggregate of 10,717,000 common shares and 2,790,650 share purchase warrants of the Company in connection with the Transaction. Following completion of the Arrangement, Trueclaim Resources Inc. became a wholly-owned subsidiary of the Company and the former shareholders of Trueclaim Resources hold a majority of the shares of the Company. The Transaction was accounted for as a reverse-takeover, therefore, all information in this MD&A refers to Trueclaim Exploration Inc. (formerly Stage Capital) for the period after the date of the Transaction and to Trueclaim Resources for periods prior to that

date.

The Company changed its name from Stage Capital Inc. to Trueclaim Exploration Inc. following its annual general meeting held February 12, 2009.

As at the date of this MD&A, the following securities of the Company are outstanding:

COMMON SHARES:	67,119,111
WARRANTS:	11,614,755
FINDERS OPTIONS:	1,023,457
OPTIONS:	3,534,500

Note: Each warrant is exercisable into one common share of the Company. 211,150 finder's options are exercisable into units consisting of one common share of the Company and one non-transferable common share purchase warrant. 812,307 finder's options are exercisable into units consisting of one common share of the Company and one-half of one non-transferable common share purchase warrant.

The Company has adopted a stock option plan that allows the Company to issue options to certain directors, officers, employees and consultants of the Company in accordance with the stock option plan and subject to the rules and policies of the TSX Venture Exchange.

Common shares of the Company are now trading on the OTCQX marketplace.

During 2010, the Company hired Mr. Stephen Holmes, CA as the Company's Chief Financial Officer. Mr. Holmes is an experienced accountant with direct financial reporting and audit experience, including work in the natural resources sector.

Results of Operations

The Company has not yet determined whether any of its exploration properties contain mineral reserves that are economically recoverable. All direct costs associated with the exploration of these properties have been capitalized as incurred. If a property is abandoned, or continued exploration is not practicable or is not planned to be carried out in the near future, the related deferred exploration expenditures and mineral property costs may be written off or written down (impaired) as may be appropriate.

EXPLORATION PROJECTS (CANADA)

EAST WAHNAPITAE AREA, SUDBURY MINING DIVISION SCADDING PROPERTY

The Company has entered into an assignment (the "Assignment") of an option and joint venture agreement between MPE International Inc. ("MPE") and Currie Rose Resources Inc., pursuant to which the Company can acquire up to a 100% interest in certain mining leases and mineral claims located in the district of Sudbury in the Province of Ontario (collectively the "Property" or the "Scadding Gold Property"), as announced on May 8, 2009.

Under the terms of the Assignment, the Company reimbursed MPE the amount of \$110,000 for expenses incurred by MPE on the Scadding Gold Property and issued to MPE an aggregate of 1,000,000 common shares in the capital of the Company. In order to maintain the Assignment in good standing and to acquire a 51% interest in the Scadding Gold Property, the Company is required to issue an aggregate of 2,000,000 common shares in the capital of the Company to MPE in installments of 500,000 shares every six months over a period of two years from the date of closing (500,000 shares were issued to MPE in February 2010, in August 2010 and in February 2011); maintain the Scadding Gold Property in good standing; spend an aggregate of \$2,000,000 on the Scadding Gold Property over a period of three years and issue an aggregate of 450,000 common shares in the capital of the Company to Currie Rose in equal installments of 150,000 shares over a period of three years. The Company issued an aggregate of 150,000 of these shares to Currie Rose on closing and paid to Currie Rose \$110,000 due under the option and joint venture agreement. A further 150,000 shares were issued to Currie Rose on May 5, 2010. The final 150,000 shares were issued to Currie Rose in April 2011. The Company will be the operator of the project during the period of the Option.

The Company can increase its interest in the Scadding Gold Property from 51% to 100% by paying Currie Rose the amount of \$2,000,000 in cash on or before commencement of commercial production on the Property. The Scadding Gold Property is subject to a \$1.00 per ton royalty covering ore removed from the Scadding Gold Property and a 3% net smelter return royalty.

The Company also issued to finders at arm's length to the Company an aggregate of 750,000 common share purchase warrants as a finder's fee in consideration for their services provided to the Company. Each warrant entitles the holder to purchase one common share in the capital of the Company at a purchase price of \$0.10 per share at any time until August 13, 2011.

The Scadding Gold Property is located in Scadding Township, District of Sudbury, Ontario between Wahnapiatae and Ashigami Lakes about 50 kilometres northeast of Sudbury, Ontario and initially consisted of seven contiguous mining leases containing a total of 56 mining claims. The Property reportedly produced approximately 914 kg of gold from 127,000 tonnes of ore grading 7.2 g/t Au (grams per tonne gold) during the period from 1984 to 1990. In 1980, P. C. McLean calculated a mineral resource for the Property of 165,400 ounces of gold contained within 539,049 tonnes averaging 0.307 ounces of gold per tonne. This is a historical resource estimate and is not compliant with current NI National Instrument 43-101 – Standards of Disclosure for Mineral Projects (“NI 43-101”) requirements and may not be relied upon until it has been confirmed using methods and standards that comply with those required by NI 43-101. Investors are cautioned that the Company has not yet verified with its own exploration work historical information about the existence and grade of remaining mineralization. The potential for the exploration target to replicate the historical resource is conceptual and is based on historical reports. Investors are cautioned that a qualified person has not completed sufficient exploration, test work or examination of past work to define a resource on the Property that is currently compliant with NI 43-101.

Since the initial discovery in 1973, five zones of gold mineralization hosted by structurally controlled chloritic breccias within the quartzites of the Serpent Formation have been identified on the Property. These zones are the North, Central, South, East-West and the New

Zone. All zones lie within an area of approximately 36 acres measuring approximately 600 metres north-south by 600 metres east-west. The North, East-West and South Zones have been mined by shallow open cuts or pits. The Central Zone was exploited underground from about 15 metres below surface to about 110 metres below surface. The New Zone which lies west of the East-West Zone is known only from diamond drilling.

The former Scadding gold mine is located in rocks of Huronian stratigraphy, consisting of the Espanola and Serpent formation with later intrusions of Olivine Diabase. The gold mineralization in this environment is frequently associated with a hydrothermal chloritic breccia. The gold mineralization occurring in the area suggests an erratic distribution in size with localized areas of potential coarse gold. The chlorite is believed to occur in structurally dilated zones surrounded by brecciation. Generally, within the chloritic units visible gold occurs in association with magnetite, pyrite or pyrrhotite.

Surface diamond drilling as well as underground development has indicated that the zones of economic grade gold mineralization are shoot-like bodies that generally have a limited strike length and a significant downdip/plunge extent. It would appear that the down plunge potential of all the zones has not been totally evaluated to date since most drill holes have been less than 100 metres in length. It is considered that for the currently known five zones of mineralization, the areas of highest potential for the localization of new mineralization is down plunge from the known zone and within the Serpent feldspathic quartzite units where breccias could be developed due to faulting and shearing.

It is considered that the potential for the discovery of additional mineralization lies in two areas; down plunge below currently known mineralization, particularly in the North Zone, New Zone and within areas adjacent to where the Serpent quartzite is proximal to the Espanola Formation.

The Company has signed a Memorandum of Understanding (“MOU”) with the Wahnapiatae First Nation respecting the Company’s mineral exploration, mineral development and closure operations on the part of its Scadding Project that lies within the Wahnapiatae Nation Traditional Territory.

The Company has completed its first phase of drilling on the Scadding Property, undertaken an exploratory drill program and is now half way through its 8,000 metre Phase II diamond drilling program.

Phase I Drill Program

The Phase I drill program was initiated on Nov. 10, 2009 and was completed in late January 2010. The final assays were provided on Wednesday February 17, 2010.

This drill program consisted of 30 NQ drill holes totaling 3,275 metres. The four surrounding zones (North, South, New, and East-West), as well as all of the drilling done in Phase I lie within a 400-metre radius of the Central zone. Table I below summarizes the major intercepts from 15 of the holes. As the table indicates, gold assays within the holes ranged from 2 to 100+ grams per tonne over both short and extended intervals. Some of the most significant intercepts occurred in the following eight holes: **TRM-09-02; TRM-09-03; TRM-09-06; TRM-09-13; TRM-10-02;**

TRM-10-06; TRM-10-07; and TRM-10-10. For example, TRM-10-07 in the North zone produced an average value of 12.9 grams per tonne across more than 19 metres (63 feet) of depth. Interspersed within this length values ran from 25 to 106 grams per tonne. Visible gold was also scattered throughout the length of this hole, and was found in at least four other holes in the program. The use of Surpac, a three dimensional modeling software, was instrumental in targeting these mineralized zones.

This initial phase of drilling produced multiple high grade gold intercepts across significant lengths in holes throughout four zones” (North, South, Central and New).

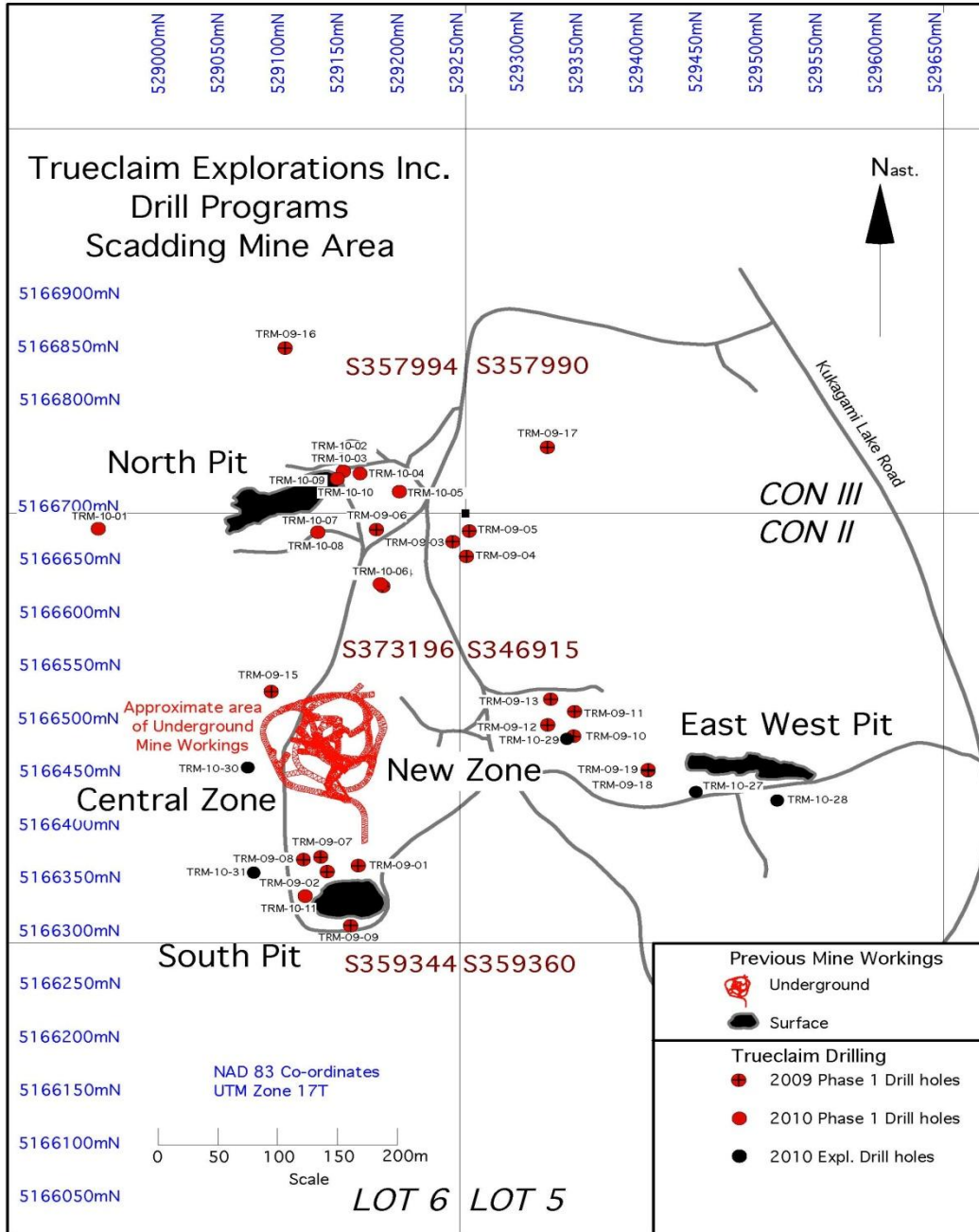
The assay process included a “metallic screen analysis” component on some samples to provide additional information and value that might go otherwise undetected. The visible gold, high-grade gold intercepts and similar chlorite brecciated alteration suggests that the Scadding mineralization may have some continuity between and across all five zones drilled.

Table 1
PHASE 1 DRILL PROGRAM MAJOR INTERCEPTS

Hole #	Main Interval ¹			Contained Within This Interval					
	From (m)	To (m)	Length (m)	Length (ft)	Gold g/t	From (m)	To (m)	Length (m)	Gold g/t
TRM-09-02	26.90	37.00	10.10	33.14	3.5	26.9	29.9	3.0	5.3
						30.8	35.0	4.2	3.3
TRM-09-02	42.90	43.50	0.60	1.97	3.9				
TRM-09-03	79.70	80.40	0.70	2.30	2.5				
TRM-09-03	89.00	89.88	0.88	2.89	2.8				
TRM-09-03	99.00	101.00	2.00	6.56	3.2	100.0	101.0	1.0	3.7
TRM-09-04	85.55	86.70	1.15	3.77	7.0	86.00	86.70	0.70	8.780
TRM-09-05	89.40	89.90	0.50	1.64	5.5				
TRM-09-06	69.12	70.00	0.88	2.89	27.9				
TRM-09-07	33.70	35.00	1.30	4.27	2.0				
TRM-09-07	46.54	47.45	0.91	2.99	2.1				
TRM-09-09	16.00	17.00	1.00	3.28	2.4				
TRM-09-10	15.00	16.00	1.00	3.28	1.8				
TRM-09-10	22.00	23.00	1.00	3.28	1.8				
TRM-09-13	66.00	67.00	1.00	3.28	47.6				
TRM-10-01	19.00	20.00	1.00	3.28	2.8				
TRM-10-02	30.00	34.00	4.00	13.12	9.6	30.0	31.0	1.0	20.6
TRM-10-06	70.00	72.00	2.00	6.56	22.3	71.0	71.5	0.5	75.4
TRM-10-06	96.00	100.00	4.00	13.12	2.3				
TRM-10-07 ²	52.35	71.64	19.29	63.29	12.9	56.9	57.4	1.1	25.2
						61.8	62.8	1.0	35.0
						68.0	69.0	1.0	26.3
						71.0	71.6	0.6	106.3
TRM-10-07	95.90	94.40	1.50	4.92	1.1				
TRM-10-07	98.00	98.93	0.93	3.05	3.9				
TRM-10-07	110.20	112.00	1.80	5.91	25.6				
TRM-10-07	147.85	148.04	0.19	0.62	3.9				
TRM-10-10	18.00	18.23	0.23	0.75	2.3				
TRM-10-10	19.70	20.00	0.30	0.98	1.6				
TRM-10-10	41.00	43.66	2.66	8.73	4.5	42.0	43.0	1.0	10.6
TRM-10-10	50.00	59.00	9.00	29.53	2.9	55.0	56.0	1.0	6.3
TRM-10-10	61.00	62.00	1.00	3.28	1.3				
TRM-10-11	26.00	27.00	1.00	3.28	1.8				
TRM-10-11	47.00	48.00	1.00	3.28	1.3				
TRM-10-11	52.77	54.00	1.23	4.04	11.2	52.8	53.4	0.6	21.0
TRM-10-11	70.00	71.00	1.00	3.28	3.2				

- 1.) Due to breccia style mineralization, the drill intersections above may not represent true widths.
- 2.) Sample assayed by metallic screens due to visible gold. The rest of the samples were by conventional fire assay.

Phase I Drill Map (30 NQ drill holes) and Past Workings on the former Scadding Gold Mine.



Plan of Trueclaim Drilling as of December 31, 2010 Scadding Minesite, Scadding Township.

Airborne Geophysical Program

Terraquest Ltd, (<http://www.terraquest.ca>) of Markham, Ontario, specialists in High Resolution Airborne Geophysical Surveys, carried out, in the spring of 2010, an airborne survey of Scadding Project-area landholdings held by Trueclaim and others. The survey represented a total area of 24,000 Ha (59,305 acres or 240 square kilometers) in Scadding, Davis, MacLennan and Street Townships located approximately 50 km northwest of Sudbury. The low-level fixed wing survey consisted of a gradient and total field magnetic survey, a radiometric scintillometer survey, a triaxial VLF survey and colour digital photography of the area. The results of this data assisted in the interpretation of the underlying geology of varying magnetic susceptibility and varying concentrations of Uranium, Thorium and Potassium. This information was valuable in focusing the Trueclaim Team on its geologic mapping program to evaluate existing mineralized zones and delineate potential additional mineralized areas.

For example, the results of the recent airborne survey have provided numerous magnetic, VLF and radiometric targets for investigation. The magnetic data has helped define various lithological units, especially the magnetic argillites of the Gowganda Formation that have been helpful in defining structures in the area. A previously unknown 19km long linear orthoVLF anomaly was also discovered. Prospecting revealed areas of silicification, pyritization and occasional low-grade gold values. This anomaly extends along a 182° trend extending the length of the property and includes the past producing Alwyn Porcupine Mine. Of particular interest, in the radiometric data are potassic anomalies in the clean quartzites of the Serpent Formation as indicated from the Government geology maps. These areas have yet to be examined.

Assessment Submissions

Assessment reports were prepared by the Trueclaim team to retain the claims deemed to have the best exploration potential.

XRF Lease Rental Agreement

The Company entered into a lease agreement to acquire the use of a hand held X-ray Fluorescent unit (XRF) to assist in the onsite evaluation of alteration and mineralization for the upcoming field season. The unit acquired is the InnovX Systems Inc. (<http://www.innovx.com>) “Delta Premium” model that was introduced during the Prospectors and Developers Association of Canada convention held in March, 2010. This setup will offer enhanced in-field detection capabilities, and allow for the creation of multi-element colour coded geochemical real-time in-field maps.

Summer – Fall 2010 Field Exploration Program

To follow up on the geophysical survey results and the known past showings on the property a team of two prospectors were contracted to investigate parts of the property. This team collected samples, prepared sketch maps and made recommendations for further stripping and sampling. Several new showing were discovered. At least two of these were later stripped, washed and sampled.

Stripping, washing, mapping, sampling linecutting and ground geophysics followed by diamond drilling was then undertaken on selected sites. Listed below is a summary of work done on the original Scadding site and twelve other showings, occurrences and properties examined to date in the East Wahnapiatae Area. Information gathered from last year's field program assisted in the planning of the diamond drilling program now underway.

SCADDING MINESITE: A geological mapping program around the former minesite was followed up with stripping, washing, channel sampling and assaying at nine selected sites of known and new showings. Assay highlights from both grab and 0.5m long channel sample samples are listed below:

Sample Number	Assay g/t Au
E5105565	2.68
E5105566	29.40
E5105567	42.00
E5105568	3.61
E5105570	33.80
E5105575	2.95
E5105577	4.30
E5105584	7.35

Localized follow up with a Beep Mat over areas that gave good gold values revealed an apparent correlation of higher gold values with anomalous magnetic areas. Drill data from the mine workings in the Central Zone have been obtained recently from archival files copied from another location. This information along with the surface data collected was studied prior to the upcoming minesite exploration drill program.

After the Phase I drill program and before the start of the Phase II drilling, a 2,265 metre exploratory drill program was conducted from November to December 2010.

This program included a total of 635 metres drilled in 5 holes on the Scadding minesite area. The other holes were on showings peripheral to the Scadding mine site. This drilling tested the following areas of limited information at the Scadding minesite area:

- 1) Holes TRM-10-27 & 28 were drilled beneath the East-West pit. Trueclaim has very little assay data from holes drilled by previous operators beneath the East-West Pit. The presence of extensive brecciation and chlorite was confirmed in this area.
- 2) Hole TRM-10-29 was drilled in the New Zone to help us better understand the structure in the area and to confirm areas of brecciation and alteration.
- 3) Hole TRM-10-30 was drilled to the west of the previously mined Central zone to test a mineralized area that has had limited drilling. Holes JS16 and JS26 drilled by previous operators gave values of 5.39 g/t Au over 4 metres and 6.74g/t Au over 3 metres in Hole JS16, while hole JS26 had assays averaging 4.17g/t Au over 4 metres. The results from these two earlier holes are historical and not NI43-101 compliant. Hole TRM-10-30 revealed brecciation with anomalous gold.
- 4) Hole TRM-10-31 was drilled to confirm the alteration, structure and a gold intersection encountered in historic hole W34 where a noncompliant NI43-101 grade

of 37.48g/t Au over 1.25 metres was reported. TRM-10-31 targeted this area of mineralization and encountered 3.137g/t Au over an interval of 3.5 metres (from 84 metres to 87.5 metres). This was contained within a larger interval of 1.67g/t Au within a 6.72 metre interval (from 82.28 metres to 89 metres).

EAST WAHNAPITAE AREA OUTLYING OCCURENCES

A significant area of investigation has been aggressively undertaken by the field crew, including the follow up of anomalous gold samples such as samples E5096607 and E5096608 reported in the Press Release of June 4, 2010 and further described in the Glade Occurrence below. A cursory analysis of the core geochemistry and magnetic susceptibility shows that a correlation exists with higher gold values and an increase in the magnetic susceptibility within the chlorite. Certain geochemical variations of elemental ratios have also been found to correlate with higher gold values within the chlorite.

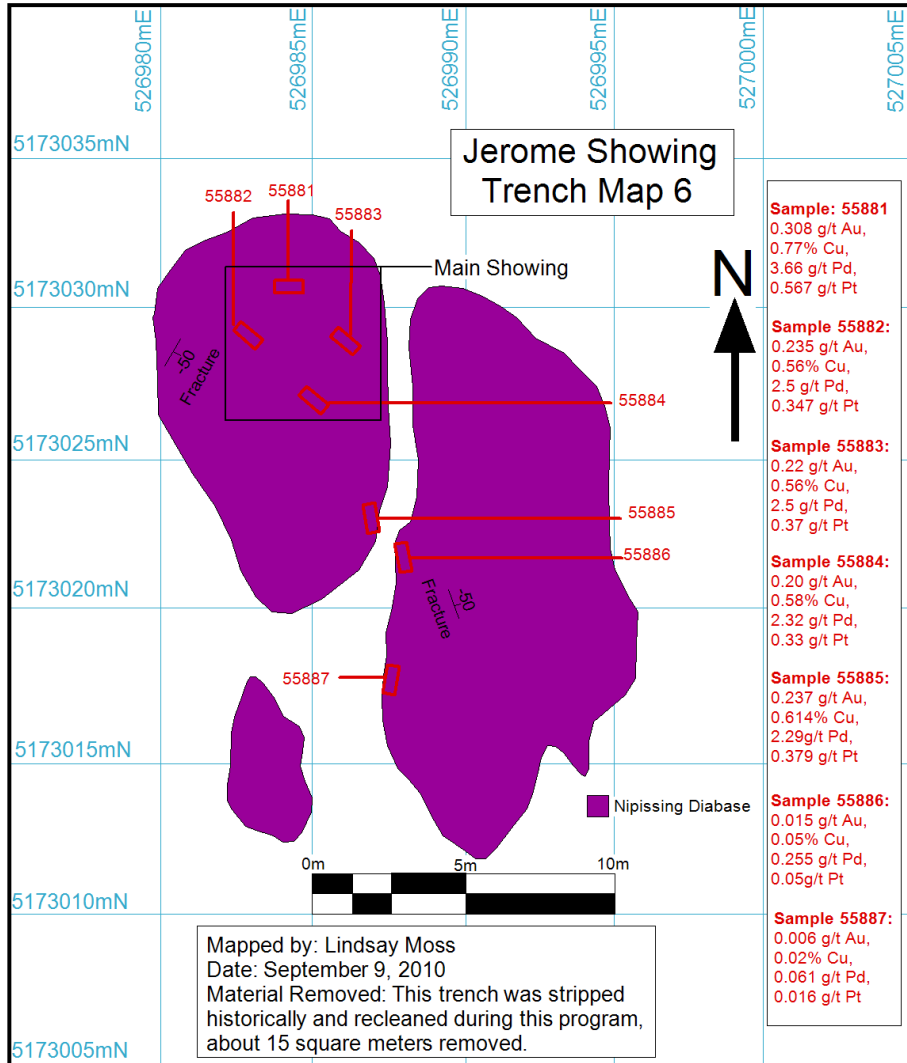
1. The Alwyn Porcupine Mine Site: This property was mined in 1901 having reported past production of 7,000 tons @ 0.2 ounces per ton (opt) Au @ (6,363 tonnes @ 6.857 g/t Au) and 3% Cu from a shaft with lateral workings, In 1983 the Alwyn Porcupine Mine was dewatered and on the east face of the first level (30 feet or 9.14m below surface) assays returned 0.44 opt Au (15.086 g/t Au) and 5.97% Cu over 6 feet (MNDM Assessment file report AFRI #41I10NE0154). Mineralization at this site occurs along a silicified structure containing quartz, pyrite and chalcopyrite. Activity undertaken in the fall of 2010 included localized mapping, sampling, stripping, washing, and channel sampling. Several trends of copper mineralization were indicated by the presence of malachite and chalcopyrite. Newly exposed quartz veins vary in width of 1cm to 30cm, some are altered moderately by carbonate. Several E-W trending veins contain between 1-15% chalcopyrite. Another vein set trending between 300-330 degrees commonly lacks sulphide mineralization or contains sulphides where contact with an E-W trending vein occurs. The exposed stripped areas containing quartz veins and stringers define a width of about 22m from a shear to an olivine diabase dyke.

Highlighted grab samples of bedrock ripped up by the excavator prior to channel sampling yielded:

Sample Number	Au (ppm)	Cu (%)
E5338768	3.70	1.27
E5338770	8.20	3.40
E5338771	9.06	3.30
E5338773	2.78	1.65
E5338774	1.72	0.37
E5338775	3.09	1.06
E5338777	1.06	0.44
E5105643	2.68	>1
E5105644	3.28	0.87
E5105645	3.38	>1
E5105646	1.65	>1
E5105647	1.45	0.55
E5105652	2.71	0.48
E5105654	3.39	0.36

A geophysicist has been contacted to recommend an optimal survey for further evaluation of this site. Future work may involve cutting a localized grid and undertaking a magnetometer and electromagnetic (possibly an IP) survey once the ground freezes over an adjacent swamp. Existing previous boreholes may allow for borehole surveying of adjacent conductors.

2. The East Jerome Showing: In 1997 Flag Resources reported a grab sample of 1.28% combined nickel and copper and 4.35 g/t Platinum (Pt) and Palladium (Pd) on this property. This showing is located in the same formation as the Rathbun Lake Occurrence located about 3 km north where a single grab sample of massive sulphide was reported to assay 10.2% Cu, 0.14% Ni, 0.056 opt Pt, 0.02 opt Au, 2.02 opt Ag and 34.6 opt Pd. The East Jerome Showing appears to be a magmatic segregation of pyrrhotite, chalcopyrite and Platinum Group Metals (PGMs) located in the Nipissing Diabase Rathbun Sill on the east rim of the Wahnapiitae Crater. Previous work (OPAP Project OP99-273) undertaken on the Rathbun Sill by Scott Jobin-Bevin revealed Sulphur/Selenium ratios typical of magmatic derived sulphides with a background of elevated PGM-Cu-Ni concentrations for a mafic rock, making this intrusion a good target for PGM-Cu-Ni mineralization. Work conducted in the fall of 2010 on this showing included some localized mapping, stripping and assaying. In addition, the main outcrop showing was tightly gridded and localized readings of both magnetic susceptibility and a portable XRF were conducted over the mineralized zone. The main showing area is displayed below with significant assays obtained from channel sampling:



A grid was cut and followed by an IP and magnetometer survey. In November of 2010, five drillholes were drilled on the property. Two of the drillholes were targeting the main showing area and the other three were targeting IP anomalies. Anomalous platinum group metal values were found in holes drilled near the surface showings.

3. The East Red Rock Occurrence: This is an extensive brecciated zone possibly +100 meters in diameter partially covered with overburden. This brecciated area is hosted in silicified chaotically fractured argillaceous Gowganda formation with the fractures being filled with quartz and some iron carbonate. A blasted area also contained erratic blebs of chalcopyrite. Preliminary work on this area by Anglesea Development Ltd. (1980) has generated drill assays of 0.17 opt (5.829 g/t) Au over 3.05 metres. Historic records indicate that a bulk sample of 2,500 tonnes was taken from this area and was reported to yield 0.27 opt (9.257g/t) Au and up to 7% Cu. Trenches dug by the Company have been mapped and channel sampled. A grid has been cut over this area and an IP survey has been undertaken followed by the drilling of five holes. A nearby fault bound contact with the iron carbonate altered Espanola formation and Gowganda formation was located on a stripped area located 200 metres from the main showing. This area contained localized areas of massive pyrite and anomalous gold assays which was subsequently drilled with assays up to 2.4

g/t gold.

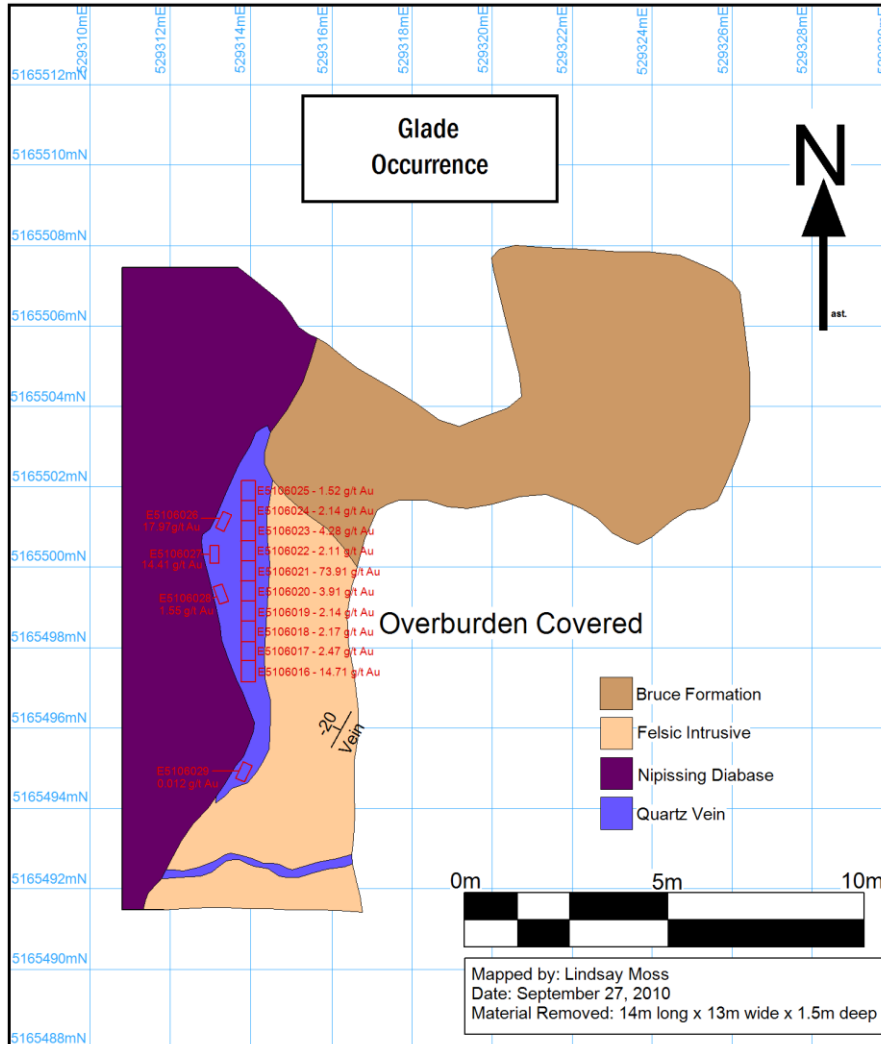
4. The Johnson Road Showing: The Johnson Road showing was a historical trench re-discovered by Trueclaim prospectors. The geology consists of quartz veining and iron carbonate with minor associated pyrite. This area has been stripped, mapped and channel sampled. This style of alteration appears to be similar to that of the Red Rock Mine, a nearby, past producing gold mine not on Trueclaim's property. The trench map below shows that the altered vein occurs along the contact between the Espanola Formation and the Serpent Formation, which is stratigraphically where the Scadding Mine Site occurs.

5. The Shouinard Alteration Zone: This is a newly discovered zone found by Guy Shouinard. The area consists of a significant area of albite alteration and associated areas of euhedral porphyroblastic iron carbonate rhombs. Significant massive bull quartz veining was also noted. Similar euhedral porphyroblastic iron carbonate rhombs were also noted around the Scadding Mine area. Part of this zone was stripped and two stripped areas were washed. Channel sampling was also done on this site. A significant amount of quartz boulders were found in the field on surface in the area as well as numerous other pits located nearby. This area requires follow up mapping and sampling to evaluate its potential.

6. The Glade Occurrence: This area, located near the Scadding tailings site, was examined briefly and found to contain disseminated sulphides in Nipissing Diabase and the Bruce formation as well as quartz veins. As mentioned in the June 4, 2010 Press Release, a grab sample of loose sulphide bearing quartz found on site showed visible gold and assayed:

Sample Number	g/t Au
E5096607	46.890
E5096608	152.790

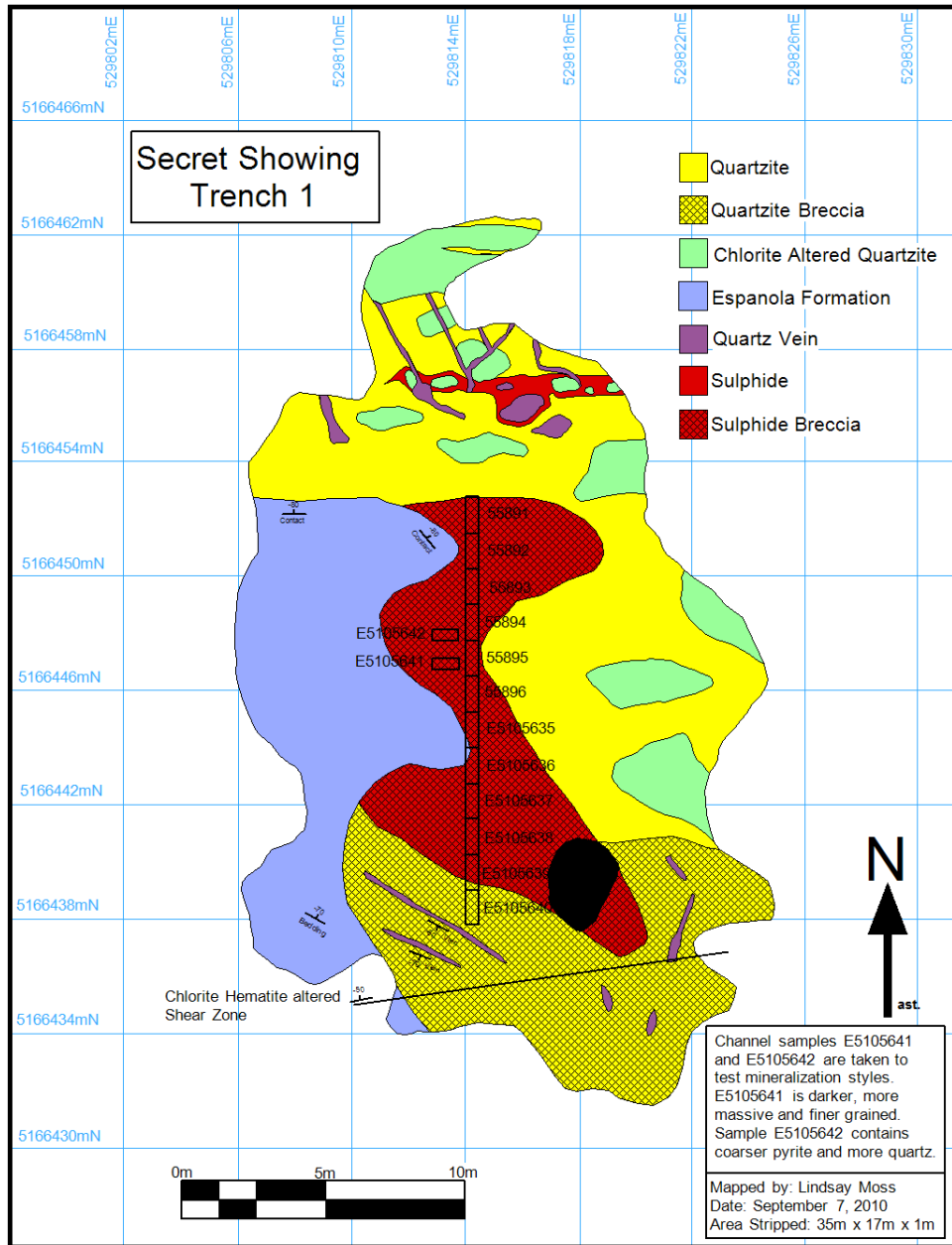
In the fall of 2010, the contact zone between the Nipissing Diabase and the Felsic Intrusive where the quartz veins seems to occur was stripped, mapped and sampled. Stripping exposed several subhorizontal quartz veins. Numerous specks of visible gold were noted in this freshly exposed quartz vein.



The adjacent contact felsic albititic intrusive is being further studied for its potential role in the gold mineralization.

7. The Secret Showing:

This is another newly discovered zone about 650 meters to the east of the Scadding Mine Site. This zone contains localized areas of massive pyrite with minor chlorite and has some similarities to the mineralization styles observed in the East-West Pit. It was initially discovered in May 2010 during mapping of the Scadding Mine Site. Three grab samples were taken from the area and one sample returned an anomalous value of 0.805g/t Au (E5105585). On surface many of the sulphides had been weathered out, channel sampling would allow us to penetrate deeper into the rock. In the fall of 2010, the Secret Showing was stripped, mapped and channel sampled. The map produced (as seen below) suggests potential fold nose mineralization.



Several samples taken during channel sampling produced weakly anomalous assay values .

8. The Copper Shaft Occurrence:

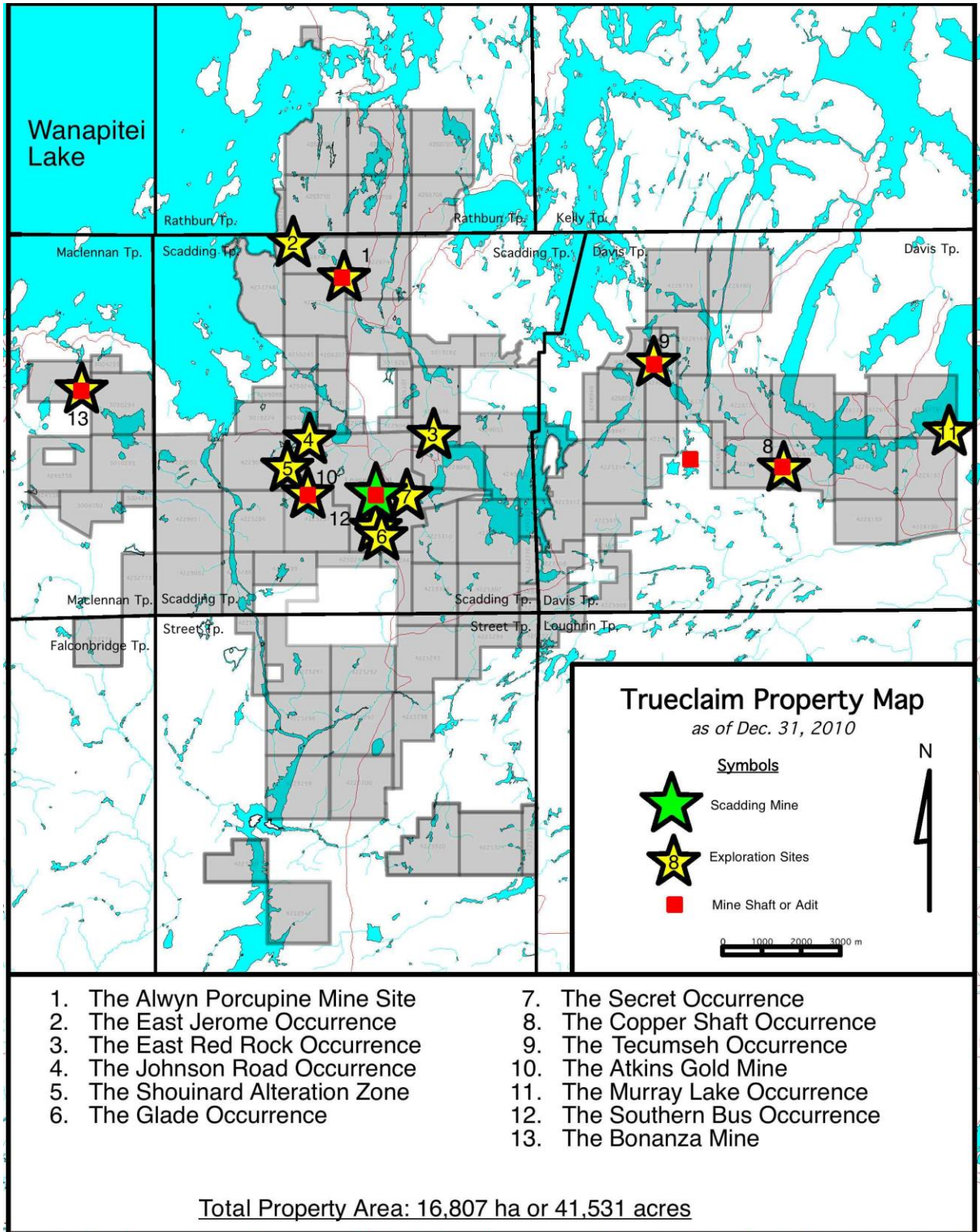
The Copper shaft Occurrence was found based on a locate from the abandoned mines database. It consists of two shafts, one vertical and one inclined about 40m apart from one another. The geology consists of a quartz vein located within the Nipissing Diabase, close to the northern contact with the Gowganda Formation. The quartz vein contains localized chalcopyrite mineralization with associated malachite and azurite. In late fall of 2010 the area was stripped, mapped and channel sampled to assess the surficial extent of the copper mineralization and to document the orientation of the vein.

Highlighted assays from the channel samples are as follows:

Sample number	Au (ppm)	Cu (%)
E5105980	0.13	1.67
E5105981	1.59	0.66
E5105982	0.27	2.94
E5105983	0.31	0.69
E5105984	0.06	0.65
E5105985	0.32	2.42
E5105954	0.01	9.18
E5105955	0.19	1.66

Following the trenching and mapping, a grid was designed to cover the extent of the area where quartz veins were observed. A ground IP survey was run over the property and anomalous targets were drilled by five holes in late November, with anomalous copper assays encountered in some holes

The remainder of the 5 other known occurrences on the property, namely: 9. The Tecumseh Occurrence, 10. The Atkins Gold Mine, 11. The Murray Lake Occurrence, 12. The Southern Bus Showing, and 13. Bonanza Gold Mine have all been located in the field and visited briefly. Aside from a few samples being collected, no exploration work has been undertaken on these other sites.



Phase II Drilling

Trueclaim is approximately half way through an 8,000 meter (26,248 feet) Phase 2 drill program on the Scadding mine site that commenced in January 2011.

Assays released to date from the South Zone are shown in the following table.

Hole #	From (m)	From (ft)	To (m)	To (ft)	Interval (m)	Interval (ft)	Au g/t
TRM-11-10	53.0	173.8	68.78	225.7	15.78	51.9	5.36
Containing	56.0	179.76	62.0	203.4	6.0	23.64	11.74
TRM-11-03	32.0	105.0	51.0	167.3	19.0	62.3	2.46
Containing	36.0	118.1	43.0	141.0	7.0	22.9	4.45
TRM-11-02	16.0	52.5	26.0	85.3	10.0	32.8	1.20
Containing	47.0	154.2	52.0	170.6	5.0	16.4	2.25
TRM-11-09	27.0	88.6	28.0	91.9	1.0	3.3	7.28
TRM-11-06	45.23	148.4	46.0	150.9	0.77	2.5	7.839
TRM-11-08	49.0	160.8	50.0	164.1	1.0	3.3	5.363
TRM-11-01	Visible gold specks noted at 5.43m (17.8 feet) (assays pending)						

After drilling in the South Zone, six oriented holes recommended by SRK Consulting were drilled in the North Zone to obtain precise structural information on the nature of the mineralization and trend of the brecciation. All holes were successful in hitting chlorite zones and the results are listed below:

Hole	Interval			Grade
Hole ID	From (m (ft))	To (m (ft))	Length (m (ft))	Au (g/t)
TRM-11-11	50.0 (164.0)	54.42 (178.5)	4.42 (14.5)	2.32
TRM-11-12	32.0 (105.0)	38.0 (124.7)	6.0 (19.7)	2.79
TRM-11-13	97.0 (318.2)	99.0 (324.8)	2.0 (6.6)	0.44
TRM-11-14	61.0 (200.1)	66.0 (216.5)	5.0 (16.4)	2.39
<i>Containing</i>	62.0 (203.4)	63.0 (206.7)	1.0 (3.3)	10.17
TRM-11-14	104.7 (343.5)	113.0 (370.7)	8.3 (27.2)	1.35

TRM-11-15	10.0 (32.8)	16.62 (54.5)	6.62 (21.7)	1.02
TRM-11-15	30.0 (98.4)	40.0 (131.2)	10.0 (32.8)	3.5
<i>Containing</i>	32.0 (105.0)	36.0 (118.1)	4.0 (13.1)	7.72
TRM-11-16	38.5 (126.3)	51.5 (169.0)	13.0 (42.7)	1.88
<i>Containing</i>	38.5 (126.3)	42.5 (139.4)	4.0 (13.1)	4.58

SRK Consulting was recently contracted to undertake a structural analysis of the core and recommend an appropriate drill spacing pattern for the preparation of an NI43-101 compliant mineral resource.

Quality Assurance

Trueclaim has implemented a rigorous quality assurance/quality control program at the Scadding property using best industry practices and supervised by Mr. Komarechka, P. Geo. and subjected to independent third party review.

PROPERTY ACQUISITIONS

As a result of property acquisitions and consolidation, while retaining the most prospective areas, the Company now holds under option or directly approximately 16,807 hectares (41,531 acres) in **The East Wahnapiatae Area** (inclusive of the original Scadding mine site and outlying properties) either directly or under option. The Scadding Township and Davis Township area has more gold occurrences than any other similar sized area in the Sudbury District. The additional ground around the original Scadding minesite leases were acquired as follows:

- A.) Approximately 750 acres north and west of the Scadding Gold Property were staked to acquire potentially gold-bearing mineralization found by Company personnel during initial reconnaissance of the ground. Also, approximately 346 acres adjacent to the south boundary of the Scadding Gold Property were staked.
- B.) In October, 2009, 58 claims (715 units) or approximately 28,308 acres (11,456 hectares) in Scadding, Davis and Street Townships in Ontario were purchased from Pacific North West Capital. All of the ground, except for approximately 3,489 acres, is contiguous to the Scadding Gold Property located approximately 50 kilometres northeast of Sudbury, Ontario. Under the terms of the agreement, Pacific will receive 50,000 common shares of Trueclaim and a future 1 1/2% (1.5%) net smelter royalty (NSR) on projects developed within the acquired area.

- C.) In October, 2009, the Company entered into an option agreement to acquire a 100% working interest in four mineral claims known as the Powerline Property located south of the Scadding Gold Property. Other than the initial payments at the time of option, no further cash or share payments were made and the option lapsed during October, 2010.
- D.) In January, 2010, the Company entered into an option agreement with Mr. Terry Loney, to acquire a 100% interest in approximately 4,000 acres contiguous with Trueclaim's existing Scadding properties. The additional acreage is located in two areas. To the southwest the new area includes past workings such as the Bonanza mine, the site of a 50 foot deep shaft as reported in 1894 by the Ontario Bureau of Mines. To the east, the new area is contiguous with approximately 75% of the perimeter of the past gold-producing Norstar Mine. The Company made an initial one-time payment of \$12,500 and issued 50,000 common shares to Mr. Loney. To fully exercise the option, the Company must issue a further 100,000 common shares to Mr. Loney on or before the first anniversary of the Effective Date; and, issue a further 200,000 common shares to Mr. Loney on or before the second anniversary of the Effective Date. Mr. Loney will also be granted a 2% net smelter return royalty on future mineral production from the optioned property.
- E.) The Company has entered into an Option Agreement with Mr. Terry Loney whereby the Company can earn a 100% interest in approximately 7,000 hectares (17,297 acres) comprised of 438 claim units that are contiguous with the claims currently owned and being explored by the Company related to the former Scadding Gold Mine.

The Company has agreed to make payments totalling of \$100,000 and to issue an aggregate of 800,000 common shares to Mr. Loney according to the following schedule:

- 1) A payment of \$20,000 on or before the twelve (12) month anniversary of the Effective Date of the Agreement (the Effective Date being defined as five business days following the receipt by the Company of regulatory approval of the Agreement).
- 2) A payment of \$30,000 on or before the twenty-four (24) month anniversary of the Effective Date of the Agreement.
- 3) A payment of \$50,000 on or before the thirty-six (36) month anniversary of the Effective Date of the Agreement.

To maintain the option in good standing the Company must issue common shares to Mr. Loney as follows:

- 1) 100,000 common shares within five (5) business days of the Effective Date of the Agreement.
- 2) 200,000 common shares on or before the twelve (12) month anniversary of the Effective Date of the Agreement.
- 3) 200,000 common shares on or before the twenty-four (24) month anniversary of the Effective Date of the Agreement.

- 4) 300,000 common shares on or before the thirty-six (36) month anniversary of the Effective Date of the Agreement.

The Option Agreement is also subject to a two percent (2.0%) Net Smelter Return (NSR) in favour of Mr. Loney.

F.) The company staked an additional 544 hectares in Rathbun and Street townships.

SANDEB PROPERTY, RED LAKE MINING DIVISION, ONTARIO

The Company holds an undivided 100% legal and beneficial working interest in the Sandeb Property in the Red Lake Mining Division in north-western Ontario that the Company is exploring for gold. The Sandeb Property consists of six unpatented mineral claims containing 96 mineral claim units encompassing an area of approximately 3,840 acres within the Dixie Lake area approximately 24 kilometres southeast of the town of Red Lake. The claims are not subject to any royalty. The claims are all registered in the name of Trueclaim Resources Inc.

In March 2011 the Company entered into an option agreement (the “Agreement”) with Silver Shield Resources Corp. (“Silver Shield”) whereby Silver Shield can acquire a 100% working interest in the Sandeb Property. To exercise the option, Silver Shield must pay an aggregate of 500,000 common shares of Silver Shield to Trueclaim on or before the second anniversary of the Effective Date of the Agreement and incur cumulative expenditures of not less than \$300,000 on the Property before the third anniversary of the Effective Date of the Agreement. Trueclaim will retain a 2% net smelter return royalty. Completion of the Agreement is subject to regulatory approval.

The Sandeb Property is at the exploration stage and does not produce revenue. The \$585,150 in flow-through funds that were raised by the Company in 2007 were spent on this property before the end of 2008.

\$38,400 of assessment work must be filed each year in order to keep the mineral claims in the Sandeb Property in good standing. The assessment expenditures have been filed for 2011. The next due dates for assessment filings are in 2012 and sufficient work has been completed to make this filing.

EXPLORATION PROJECTS (USA)

BLACK DIAMOND PROJECT, GILA COUNTY, ARIZONA

The Company has entered into an option agreement (the “Option”) with Black Diamond Exploration Inc. (“Black Diamond”) in Claypoole, Arizona to acquire 100% of the 127 claims owned by Black Diamond representing approximately 2,500 acres. The claims area is located in and around an area known as the Richmond Basin in the Apache Mountains of Gila County, located approximately 100 miles east of Phoenix, Arizona.

The property includes the former McMorris and Silver Seven mines, as well as several other smaller mines. The area is readily accessible by year-round roads and has extensive nearby local mining infrastructure. Acquisition of the claims followed an extensive review of the property, including a physical inspection by the Trueclaim geological team in early May, 2010.

The site was first discovered in the late 1800s and subsequently prospected with limited production by a number of small operators between 1900 and 1980, but no formal drill program was ever undertaken. In addition no shafts were sunk beyond the 700 foot level, nor were there any efforts to create a comprehensive picture of the potential resource. Five major operating mining porphyry copper operations occur within a 20 mile radius and include:

- i) Freeport McMoran Copper & Gold- Miami, Arizona - operating a large open pit mine and smelter operation ramping up production to 100 million pounds of copper by 2011.
- ii) BHP, Pinto Valley, Arizona - an open pit operation producing approximately 18.1 million pounds of copper per year.
- iii) Quadra Mining Ltd., Carlotta Mine, Globe, Arizona - open pit producing approximately 65.7 million pounds copper per year.
- iv) Resolution Copper, Superior, Arizona - an underground operation cited as potentially one of the largest, richest and deepest (7,000 feet deep) copper and molybdenum ore bodies in North America.
- v) Grupo Mexico, Ray Pit and Hayden Smelter, Mission, Arizona - this company's Arizona operations are producing approximately 232 million pounds of copper per year, as well as more than 600,000 ounces of silver.

The area has an extensive mining support infrastructure that the Company will be able to draw upon in its planned exploration and development activities for the McMorris and Buckeye sites. The Company's consulting geologist Mr. Bob Komarechka, P.Geol. has also reviewed the property and described it in geological terms as follows. "the Black Diamond property occurs in the Richmond Basin Area of Gila County Arizona about 16 kilometres north from the prolific Tertiary porphyry copper mines of Globe, Arizona. The historic silver ore was mined primarily from steeply dipping mineralized faults & fractures with veins trending east-west and north-south, and the most productive being the east-west McMorris Fault. Sub-horizontal mineralized fractures were also noted. The fractures for the most part were mined within a large diabase body of Proterozoic age, although the fractures continue below into younger rocks as well. It has been proposed that these faults may be related to a post diabase anticlinal structure in the area. Near surface supergene enrichment along the mineralized faults resulted in native silver and silver halides being derived from the deeper argentite and sulphosalt proto-ores. Silver mineralization is also found within the pre-diabase basal Scandan conglomerate and within a post-diabase (Tertiary) diorite and andesitic porphyry. This diorite, along its footwall contact with the diabase, has been found to contain high silver values in the McMorris Mine. Previous authors (Bishop, O.M., University of Arizona Thesis, 1935) reported the silver mineralization to be of Tertiary age, perhaps contemporaneous with the latter stages of the diorite intrusion. Trueclaim should further investigate the diorite's relationship to the later hydrothermal fracture mineralization within the structural complex of the area using modern geochemical and geophysical techniques."

The Company has commenced a Phase I exploration program for the Black Diamond property. A digital geo-referenced base map of tenure, topography and limited geological data has been prepared. The company has engaged Arizona geological consultant Nick Barr to assist in the permitting process and to undertake a preliminary geological examination of the property to confirm geologic contact, structure, alteration and mineralization. The last detailed mapping of part of this area was undertaken in a thesis of C. E. Bishop in 1935. To further facilitate operations in Arizona, Trueclaim Exploration Inc. has incorporated a US subsidiary company, Trueclaim Resources (US) Inc. Currently a preliminary geological study followed by a Magnetometer/EM survey is being considered to more effectively evaluate the property. A drill program would then follow based on positive results of this work.

Trueclaim can earn an undivided 100% interest in the Property by making cash payments, issuing common shares, and incurring exploration and development expenditures over a three year period, as follows:

- (i) making a USD \$25,000 cash payment to the shareholders of Black Diamond and issuing 200,000 common shares of Trueclaim issued to Black Diamond or to whom it directs on the execution date of the Agreement.
- (ii) incurring USD \$500,000 of exploration and development expenditures on or before the first anniversary of the Effective Date (Effective Date defined as seven days from receipt of all regulatory approvals, and not to exceed 45 days from the date of the parties signing the agreement);
- (iii) making a USD \$125,000 cash payment to the shareholders of Black Diamond and 200,000 common shares of Trueclaim issued to Black Diamond or to whom it directs on or before the second anniversary of the Effective Date;
- (iv) and incur USD \$500,000 of exploration and development expenditures on or before the second anniversary of the Effective Date;
- (v) making a USD \$500,000 cash payment to the shareholders of Black Diamond and 200,000 shares of Trueclaim issued to Black Diamond or to whom it directs on or before the third anniversary of the Effective Date, and
- (vi) incurring USD \$500,000 of exploration and development expenditures on or before the third anniversary of the Effective Date

Under the terms of royalty reduction agreement between Trueclaim and Black Diamond (the “Royalty Reduction Agreement”), the NSR may be reduced by Trueclaim in stages to 1% based on completion of the following payments to Niven:

- i) Initial Paydown - upon payment of \$500,000 to Niven within thirty (30) days of Trueclaim completing its obligations under the Option Agreement to earn a 100% interest in the Property, the pre-existing 10% NSR will be reduced to 3%.
- ii) Second Paydown - upon payment of \$1,000,000 to Niven at any time following the initial paydown, the NSR will be reduced from 3% to 2%.
- iii) Third Paydown - upon payment of \$2,000,000 to Niven at any time following the second paydown, the NSR will be reduced from 2% to 1%.

Selected Financial Information

Financial Yearend (Dec.31)	Total Revenue	Net loss and comprehensive loss for the year	Net loss per Share basic & diluted	Total Assets	Long-term Liabilities	Cash Dividends Declared Per share
2008	Nil	(\$150,049)	(\$0.01)	\$1,006,151	52,328	Nil
2009	Nil	(\$994,028)	(\$0.04)	\$2,913,147	Nil	Nil
2010	Nil	(\$1,475,497)	(\$0.03)	\$4,170,223	Nil	Nil

The following table sets forth selected unaudited quarterly financial information:

	December 31/10	September 30/10	June 30/10	March 31/10	December 31/09	September 30/09	June 30/09	March 31/09
Sales/ Revenue	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net income/(loss) and comprehensive income/(loss) for the period	(\$1,229,836)	(183,215)	(\$126,475)	\$64,029	(\$410,593)	(\$373,857)	(\$136,143)	(\$73,435)
Net Income/ (Loss) per Share - Basic and Diluted	(\$0.02)	0.00	\$0.00	\$0.00	(\$0.02)	(\$0.01)	(\$0.01)	(\$0.01)

Reclassifications of operating expense captions

During the fourth quarter of 2010, management changed the classification of certain operating expenditures, with corresponding changes to the prior annual year for comparative purposes.

Previously, management fees only included the salaries of two executives of the Company. During the reclassification, two additional executive's fees, paid as consultants, are now included in management fees with the costs previously being recognized as professional fees. Monies paid to the Chief Financial Officer are now also included in management fees, while previously included in professional fees.

Professional fees now encompass only legal and accounting fees incurred by the Company.

Administrative fees now encompass all payments to investor relation consultants. As noted above, these fees were previously included in professional fees.

Three month period ended December 31, 2010

The Company has no producing mining operations, and accordingly, the Company did not have any revenues during the period. The Company incurred a net loss of \$1,229,836 or \$0.02 a share for the three month period ended December 31, 2010, compared with a net loss of \$410,593 or \$0.02 per share for the same period ended December 31 2009.

For the three month period ended December 31, 2010, management fees were \$231,116 compared to \$111,865 during the same period in 2009. The Company incurred \$96,000 of expenditure in 2010 relating to consulting costs of an executive that in previous years had been capitalized to its mining properties.

Professional fees of \$23,459 were incurred during the three month period ended December 31, 2010 compared to \$111,138 during the same period in 2009. The reduced expenses are linked to the reclassification of management fees previously included in professional fees, as noted above.

For the three month period ended December 31, 2010, administrative expenses increased to \$268,338 from \$97,716 in the same period in 2009. This increase reflects expenditure incurred throughout the 2010 fiscal year, which were reclassified in the fourth quarter. Namely, the increased costs reflect the greater use of investor relation consulting services by the Company.

Stock compensation expense for the three month period ended December 31, 2010 was \$22,109 compared to \$56,432 for the three month period ended December 31 2009. Stock-based compensation expenses are booked based on the valuation of options using the Black-Scholes model. The expense varies based on the number of options issued and the underlying assumptions used in the model.

Travel costs increased by \$38,216 to \$47,171 for the three month period ended December 31, 2010 compared to \$8,955 for the same period in 2009. This increase is due to increased executive travel.

The Company wrote off the Sandeb property and an optioned parcel of the Scadding area mining property during the three month period ended December 31, 2010. Management does not intend to further explore these properties, and a incurred an impairment charge of \$696,450. No properties were impaired during the three month period ended December 31 2009.

Financial year ended December 31, 2010

For the year ended December 31, 2010, the Company had no producing mining operations, and accordingly, the Company did not have any revenues during the period. The Company incurred a loss of \$1,475,497 or \$0.03 per share for the year ended December 31, 2010, compared to a loss of \$994,028 or \$0.04 per share during the same

period in 2009. The Company's net cash position decreased by \$20,107 to \$989,047 at December 31, 2010. The Company received \$2,808,480 from flow through share financing and exercises of warrants and options which were used to fund operating expenses and capital exploration.

For the year ended December 31, 2010, management fees amounted to \$385,267 compared to \$187,187 in the prior year. The company incurred \$96,000 of expenses in 2010 relating to consulting costs of an executive that in previous years had been capitalized to its mining properties. An additional \$24,000 of costs were incurred in 2010 due to a member of management being employed for the entire calendar year compared to being employed for six months in 2009. Two executives received increased base compensation in late 2009, which resulted in additional costs of \$74,000 to the Company in 2010.

Professional fees amounted to \$208,497 during the year ended December 31, 2010 compared to costs of \$323,956 in for the year ended December 31, 2009. The decrease in costs is due to reduced legal fees in 2010 due to fewer financings occurring and fewer large scale land transactions occurring in 2010.

Administrative expenses increased by \$166,882 to \$450,960 during the year ended December 31, 2010 compared to \$284,078 in the same period in 2009, primarily due to increased investor awareness activities.

Stock compensation expense decreased by \$86,271 to \$87,254 for the year ended December 31, 2010 compared to \$173,525 for the year ended December 31 2009. Stock-based compensation expenses are booked based on the valuation of options using the Black-Scholes model. The expense varies based on the number of options issued and the underlying assumptions used in the model.

The Company wrote off the Sandeb property and an optioned parcel of the Scadding area mining property during the year ended December 31, 2010. Management does not intend to further explore these properties, and a incurred an impairment charge of \$696,450. No properties were impaired during the year ended December 31 2009.

The future income tax recovery arose as it is more likely than not that the Company will be able to utilize previously unrecognized future tax assets. The current year renunciation of resource expenses to flow-through share investors created a taxable temporary difference which is available to offset deductible temporary differences and tax losses; thereby allowing the company to recognize \$470,272 of future tax assets.

Liquidity and Capital Resources

The further development and exploration of the Company's mineral projects and general and administrative expenses depends upon the Company's ability to obtain financing through equity financing, joint ventures, debt financing, or other means. There is no assurance that the Company will be successful in obtaining required

financing as and when needed. Volatile markets for precious and base metals and/or volatile stock markets and fluctuations in the price of the Company's shares may make it difficult or impossible for the Resulting Issuer to obtain equity financing or debt financing on favorable terms or at all. Failure to obtain additional financing on a timely basis may cause the Resulting Issuer to postpone its development plans, forfeit rights in some or all of its properties or reduce or terminate some or all of its operations.

As at December 31, 2010 the Company had working capital of \$861,210. Working capital, which is a non GAAP measure, is defined by the Company to be the amount by which the current assets exceed the current liabilities, as disclosed on the Company's balance sheet.

The Company and its subsidiary Trueclaim Resources Inc. were partially financed through the issuance of flow-through shares, requiring that the proceeds be spent on qualified mining exploration expenses. Moreover, tax rules regarding flow-through investments set deadlines for carrying out the exploration work, subject to penalties if the conditions are not respected. Although the Company is committed to taking all the necessary measures, refusal of certain expenses by the tax authorities would have a negative tax impact for investors.

In connection with funds raised from the flow-through units during 2010, the Company has renounced \$1,245,192 of Canadian exploration expenditures to the shareholders in 2011. The Company has applied the look-back rule on \$1,245,192 whereby the expenses are renounced to the shareholders in the year the shares are issued and prior to the expenditures being incurred.

Transactions with Related Parties

During the year, the Company paid management and professional fees to directors and officers in the amount of \$412,820 (2009 - \$91,000). Of this amount, \$48,000 (2009 - \$42,000) represents costs incurred for mining exploration expenditures which were capitalized as mining properties during the period. The Company paid fees of \$52,116 to an organization owned by a director of the Company for legal services received.

Transition to International Financial Reporting Standards

The Canadian Accounting Standards Board (AcSB) confirmed a plan to adopt International Financial Reporting Standards (IFRS) in 2011, for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The Company will adopt IFRS.

The Company has commenced the development of an IFRS implementation plan to prepare for the transition, and is currently analyzing the key areas where changes to current accounting policies may be required. The initial key areas of our assessment will include:

- First time adoption of IFRS (IFRS 1)
- Exploration and development expenditures
- Stock based compensation/share based payments
- Business combinations
- Impairment
- Income taxes

The following provides a summary of the Company's evaluation to date of potential changes to accounting policies in key areas based on the current standards and guidance within IFRS. This is not intended to be a complete list of areas where the adoption of IFRS will require a change in accounting policies, but is intended to highlight the areas the Company has identified as having the most potential for a significant change. The International Accounting Standards Board has a number of ongoing projects, the outcome of which may have an effect on the changes required to the Company's accounting policies on adoption of IFRS. At the present time, however, the Company is not aware of any significant expected changes prior to its adoption of IFRS that would affect the summary provided below:

Exploration and Development Expenditures

Subject to certain conditions, IFRS currently allows an entity to determine an accounting policy that specifies the treatment of costs related to the exploration for and evaluation of mineral properties. The Company will continue to defer all exploration costs, including acquisitions costs, field exploration and field supervisory costs relating to specific properties until those properties are brought into production. At that time, these costs will be amortized over the estimated useful life of the mining properties.

Stock Based Compensation/Share Based Payments

In certain circumstances, IFRS requires a different measurement of stock-based compensation related to stock options than current Canadian GAAP. In previous financial years, the Company has issued stock options to employees and consultants. The Company used the Black-Scholes pricing model to determine the fair value of these options. Under IFRS 2, the options awarded to consultants may have to be valued at the fair value of the goods or services rendered on the date of issuance instead of using the Black Scholes Model. The company has elected under IFRS 1 to not remeasure all share based payment to employees prior to January 1, 2010 that are fully vested at that date. The Company does not expect significant comparative changes due to the transition to IFRS.

Business Combinations

The Company has elected to use the exemption under IFRS 1 for business combinations, and does not expect any changes to the accounting treatment of its previous business combinations.

Impairment

IFRS requires that exploration and evaluation assets be assessed for impairment when facts and circumstances suggest that the carrying amount of the assets may exceed the recoverable amount. At a minimum, this must be done at the end of each reporting period. This differs from Canadian GAAP which requires a long-lived asset to be tested for recoverability whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. The Company will change its accounting policy to reflect these changes, but does not expect this change to have an effect of the carrying value of its assets at the transition date. a group of assets is less than its carrying value.

Income Taxes

In certain circumstances, IFRS contains different requirements related to recognition and measurement of future income taxes. The accounting treatment for flow through shares differs under IFRS from Canadian GAAP, both in relation to the timing of the recognition of the associated tax liability and the amount recorded as common shares.

Risks Associated with Exploration and Mining Operations

The exploration of mineral properties involves a high degree of risk which cannot be avoided despite the experience, knowledge and careful evaluation of prospective properties by management. There can be no assurance commercial quantities of ore will be discovered on the Company's mineral properties. Even if such commercial quantities are subsequently discovered by the Company's exploration efforts, there can be no assurance such properties can be brought in to commercial production. Operations may be subject to disruption due to weather conditions, labour unrest or other causes beyond the control of the Company. Hazards such as unexpected formations, pressures, flooding, or other conditions over which the Company does not have control may be encountered and may adversely affect the Company's operations and financial results.

Environmental Risks

Environmental legislation is continuing to evolve such as will require strict standards and enforcement, increased fines and penalties for non-compliance, more stringent assessment of proposed projects and a greater degree of corporate responsibility. There can be no assurance that future changes to environmental legislation may not adversely affect the Company's operations.

Mineral Market

The market for minerals is subject to factors beyond the Company's control, such as market price fluctuation, currency fluctuation and government regulation. The effect of such factors cannot be accurately calculated. The existence of any or all such factors may restrict the access to a market, if same exists, for the sale of commercial ore which may be discovered.

Funding Requirements

In order to move forward with its exploration activities, the Company may require additional

funding. There can be no guarantee that such funds will be available as and when required or, if available, be accessible on reasonable commercial terms.

Reliance on Management

The Company anticipates that it will be heavily reliant upon the experience and expertise of management with respect to the further development of the mineral properties. The loss of any one of their services or their inability to devote the time required to effectively manage the affairs of the Company could materially adversely affect the Company

Forward Looking Statements

This discussion includes certain statements that may be deemed "forward-looking statements". All statements in this discussion, other than statements of historical facts, which address future production, reserve potential, exploration activities and events or developments that the Company expects, are forward-looking statements. Although the Company 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 market prices, exploitation and exploration successes, continued availability of capital and financing, and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance, that the Company expressly disclaims any responsibility for revising or expanding the forward-looking statements to reflect actual results or developments, and that actual results or developments may differ materially from those projected, in the forward-looking statements.

Other Information

Additional information is available on SEDAR www.sedar.com.