



Trueclaim Exploration Inc.

Unaudited Interim Consolidated

Financial Statements

For the six month periods ended

June 30, 2011 and 2010

TRUECLAIM EXPLORATION INC

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August 28, 2011

BY SEDAR

To the Shareholders of
Trueclaim Exploration Inc.

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these unaudited interim consolidated financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

Yours truly,

TRUECLAIM EXPLORATION INC.

“Eric Plexman”

Eric Plexman
CEO

Trueclaim Exploration Inc.

Consolidated Interim Statement of Financial Position

Expressed in Canadian dollars

(Unaudited)

	June 30, 2011 \$	December 31, 2010 \$
Assets		
Current assets		
Cash and cash equivalents	34,761	989,047
Receivables	234,269	103,738
Income tax receivable	8,663	8,663
Prepaid expenses	21,889	53,497
	<u>299,582</u>	<u>1,154,945</u>
Non-current assets		
Fixed assets (note 5)	2,452	2,886
Intangible assets (note 6 and 9)	4,270,967	3,012,392
Total Assets	<u>4,573,001</u>	<u>4,170,223</u>
Liabilities		
Current liabilities		
Trade payables and accrued liabilities	457,768	293,735
Other liabilities	-	418,206
	<u>457,768</u>	<u>711,941</u>
Equity attributable to owners of the parent		
Share capital (note 7)	5,996,622	5,253,576
Contributed surplus (note 8c)	908,122	563,989
Warrants (note 7)	769,030	418,917
Accumulated deficit	(3,558,541)	(2,778,200)
Total Equity	<u>4,115,233</u>	<u>3,458,282</u>
Total liabilities and equity	<u>4,573,001</u>	<u>4,170,223</u>

Going concern (note 1)

Commitments (note 11)

Approved by the Board of Directors

“Eric Plexman”

Director

“Enzo Martone”

Director

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

Trueclaim Exploration Inc.

Consolidated Interim Statements of Income

For the six months ended June 30, 2011 and 2010

Expressed in Canadian dollars

(Unaudited)

	6 months ended June 30, 2011 \$	3 months ended June 30, 2011 \$	6 months ended June 30, 2010 \$	3 months ended June 30, 2010 \$
Revenue	-	-	-	-
Operating Expenses				
Administrative expenses	339,098	142,144	155,349	24,394
Management fees (note 10)	264,834	98,831	134,183	69,228
Professional fees	132,032	101,828	102,721	51,882
Share based payments	353,106	337,811	-	-
Travel	85,028	63,983	35,406	13,733
Amortization	434	215	513	263
	1,174,532	744,812	428,172	159,500
Loss from operations	(1,174,532)	(744,812)	(428,172)	(159,500)
Future income tax recovery/(expense)	394,191	(24,015)	365,726	33,025
Net loss and comprehensive loss attributed to equity owners	(780,341)	(768,827)	(62,446)	(126,475)
Net loss per share (note 2)				
Basic	(0.01)	(0.01)	(0.00)	(0.00)
Diluted	(0.01)	(0.01)	(0.00)	(0.00)
Weighted average number of common shares	68,625,669	70,430,588	46,284,829	47,781,704

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

Trueclaim Exploration Inc.

Consolidated Interim Statements of Changes in Equity

Expressed in Canadian dollars

(Unaudited)

	Attributable to equity owners of the Company				
	Share Capital \$	Contributed Surplus \$	Warrants \$	Accumulated Deficit \$	Total Equity \$
Balance – January 1, 2011	5,253,576	563,989	418,917	(2,778,200)	3,458,282
Comprehensive loss for the period	-	-	-	(780,341)	(780,341)
Share options exercised	22,037	(8,973)	1,318	-	14,382
Share options granted	-	353,106	-	-	353,106
Private placement (notes 7a and 7h)	470,009	-	348,795	-	818,804
Shares issued for mining properties	251,000	-	-	-	251,000
Balance – June 30, 2011	5,996,622	908,122	769,030	(3,558,541)	4,115,233
Balance – January 1, 2010	2,534,727	535,351	438,986	(1,206,673)	2,302,391
Comprehensive loss for the period	-	-	-	(142,338)	(142,338)
Options and warrants exercised	459,700	(36,049)	(53,584)	-	370,067
Options and warrants issued	-	24,000	8,804	-	32,804
Shares issued for mining properties	104,250	-	-	-	104,250
Balance – June 30, 2010	3,098,677	523,302	394,206	(1,349,011)	2,667,174

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

Trueclaim Exploration Inc.

Consolidated Interim Statement of Cash Flow

For the six month period ended June 30, 2011 and 2010

Expressed in Canadian dollars

(Unaudited)

	6 months Ended June 30, 2011 \$	6 months Ended June 30, 2010 \$
Cash provided by (used in):		
Operating activities		
Net loss for the period	(780,341)	(62,446)
Adjustments for:		
Amortization	434	513
Share based payments	353,106	-
Income taxes	(394,191)	(365,726)
Changes in items of working capital:		
Receivables	(130,531)	20,065
Prepaid expenses	31,608	4,591
Trade payables and accrued liabilities	164,033	(51,733)
	<u>(755,882)</u>	<u>(454,736)</u>
Investing activities		
Intangible assets	(1,007,575)	(813,068)
Purchase of fixed assets	-	(799)
	<u>(1,007,575)</u>	<u>(816,867)</u>
Financing activities		
Net proceeds on issuance of shares	470,590	378,871
Net issuance of warrants and options	338,581	24,000
	<u>809,171</u>	<u>402,871</u>
Decrease in cash and cash equivalents	<u>(954,286)</u>	<u>(865,732)</u>
Cash and cash equivalents – Beginning of period	<u>989,047</u>	<u>1,009,154</u>
Cash and cash equivalents – End of period	<u>34,761</u>	<u>143,422</u>
Income taxes paid	-	-
Interest paid	-	-

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

Trueclaim Exploration Inc.

Notes to Consolidated Interim Financial Statements

For the six months ended June 30, 2011

(Unaudited)

1 Nature of operations and going concern

Trueclaim Exploration Inc. (the “Company”) is a Canadian company which is engaged in the acquisition, exploration and development of resource properties. The Company has not yet determined whether its mining properties contain reserves that are economically recoverable. The recoverability of the amounts shown for mining properties are dependent upon the existence of economically recoverable reserves, the ability of the Company to fund costs to complete the exploration and development of its properties, and upon future profitable production or proceeds from the disposal of properties.

The consolidated financial statements of the Company have been prepared using Canadian generally accepted accounting principles applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due. During the six month period ended June 30, 2011, the Company had a net loss of \$ 780,341 (2010: \$62,446) and as at June 30, 2011, reported a deficit of \$3,558,541 (2010: 2,778,200). These circumstances may lend significant doubt as to the ability of the Company to continue operations into the foreseeable future as a going concern and, accordingly, the ultimate appropriateness of the use of accounting principles applicable to a going concern. Management has obtained financing through the issuance of new equity instruments from third parties for the Company to continue its operations and, while it has been successful in raising funds in the past, there can be no assurance that the Company will be able to do so in the future should additional funding be needed. Without such additional funding being available, the Company may be unable to continue its operations, and amounts realized for assets may be less than amounts reflected in these consolidated financial statements.

Although management has taken steps to verify title to mining properties in which the Company has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements and noncompliance with regulatory requirements.

The Company is a public company which is listed on the TSX Venture Exchange (the “Exchange”). The address of its registered office is One London Place, 255 Queens Avenue suite 1000, London, Ontario N6A 5R8.

The Company prepares its financial statements in accordance with Canadian generally accepted accounting principles, as set out in the Handbook of the Canadian Institute of Chartered Accountants (“CICA Handbook”). In 2010, the CICA Handbook was revised to incorporate International Financial Standards (“IFRS”), and require publicly accountable enterprises to apply such standards effective for years beginning on or after January 1, 2011. Accordingly, the Company has commenced reporting on this basis in these condensed interim consolidated financial statements. In the financial statements, the term “Canadian GAAP” refers to Canadian GAAP before the adoption of IFRS.

These consolidated interim financial statements are unaudited and have been prepared in accordance with IAS 34 ‘*Interim Financial reporting*’, using accounting policies consistent with the IFRS applicable to interim financial statement reporting issued by the International Standards Board (“IASB”). The accounting policies followed in these interim financial statements are the same as those applied in the Company’s interim financial statements for the period ended March 31, 2011. The Company has consistently applied the same accounting policies throughout all periods presented, as if these policies had always been in effect.

Trueclaim Exploration Inc.

Notes to Consolidated Interim Financial Statements

For the six months ended June 30, 2011

(Unaudited)

Note 4 discusses the impact of the transition to IFRS on the Company's reported equity as at June 30, 2010 and comprehensive income for the three and six months ended June 30, 2010, including the nature and effect of significant changes in accounting policies from those used in the Company's consolidated financial statements for the year ended December 31, 2010.

The policies applied in these condensed interim consolidated financial statements are based on IFRS applicable to interim financial statement reporting issued and outstanding as of August 29, 2011, the date the Board of Directors approved the financial statements. Any subsequent changes to IFRS, that are given effect in the Company's annual consolidated financial statements for the year ending December 31, 2011 could result in restatement of these interim consolidated financial statements, including the transition adjustments recognized on change-over to IFRS.

The condensed interim consolidated financial statements should be read in conjunction with the Company's Canadian GAAP annual financial statements for the year ended December 31, 2010 and the Company's interim financial statements for the quarter ended March 31, 2011, prepared in accordance with IFRS applicable to interim financial statements.

2 Summary of significant accounting policies and estimates

The significant accounting policies used in the preparation of these consolidated interim financial statements are described below.

Basis of measurement

The consolidated interim financial statements have been prepared under the historical cost convention. The comparative figures presented in these interim consolidated financial statements are in accordance with IFRS applicable to interim financial statement reporting.

Consolidation

The financial statements of the Company consolidate the accounts of Trueclaim Exploration Inc. and its subsidiary, Trueclaim Resources Inc. All intercompany transactions, balances and unrealized gains and losses from intercompany transactions are eliminated on consolidation.

Subsidiaries are those entities which the Company controls by having the power to govern the financial and operating policies.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and deposits held with banks.

Fixed assets

Fixed assets are stated at cost less accumulated amortization. Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or

Trueclaim Exploration Inc.

Notes to Consolidated Interim Financial Statements

For the six months ended June 30, 2011

(Unaudited)

recognized as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the company and the cost can be measured reliably.

The major categories of fixed assets are amortized on a declining balance as follows:

Computer Equipment	30%
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Intangible Assets

The Company records its interests in mining properties and areas of geological interest at cost as intangible assets in the consolidated interim statement of financial position. Exploration and development costs relating to these interests and projects are capitalized until the properties to which they relate are placed into production, sold or allowed to lapse. During the six month period ended June 30, 2010, \$1,258,575 (2010 – \$813,068) of costs were incurred for exploration, development and acquisitions of mining properties. Management reviews the carrying values of mining properties on a regular basis to determine whether any write downs are necessary. These costs will be amortized over the estimated useful life of the mining properties following commencement of production, or written off if the mining properties or projects are sold or allowed to lapse. General exploration expenditures not related to specific mining properties are expensed as incurred.

Flow-through shares

The Company will, from time to time, issue flow-through shares to finance a portion of its exploration programs. Pursuant to the terms of the flow-through share agreements, the Company agrees to incur qualifying expenditures and renounce the tax deductions associated with these qualifying expenditures to the subscribers at an agreed upon date.

The excess of cash consideration received over the market price of the Company's shares at the date of the announcement of the flow-through share financing is recorded as a liability which is extinguished when the tax effect of the temporary differences, resulting from the renunciation, is recorded. The difference between the liability and the value of the tax assets renounced is recorded as a deferred tax expense.

A deferred tax liability is recognized for the taxable temporary difference that arises from the difference between the carrying amount of eligible expenditures that are capitalized to exploration and evaluation assets and their tax basis. If the Company has sufficient tax assets to offset the deferred tax liability, the liability will be offset by the recognition of a corresponding deferred tax asset.

Income Tax

Current income taxes

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the Consolidated Interim Statement of Income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Trueclaim Exploration Inc.

Notes to Consolidated Interim Financial Statements

For the six months ended June 30, 2011

(Unaudited)

Deferred income taxes

Deferred tax assets and liabilities represent income taxes expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the Company's financial statements and the corresponding tax basis used in the computation of taxable profit. Deferred tax assets also represent income taxes expected to be recoverable on unclaimed losses carried forward.

Deferred taxes are calculated using the liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences, with some exceptions described below. Deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be used. Neither deferred tax liabilities, nor deferred tax assets, are recognized as a result of temporary differences that arise from the initial recognition of goodwill or a transaction, other than a business combination, that affects neither accounting profit nor taxable profit. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset the current tax assets against the current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Deferred tax asset and liabilities are measured using the enacted or substantively enacted tax rates as of the balance sheet date that are expected to be in effect when the differences reverse or when unclaimed losses are utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and adjusted to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of all or part of the asset to be utilized. To the extent that an asset not previously recognized fulfills the criteria for asset recognition, a deferred tax asset is recognized.

Deferred tax is recognized in the Consolidated Interim of Statement Income, unless it relates to items recognized directly in equity, in which case the deferred tax related to those items is also recognized directly in equity.

Loss per share

The basic loss per share is computed by dividing the net loss by the weighted average number of common shares outstanding during the period. The diluted loss per share reflects the potential dilution of common share equivalents, such as outstanding stock options and share purchase warrants, in the weighted average number of common shares outstanding during the period, if dilutive. During the six month period ended June 30, 2011 and 2010, all of the outstanding stock options and warrants were antidilutive.

Share capital

Non-monetary consideration

Shares issued as purchase consideration in non-monetary transactions are recorded at the fair value of the consideration received by the Company.

Trueclaim Exploration Inc.

Notes to Consolidated Interim Financial Statements

For the six months ended June 30, 2011

(Unaudited)

Shares issued to non-employees are recorded at the fair value of the goods and services received by the company.

Stock-based compensation

Employees (including directors and senior executives) of the Company receive a portion of their remuneration in the form of stock-based payment transactions, whereby they render services as consideration for equity instruments.

Share issuance costs

Costs directly identifiable with the raising of share capital financing are charged against share capital.

Significant accounting judgments and estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the amounts of assets and liabilities reported in the consolidated financial statements. Those estimates and assumptions also affect the disclosure of contingencies at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates. The most significant estimates relate to determining the fair value of share based payments to non-employees and impairment testing of the Company's intangible assets.

Financial instruments

All financial assets are initially classified into one of four categories: fair value through profit and loss (FVTPL), available for sale, loans and receivables and amortized cost.

Financial assets classified as FVTPL are measured at fair value with gains and losses recognized through earnings. The Company's cash and cash equivalents are classified as FVTPL.

Financial assets classified as loans-and-receivables are initially recognized at the amount expected to be received, less, when material, a discount to reduce the loans and receivables to fair value. The Company's receivables are classified as financial assets.

Financial liabilities at amortized cost consist of trade payables and accrued liabilities. Trade payables and accrued liabilities are initially recognized at the amount required to be paid, less, when material, a discount to reduce the payables to fair value.

Trueclaim Exploration Inc.

Notes to Consolidated Interim Financial Statements

For the six months ended June 30, 2011

(Unaudited)

4 Transition to IFRS

The effect of the Company's transition to IFRS, as described in note 2, is summarized as follows:

- (i) Transition elections
- (ii) Reconciliation of equity and comprehensive income as previously reported under Canadian GAAP to IFRS

(i) Transition elections

The Company has applied the following transition exemptions to full retrospective application of IFRS:

- To apply the requirements of IFRS 3, '*Business Combinations*', prospectively from January 1, 2010
- To apply the requirements of IFRS 2, '*Share based payments*', only to equity instruments granted after November 7, 2002 which had not vested as of January 1, 2010.

(ii) Reconciliation of equity and comprehensive income as previously reported under Canadian GAAP to IFRS

	Dec 31, 2010	June 30, 2010	Jan 1, 2010
Equity	\$	\$	\$
Equity as reported under Canadian GAAP	3,876,488	2,667,174	2,711,523
IFRS adjustments increase (decrease)			
Flow-through share financing	a,c,d (418,206)		(409,132)
Equity as reported under IFRS	<u>3,458,282</u>	<u>2,667,174</u>	<u>2,302,391</u>

	Year ended Dec 31, 2010	6 month period ended June 30, 2010	3 month period ended June 30, 2010
Comprehensive income	\$	\$	\$
As reported under Canadian GAAP	(1,475,497)	(62,446)	(126,475)
Increase (decrease) in net income for:			
Income tax	b (96,030)	(96,030)	(96,030)
As reported under IFRS	<u>(1,571,527)</u>	<u>(158,476)</u>	<u>(222,505)</u>

Trueclaim Exploration Inc.

Notes to Consolidated Interim Financial Statements

For the six months ended June 30, 2011

(Unaudited)

	December 31, 2010			June 30, 2010			January 1, 2010			
	CDN GAAP \$	Adj \$	IFRS \$	CDN GAAP \$	Adj \$	IFRS \$	CDN GAAP \$	Adj \$	IFRS \$	
Assets										
Current assets										
Cash and cash equivalents	989,047	-	989,047	143,422	-	143,422	1,009,154	-	1,009,154	
Receivables	103,738	-	103,738	29,939	-	29,939	46,004	-	46,004	
Income tax receivable	8,663	-	8,663	-	-	-	-	-	-	
Prepaid expenses	53,497	-	53,497	21,174	-	21,174	25,766	-	25,766	
	1,154,945	-	1,154,945	190,535	-	190,535	1,080,924	-	1,080,924	
Non-current assets										
Property, plant and equipment	3,015,278	-	3,015,278	2,750,627	-	2,750,627	1,833,023	-	1,833,023	
	4,170,223	-	4,170,223	2,941,162	-	2,941,162	2,913,947	-	2,913,947	
Liabilities										
Trade payables and accrued liabilities	293,735	-	293,735	150,691	-	150,691	202,424	-	202,424	
Other liabilities	a,b,c	-	418,206	418,206	123,297	-	123,297	-	409,132	409,132
	293,735	418,206	711,941	273,988	-	273,988	202,424	409,132	611,556	
Equity										
Share capital	a,b,c,d	5,465,338	(211,762)	5,253,576	2,822,788	292,027	3,114,815	2,747,862	(213,135)	2,534,727
Contributed surplus		563,989	-	563,989	523,302	-	523,302	535,351	-	535,351
Warrants	a,c,d	529,331	(110,414)	418,917	590,203	(195,997)	394,206	634,983	(195,997)	438,986
Accumulated deficit	b	(2,682,170)	(96,030)	(2,778,200)	(1,269,119)	(96,030)	(1,365,149)	(1,206,673)	-	(1,206,673)
		3,876,488	(418,206)	3,458,282	2,667,174	-	2,667,174	2,711,523	(409,132)	(2,302,391)
		4,170,223		4,170,223	2,941,162		2,941,162	2,913,947		2,913,947

Trueclaim Exploration Inc.

Notes to Consolidated Interim Financial Statements

For the six months ended June 30, 2011

(Unaudited)

	Year ended December 31, 2010			Six months ended June 30, 2010			Three months ended June 30, 2010		
	CDN GAAP \$	Adj \$	CDN IFRS \$	CDN GAAP \$	Adj \$	CDN IFRS \$	CDN GAAP \$	Adj \$	CDN IFRS \$
Revenue	-	-	-	-	-	-	-	-	-
Operating Expenses									
Administrative expenses	(450,960)	-	(450,960)	(155,349)	-	(155,349)	(24,394)	-	(24,394)
Management fees	(385,267)	-	(385,267)	(134,183)	-	(134,183)	(69,228)	-	(69,228)
Professional fees	(208,467)	-	(208,467)	(102,721)	-	(102,721)	(51,882)	-	(51,882)
Share based payments	(87,254)	-	(87,254)	-	-	-	-	-	-
Travel	(116,105)	-	(116,105)	(35,406)	-	(35,406)	(13,733)	-	(13,733)
Amortization	(1,236)	-	(1,236)	(513)	-	(513)	(263)	-	(263)
Other gains and losses (net)	(696,450)	-	(696,450)	-	-	-	-	-	-
Income before tax	(1,945,769)	-	(1,945,769)	(428,172)	-	(428,172)	(159,500)	-	(159,500)
Income tax recovery	b 470,272	(96,030)	374,242	365,726	(96,030)	269,696	33,025	(96,030)	(63,005)
Net Income (loss) for the period	(1,475,497)		(1,571,527)	(62,446)	(96,030)	(158,476)	(126,475)	(96,030)	(222,505)

Explanatory notes

- Upon transition to IFRS, there was a reclassification of share capital of \$213,135 and warrants of \$195,997 to other liabilities as at January 1, 2010, March 31, 2010 and December 31, 2010.
- Upon transition to IFRS, share capital was increased and income tax recovery was decreased by \$505,162 as at June 30, 2010 and December 31, 2010, to reflect the tax effect of the renouncement of flow through shares that were previously reported as a reduction of share capital under Canadian GAAP. In addition, income tax recovery was increased and other liabilities were decreased by \$409,132 as at March 31, 2010 and December 31, 2010.
- Upon transition to IFRS, there was a reclassification of share capital of \$397,465 and warrants of \$20,741 to other liabilities as at December 31, 2010.
- Upon transition to IFRS, share capital was increased by \$106,324 as at December 31, 2010, to reflect the revaluation of warrants exercised.

Trueclaim Exploration Inc.

Notes to Consolidated Interim Financial Statements

For the six months ended June 30, 2011

(Unaudited)

5 Fixed Assets

Cost	Computer Hardware
As at January 1, 2010	\$ 4,206
Additions	800
Disposals	-
As at December 31, 2010	<u>5,006</u>
Additions	-
Disposals	-
As at June 30, 2011	<u>5,006</u>
 Accumulated amortization	
As at January 1, 2010	884
Expense for the year	1,236
As at December 31, 2010	<u>2,120</u>
Expense for the period	434
As at June 30, 2011	<u>2,554</u>
 Net book value	
As at December 31, 2010	<u>2,886</u>
As at June 30, 2011	<u>2,452</u>

Trueclaim Exploration Inc.

Notes to Consolidated Interim Financial Statements

For the six months ended June 30, 2011

(Unaudited)

6 Intangible Assets

	Mineral Properties
Cost	\$
As at January 1, 2010	1,829,701
Additions	1,879,141
Disposals	-
As at December 31, 2010	<u>3,708,842</u>
Additions	1,258,575
Disposals	-
As at June 30, 2011	<u>4,943,417</u>
Impairment	
As at January 1, 2010	-
Impairment for the year	<u>(696,450)</u>
As at December 31, 2010	<u>(696,450)</u>
Impairment for the period	-
As at June 30, 2011	<u>(696,450)</u>
Net book value	
As at December 31, 2010	<u>3,012,392</u>
As at June 30, 2011	<u>4,270,967</u>

Mineral Properties

	June 30 2011	December 31 2010
	\$	\$
Sandeb mining property	-	-
Scadding area mining properties	3,998,447	2,902,924
Black Diamond mining property	195,831	109,468
Linear mining property	<u>76,689</u>	<u>-</u>
	<u>4,270,967</u>	<u>3,012,392</u>

Sandeb mining property

There has been no active exploration performed on Sandeb in over two years. Management assessed an impairment charge of \$658,635 during the year ended December 31, 2010. As at June 30, 2011, management believes that the impairment is accurate

Trueclaim Exploration Inc.

Notes to Consolidated Interim Financial Statements

For the six months ended June 30, 2011

(Unaudited)

Scadding area mining properties

The Company has an interest in leases and mineral property options which are contiguous in the area of Scadding, Ontario. These leases/claims were acquired for gold exploration purposes.

The leased property consists of an option to earn a 51% interest in certain provincial mining leases and mineral claims located in the district of Sudbury in the province of Ontario. The Scadding claims were acquired by management for gold exploration purposes, and in order to maintain its interest in good standing the Company is required to comply with the following requirements:

1. The Company must issue an aggregate of 2,000,000 common shares in installments of 500,000 shares every six months over a period of two years with the first issuance due February 13, 2010. The first two installments of the shares were issued during 2010, and the third and fourth installments were issued during the six month period ended June 30, 2011.
2. The Company must issue an aggregate of 300,000 common shares in installments of 150,000 shares over a period of three years with the first issuance due May 5, 2010 and the second issuance on or before May 5, 2012. The first installment of these shares was issued during 2010 and the second installment was issued during the six month period ended June 30, 2011.
3. The Company must incur an aggregate of \$2,000,000 in cash exploration costs. This requirement was met during the year ended December 31, 2010.

The Company can increase its interest in the Scadding claims from 51% to 100% by paying \$2,000,000 in cash on or before commencement of commercial production on the Scadding area mining properties. The Scadding claims are subject to a \$1.00 per ton royalty covering ore removed from the property and a 3% net smelter return (NSR) royalty. Included in the Scadding mining properties are several staked properties that have been registered with the Ontario Ministry of Natural Resources.

The Company issued 50,000 common shares and paid \$12,500 for an option on approximately 4,000 acres of unpatented mineral claims. In order to maintain its interest in good standing the Company is required to comply with the following requirements:

1. The Company must issue an additional 300,000 common shares in the following installments: 100,000 common shares at or before January 16, 2011, which were issued during the six month period ended June 30, 2011 and 300,000 common shares at or before January 16, 2012.

The Company issued 100,000 common shares for an option on approximately 17,000 acres of unpatented mineral claims. In order to maintain its interest in good standing the Company is required to comply with the following requirements:

1. The Company must issue an additional 700,000 common shares in the following installments; 200,000 common shares at or before July 23, 2011, 200,000 common shares at or before July 23, 2012 and 300,000 common shares at or before July 23, 2013.
2. The Company must make cash payments of \$100,000 in the following installments: \$20,000 on or before July 23, 2011, \$30,000 on or before July 23, 2012 and \$50,000 on or before July 23, 2013.

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The Company determined that an optioned parcel of the Scadding mining area properties would not be pursued and assessed an impairment charge of \$37,815 during the year ended December 31, 2010 in respect of costs incurred. The Company reviewed the impairment at June 30, 2011 and believes that the impairment is accurate.

Black Diamond Mining Property

The Company has an interest in a mineral property option in the area of Gila County, Arizona. These claims were acquired for silver exploration purposes.

The Black Diamond property is subject to a 10% net smelter return royalty, which can be reduced to 1% subject to the Company meeting a series of payments to the claim holder. The Company issued 200,000 common shares and paid \$25,000 for the options and in order to maintain its interest in good standing the Company is required to comply with the following requirements:

1. The Company must issue an additional 600,000 common shares in the following installments: 200,000 on or before May 19, 2011, 200,000 on or before May 19, 2012 and 200,000 on or before May 19, 2013. The first installment of shares was issued during the six month period ended 30 June, 2011.
2. The Company must make additional cash payment of \$825,000 USD in the following installments; \$25,000 USD is due on or before May 19, 2011, \$100,000 USD is due on or before November 19, 2011, \$200,000 USD on or before May 19, 2012 and \$500,000 USD on or before May 19, 2013. The first installment was made during the six month period ended June 30, 2011.
3. The Company must incur an aggregate of \$1,500,000 USD in cash exploration costs; \$1,000,000 USD of which must be incurred on or before May 19, 2012 and a further \$500,000 must be incurred on or before May 19, 2013.

Linear Property

The Company has a 100% interest in 59 mineral property claims in the area of Gander, Newfoundland. These claims were acquired for gold exploration purposes.

The Linear property is subject to a 3% NSR, which can be reduced to 1.5% subject to the Company making a cash payment of \$1,500,000 to the claim holder. The Company issued 150,000 common shares and paid \$33,000 for the options. In order to maintain its interest in good standing, the Company is required to comply with the following requirements:

1. The Company must issue an additional 600,000 common shares in the following installments: 150,000 on or before June 16, 2012, 210,000 on or before June 16, 2013 and 240,000 on or before June 16, 2014.
2. The Company must make additional cash payment of \$165,000 in the following installments: \$25,000 on or before June 16, 2012, \$60,000 on or before June 16, 2013 and \$80,000 on or before June 16, 2014.
3. The Company must incur an aggregate of \$1,350,000 in cash exploration costs; \$250,000 of which must be incurred by June 16, 2012, \$400,000 of which must be incurred by June 16, 2013 and \$700,000 of which must be incurred by June 16, 2014.

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7 Capital Stock

Authorized:

Unlimited number of common shares

Issued:

	Note	June 30, 2011		December 31, 2010	
		Number	Amount \$	Number	Amount \$
Common Shares					
Beginning of period/year		66,219,111	5,253,576	43,704,604	2,534,727
Options and warrants exercised	8e	164,850	22,037	16,206,815	1,934,534
Share issuance costs	8a	-	(39,235)	-	(123,847)
Flow through shares issued	8f	-	-	4,804,692	693,162
Private placement	8h	5,615,528	509,244	-	-
Shares issued as consideration	8d	1,600,000	251,000	1,500,000	215,000
Balance		73,599,489	5,996,622	66,219,111	5,253,576

	Note	June 30, 2011		December 31, 2010	
		Number	Amount \$	Number	Amount \$
Warrants					
Beginning of period/year		11,614,755	418,917	24,866,727	438,986
Warrants expired	8g	-	-	(1,103,987)	(18,697)
Flow through units issued	8f	-	-	2,406,846	138,632
Private placement	8h	5,615,528	377,911	-	-
Finders options exercised	8e	(14,850)	1,318	802,492	54,739
Warrant issuance costs	8b	-	(29,116)	-	(18,952)
Exercised warrants	8e	-	-	(15,351,323)	(175,791)
Balance		17,215,433	769,030	11,614,755	418,917

a) Share issuance costs

In 2010 share issuance costs in conjunction with the December 30, 2010 private placement amounted to \$123,847 net of tax of \$30,442 and included 385,913 finder's options with a fair value of \$45,569. Each option entitles the finder to purchase one unit (a "Finder's Unit") of the Company at a price of \$0.26 per unit until December 30, 2012. Each Finder's Unit will consist of one common share of the Company and one-half of one non-transferable common share purchase warrant. Each warrant will entitle the finder to acquire one common share of the Company at an exercise price of \$0.40 per share until June 30, 2012.

In the six month period ended June 30, 2011, share issuance costs in conjunction with the May 17, 2011 private placement amounted to \$39,235 net of tax of \$13,785.

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b) Warrant issuance costs

In 2010 warrant issuance costs issued in conjunction with the December 30, 2010 private placement amounted to \$18,952 net of tax of \$4,448 and included 56,394 finder's options with a fair value of \$7,514. Each option entitles the finder to purchase one unit (a "Finder's Unit") of the Company at a price of \$0.26 per unit until December 30, 2012. Each Finder's Unit will consist of one common share of the Company and one-half of one non-transferable common share purchase warrant. Each warrant will entitle the finder to acquire one common share of the Company at an exercise of \$0.40 per share until June 30, 2012.

In the six month period ended June 30, 2011, warrant issuance costs in conjunction with the May 17, 2011 private placement amounted to \$29,116 net of tax of \$10,230.

c) Escrow shares

There are 1,322,500 shares held in escrow with the Exchange which will be released on the following schedule:

Release Date	# of Shares
December 23, 2011	1,322,500

d) Shares issued for consideration of property

On February 10, 2010, the Company issued 50,000 common shares as partial consideration for additional property in the Scadding area mining properties, and a 2% NSR on projects developed within the acquired area. These shares were valued at \$7,500 on the date the transaction occurred.

On February 15, 2010, the Company issued 500,000 common shares as part of the original contract signed August 6, 2009 to obtain mining rights to the Scadding area mining properties. These shares were valued at \$82,500, on the date the transaction occurred. On August 13, 2010, 500,000 common shares were issued, valued at \$70,000 on the date of issuance. On February 13, 2011, 500,000 common shares were issued, valued at \$90,000 on the date of issuance. On May 5, 2011, 500,000 common shares were issued, valued at \$70,000 on the date of issuance.

On May 5, 2010, the Company issued 150,000 common shares as part of the original contract signed August 13, 2009 to obtain a 51% interest in the Scadding area mining properties. These shares were valued at \$21,000, on the date of issuance. On April 20, 2011, 150,000 common shares were issued at \$24,000 on the date of issuance.

On July 7, 2010, the Company issued 100,000 common shares as partial consideration for additional property in the Scadding area mining properties and a 2% NSR on projects developed within the area. These shares were valued at \$12,000 on the date of issuance.

On July 15, 2010, the Company issued 200,000 common shares as part of the original contract signed July 8, 2010, to obtain mining rights to the Black Diamond property. These shares were valued at \$22,000 on the date

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the transaction occurred. On May 12, 2011, 200,000 common shares were issued, valued at \$28,000 on the date of issuance.

On February 14, 2011, the Company issued 100,000 common shares as part of the original contract signed on January 16, 2010 to obtain mining rights to the Scadding area mining properties. These shares were valued at \$18,000 on the date the transaction occurred.

On June 27, 2011, the Company issued 150,000 as part of the agreement to acquire the Linear property. These shares were valued at \$21,000 on the date of issuance.

e) Options and warrants exercised

During the year ended December 31, 2010, 15,354,323 warrants were exercised for a total cash consideration of \$1,631,906. This amount plus the previously estimated fair value of \$175,791 has been recorded as an increase to share capital.

During the year ended December 31, 2010, 802,492 finder's options were exercised for a total cash consideration of \$45,180. \$30,120 of this amount, plus the previously estimated fair value of \$86,147 has been recorded as an increase to share capital, and \$15,060 of the cash consideration and \$39,679 of the previously estimated fair value has been recorded as an increase to warrants.

During the year ended December 31, 2010, 50,000 share purchase options were exercised for total cash consideration of \$6,000. This amount plus the previously estimated fair value of \$4,571 has been recorded as an increase to share capital.

During the six month period ended June, 2011, 150,000 share purchase options were exercised for total cash consideration of \$13,490. This amount plus the previously estimated fair value of \$6,645 has been recorded as an increase to share capital.

During the six month period ended June 30, 2011, 14,850 finder's options were exercised for a total cash consideration of \$891. \$594 of this amount, plus the previously estimated fair value of \$1,308 has been recorded as an increase to share capital, and \$297 of the cash consideration and \$1,021 of the previously estimated fair value has been recorded as an increase to warrants.

f) Flow through units issued

In December 2010, 4,807,692 units were issued at \$0.26 per unit on a flow-through basis whereby the Company will renounce \$1,245,192 of Canadian exploration expenditures to the shareholders. The Company intends to apply the look-back rule whereby the expenses are renounced to the shareholders in the year the shares are issued and prior to the expenditures being incurred. Each unit issued consists of one common share and one-half of one common share purchase warrant. Each warrant is exercisable into one non-flow through common share at a price of \$0.40 per warrant until June 30, 2012.

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The fair value of the warrants issued during the year ended December 31, 2010 was estimated at \$138,632 using the Black-Scholes pricing model.

The following assumptions were used in the Black-Scholes pricing model:

2010

Risk-free interest rate	0.5%
Expected dividend yield	0%
Expected price volatility	100-150%
Expected life	1.5 - 2 years

g) Expired warrants

During the six month period ended June 30, 2011, nil warrants expired (Year ended December 31, 2010, 1,103,987 warrants expired). The value of the expired warrants has been transferred to contributed surplus (note 8c).

h) Private placement

On May 17, 2011, 5,334,740 units were issued for total proceeds of \$841,841. Of this amount, \$483,232 was attributable to common shares and \$358,609 was attributable to warrants using the black schools pricing model. Each unit consists of one common share and one common share purchase warrant. Each warrant will entitle the finder to acquire one common share of the Company at an exercise of \$0.25 per share until November 17, 2012. In conjunction with the May 17, 2011 private placement, 280,788 units were issued in lieu of a cash finders fee of \$45,314. \$26,012 of which was attributable to share capital and \$19,302 was attributable to warrants using the black schools pricing model.

The following assumptions were used in the Black-Scholes pricing model:

2011

Risk-free interest rate	1.62%
Expected dividend yield	0%
Expected price volatility	165%
Expected life	1.5 years

8 Stock options

a) Stock option plan

The Company has a stock option plan, which allows the Company to issue options to certain directors, officers, employees and consultants of the Company. Options issued under the plan shall not exceed 10% of shares issued and outstanding at the time of granting of the options. Options granted under the plan may have a maximum term of five years. The exercise price of options granted under the plan will not be less than the market price of the shares (defined as the last closing market price of the Company's shares on the last day shares are traded prior to the grant date), less

the applicable discount permitted by the rules of the Exchange. Stock options granted under the plan vest immediately subject to vesting terms, which may be imposed at the discretion of the directors.

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Stock option transactions during the six month period ended June 30, 2011 and year ended December 31, 2010, were as follows:

	June 30 2011		December 31 2010	
	Number of options	Weighted average exercise price \$	Number of options	Weighted average exercise price \$
Beginning of period/year	3,484,500	0.14	3,297,000	0.15
Issued	2,920,000	0.17	1,300,000	0.15
Exercised	(150,000)	0.09	(50,000)	0.12
Expired	-	-	(1,062,500)	0.18
Balance	<u>6,254,500</u>	<u>0.15</u>	<u>3,484,500</u>	<u>0.14</u>

As at June 30, 2011, the following share purchase options were outstanding:

Grant Date	Number of Options	Value \$	Exercise Price	Weighted Average Exercise Price	Expiry Date
January 18, 2007	73,000	-	\$0.150	\$0.150	March 30, 2012
March 28, 2007	36,500	-	\$0.150	\$0.150	March 28, 2012
February 20, 2009	825,000	36,514	\$0.090	\$0.090	February 20, 2014
July 17, 2009	300,000	22,500	\$0.100	\$0.100	July 17, 2014
August 27, 2009	1,150,000	121,900	\$0.180	\$0.140	August 27, 2014
September 1, 2010	400,000	36,572	\$0.120	\$0.120	September 1, 2015
October 4, 2010*	300,000	27,536	\$0.165	\$0.165	October 4, 2012
December 6, 2010*	250,000	31,967	\$0.215	\$0.215	December 6, 2012
April 28, 2011	2,200,000	286,000	0.17	0.17	April 28, 2016
June 13, 2011**	720,000	87,120	0.15	0.15	June 13, 2013
Balance	<u>6,254,500</u>	<u>650,109</u>		<u>\$0.15</u>	

No expense relating to stock options granted prior to 2009 have been recorded in these consolidated financial statements as the options were granted by the Company prior to the reverse takeover transaction on December 18, 2008 and the amounts were not significant.

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(Unaudited)

The following assumptions were used under the Black- Scholes options pricing model for the options granted:

	2011	2010
Risk-free interest rate	1.62%	0.50%
Expected dividend yield	0	0%
Expected price volatility	164%	100-150\$
Expected life	1.5 - 2.5 years	1.5-2.5 years

*These options vest equally over four quarters beginning in the last quarter of 2010. The total compensation cost recognized in the current six month period related to these options was \$23,531.

**These options vest equally over four quarters beginning in the second quarter of 2011. The total compensation cost recognized in the current six month period related to these options was \$43,575.

- b) Finder's option transactions for the six month period ended June 30, 2011 and the year ended December 31, 2010, were as follows:

	June 30 2011		December 31 2010	
	Number of finder's options	Weighted average exercise price \$	Number of finder's options	Weighted average exercise price \$
Beginning of period/year	1,023,457	0.22	1,383,642	0.11
Issued	-	-	442,307	0.26
Exercised	(14,850)	.06	(802,492)	0.06
Expired	-	-	-	-
Balance	1,008,607	0.22	1,023,457	0.22

Grant Date	Number of Options	Value \$	Exercise Price	Weighted Average Exercise Price	Expiry Date
August 11, 2009	196,300	30,779	\$0.06	\$0.06	August 11, 2011
December 2, 2009	370,000	94,892	\$0.25	\$0.25	Dec 2, 2011
December 30, 2010	442,307	53,082	\$0.26	\$0.26	June 30, 2012
Balance	1,023,457	178,753		\$0.22	

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c) Contributed surplus

The fair value of stock options which vest immediately, are recorded as an increase to contributed surplus upon issuance of the options. The fair value of stock options which do not vest immediately, are recorded as an increase to contributed surplus over the vesting period. On exercise of a stock option, the fair value previously recorded in contributed surplus is removed and recorded as share capital.

The following is the change in contributed surplus for the six month period ended June 30, 2011 and the year ended December 31, 2010:

	June 30, 2011	December 31, 2010
	\$	\$
Opening balance, January 1	563,989	535,351
Issuance of stock options	353,106	87,254
Issuance of finder's options	-	53,082
Exercised finder's option	(2,328)	(125,824)
Exercised stock options	(6,645)	(4,571)
Expired warrants	-	18,697
Ending balance	908,122	563,989

9 Segment reporting

The company is only involved in the exploration of minerals. Segment information is provided on the basis of geographic segments as the company manages its business through two geographic regions – Canada and the United States.

The entire loss incurred during the six month period ended June 30, 2011, was incurred in Canada.

Total assets by geography

	Canada	USA	June 30, 2011 Total
	\$	\$	\$
Total assets	4,077,588	195,831	4,273,419

10 Related party transactions

During the six month period ended June 30, 2011, the Company incurred key management compensation expenses in the amount of \$238,503 (2010-\$192,000). Of this amount, \$24,000 (2010 -\$24,000) represents costs incurred for mining exploration expenditures which were capitalized as mining properties during the

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period. The Company paid fees of \$8,270 (2010 - \$49,247) to an organization owned by a director of the Company for services received.

11 Commitments

Issuance of flow-through shares

The Company is partially financed through the issuance of flow-through shares, requiring that the Company spend the proceeds for 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 2010, the Company received \$1,249,990 following an issuance of flow-through units. During the six month period ended June 30, 2011, the Company renounced \$1,245,192 of its tax deductions relating to flow-through expenditures. The Company has until December 31, 2011 to make qualified mining exploration expenses totaling \$1,245,192.

Investor relations

The Company has entered into contracts with investor relation companies that require the Company to make monthly payments for services received. These commitments require the Company to pay the investor relation firms \$11,000 per month until October 2011 after which the payments reduce to \$6,000 per month until June 2012.

12 Financial risk factors

Fair value

The carrying value of cash and cash equivalents, receivables and trade accounts payable and accrued liabilities approximate fair value, due to their short-term nature.

Foreign exchange risk

The Company had no revenue, operating expenses, monetary assets or liabilities that were denominated in a foreign currency. Certain expenditures in respect of the Black Diamond mining property are incurred in US dollars.

Credit risk

The Company did not have any commercial customers during the periods presented and is exposed to minimal credit risk through its bank.

Interest rate risk

The Company is exposed to minimal market interest rate fluctuations with respect to its cash and cash equivalents on hand.

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Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at June 30, 2011, the Company had current assets of \$299,582 (December 31, 2010 - \$1,154,945) and current liabilities of \$457,767 (December 31, 2010 - \$711,941). As described in note 14, the Company completed a financing subsequent to the period end.

13 Comparative figures

Certain prior year comparative figures have been re-stated to conform to financial statement presentation adopted in the current period.

14 Subsequent events

On July 8, 2011, the Company completed a non-brokered private placement and raised \$770,000 through the issuance of 4,529,411 flow through units at a purchase price of \$0.17 per unit. Each unit consists of one common share and one half common share purchase warrant of the Company. Each warrant has a term of 18 months from the date of closing of the private placement and entitles the holder thereof to purchase one common share of the Company at an exercise price of \$0.25 per share. In association with the placement, the Company issued 452,941 finders options. These options are exercisable to acquire a unit of the Company at an exercise price of \$0.17, for a period of 24 months from the closing date. Each finders unit consists of one non-flow-through common share in the capital of the Company and one-half of one not-transferable common share purchase warrant. Each finders warrant entitles the holder to purchase one non-flow through common share of the Company at an exercise price of \$0.25 per share at any time on or before 18 months after the Closing date.