("an Exploration Stage Entity")

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the Six Months Ended June 30, 2018 and 2017

(Expressed in Canadian Dollars)

(Unaudited)

NOTICE OF NO REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

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

The Company's auditor has not performed a review of these condensed interim consolidated financial statements.

Trueclaim Exploration Inc.

Condensed Interim Consolidated Statements of Financial Position

(Expressed in Canadian dollars)

(Unaudited)

As at June 30, 2018 and December 31, 2017

	June 30, 2018	December 31, 2017
	$	$
Assets		
Current assets		
Cash and cash equivalents	1,736,456	2,634
Receivables	44,479	845
Prepaids	150,000	-
	1,930,935	3,479
Non-current assets		
Intangible assets (Note 3)	297,010	291,463
Total Assets	**2,227,945**	**294,942**
Liabilities		
Current liabilities		
Trade payables and accrued liabilities (Note 9)	529,376	1,294,209
Total Liabilities	529,376	1,294,209
Shareholders' Equity		
Share capital (Note 4)	9,988,865	8,861,507
Contributed surplus (Note 5(b))	2,061,805	2,061,805
Warrants (Note 4)	1,852,791	-
Accumulated deficit	(12,204,892)	(11,922,579)
Total Shareholders' Equity	1,698,569	(999,267)
Total Liabilities and Shareholders' Equity	**2,227,945**	**294,942**

Going concern (Note 1)

Commitments (Note 10)

Contingent liabilities (Note 12)

Approved by the Board of Directors

"Byron Coulthard"	"Matthew Fish"
Director	Director

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

Trueclaim Exploration Inc.

Condensed Interim Consolidated Statements of Income and Comprehensive Income

(Expressed in Canadian dollars)

(Unaudited)

For the six months ended June 30, 2018 and 2017

	Three months ended June 30, 2018	Three months ended June 30, 2017	Six months ended June 30, 2018	Six months ended June 30, 2017
	$	$	$	$
Operating Expenses				
Administrative expenses	11,589	17,353	26,311	31,842
Management and consulting fees (Note 9)	154,000	31,928	281,000	63,857
Professional fees	39,662	2,675	86,679	5,493
	205,251	51,956	393,990	101,192
Income (loss) from operations	205,251	51,956	393,990	101,192
Gain on settlement of debt	-	-	(111,675)	-
Impairment of intangible assets	-	-	-	-
Net income (loss) and comprehensive income (loss) for the period	205,251	51,956	(282,315)	101,192
Net income (loss) per share (Note 2)				
Basic	(0.01)	(0.00)	(0.02)	(0.00)
Diluted	(0.01)	(0.00)	(0.02)	(0.00)
Weighted average number of common shares - Basic	23,754,993	33,309,764	13,599,393	33,309,764
Weighted average number of common shares - Diluted	58,830,793	33,309,764	48,675,193	33,309,764

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

Trueclaim Exploration Inc. ("an Exploration Stage entity")

Condensed Interim Consolidated Statements of Changes in Equity

(Expressed in Canadian dollars)

(Unaudited)

For the six months ended June 30, 2018 and 2017

	Share Capital	Contributed Surplus	Warrants	Shares Subscribed but Not Issued	Accumulated Deficit	Total Equity
	$	$	$	$	$	$
Balance – January 1, 2017	8,861,507	2,050,930	10,875	-	(11,750,201)	(826,898)
Net income (loss) per the period	-	-	-	-	(101,192)	(101,192)
Capital stock issued	-	-	-	-	-	-
Share issuance costs	-	-	-	-	-	-
Expired warrants	-	10,875	(10,875)	-	-	-
Balance – June 30, 2017	**8,861,507**	**2,061,805**	**-**	**-**	**(11,851,402)**	**(928,090)**
Balance – January 1, 2018	**8,861,507**	**2,061,805**	**-**	**-**	**(11,922,579)**	**(999,267)**
Net income (loss) for the period	-	-	-	-	(282,315)	(282,315)
Capital stock issued	3,260,680	-	-	-	-	3,260,000
Warrants issued	(1,555,018)	-	1,555,018	-	-	-
Finders' warrants issued	-	-	297,773	-	-	297,773
Shares issue costs	(578,330)	-	-	-	-	(578,330)
Share based compensation	-	-	-	-	-	-
Expired warrants	-	-	-	-	-	-
Balance – June 30, 2018	**9,988,865**	**2,061,805**	**1,852,791**	**-**	**(12,204,892)**	**1,698,569**

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

Trueclaim Exploration Inc.

Condensed Interim Consolidated Statements of Cash Flows

(Expressed in Canadian dollars)

(Unaudited)

For the six months ended June 30, 2018 and 2017

	June 30, 2018	June 30, 2017
Cash provided by (used in):	$	$
Operating activities		
Net income (loss) and comprehensive income (loss) for the period	(282,315)	(101,192)
Share-based compensation	-	-
Gain on settlement of debt	(111,675)	-
Changes in items of non-cash working capital:		
Receivables	(43,634)	(3,674)
Prepaids	(150,000)	-
Trade payables and accrued liabilities	130,522	113,938
	(484,534)	9,072
Investing activities		
Intangible assets	(5,547)	(9,910)
	(5,547)	(9,910)
Financing activities		
Capital stock issued	2,503,999	-
Warrants issued	-	-
Share issue costs	(280,530)	-
	2,223,469	-
Increase (decrease) in cash and cash equivalents	1,733,822	(838)
Cash and cash equivalents – Beginning of period	2,634	1,324
Cash and cash equivalents – End of period	**1,736,456**	**486**
Income taxes paid	-	-
Interest paid	-	-

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

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 in Canada and the United States. 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 evaluation 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 International Financial Reporting Standards ("IFRS") 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. The financial statements do not reflect the adjustments to the carrying values of assets and liabilities, the reported revenues and expenses and balance sheet classification that would be necessary were the going concern assumption inappropriate. These adjustments could be material. During the six-month period ended June 30, 2018, the Company had a comprehensive loss of $282,315 (comprehensive loss 2017: $101,192) and as at June 30, 2018, reported a deficit of $12,204,892 (2017: $11,851,402) since its inception. These circumstances may cast 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 reporting standards applicable to a going concern. Management has continued to obtain 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 business address of its registered office is #575 – 510 Burrard Street, Vancouver, BC, V6C 3A8.

These condensed interim consolidated financial statements, as at and for the six months ended June 30, 2018, including comparatives, have been prepared in accordance with International Accounting Standards ("IAS") 34 – "Interim Financial Reporting" using accounting policies consistent with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"). Accordingly, certain information and footnote disclosure normally included in the annual financial statements prepared in accordance with IFRS, have been omitted or condensed. The consolidated financial statements were approved by the Board of Directors for issue on August 27, 2018.

2. Summary of Significant Accounting Policies and Significant Judgments and Estimates

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

Basis of measurement

The consolidated financial statements have been prepared under the historical cost basis except for certain financial instruments classified as 'fair value through profit and loss' ("FVTPL") which have been measured at fair value. The comparative figures presented in these condensed interim consolidated financial statements are in accordance with IFRS.

All amounts are expressed in Canadian dollars, which is also the functional currency of the Company and its subsidiary.

Consolidation

The financial statements of the Company consolidate the accounts of Trueclaim Exploration Inc. and its wholly owned subsidiaries, Trueclaim Resources Inc. and Northern Skye Resources Ltd. 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.

Impairment

If there is objective evidence that an impairment loss on assets carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is then reduced by the amount of the impairment. The amount of the loss is recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent that the carrying value of the asset does not exceed what the amortized cost would have been had the impairment not been recognized. Any subsequent reversal of an impairment loss is recognized in profit or loss.

2. Summary of Significant Accounting Policies and Significant Judgments and Estimates (Continued)

Impairment (Continued)

In relation to receivables, a provision for impairment is made and an impairment loss is recognized in income when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Company will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are written off against the allowance account when they are assessed as uncollectible.

Intangible assets

The Company records its interests in mining properties and areas of geological interest at cost as intangible assets in the consolidated statements of financial position. Each individual mining property is defined as a cash generating unit. Exploration and evaluation 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 period ended June 30, 2018, $5,547 (December 31, 2017 – $37,137) of costs were incurred for exploration, evaluation and acquisitions of mining properties. Management reviews the carrying values of intangible assets 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 fair value of the tax benefit received by the subscriber 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.

2. Summary of Significant Accounting Policies and Significant Judgments and Estimates (Continued)

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 statements of loss and comprehensive loss 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.

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 consolidated 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 statement of financial position 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 statements of comprehensive loss, 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.

2. Summary of Significant Accounting Policies and Significant Judgments and Estimates (Continued)

Income (loss) per share

The basic income (loss) per share is computed by dividing the net income (loss) by the weighted average number of common shares outstanding during the period. The diluted income (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 year ended December 31, 2017, all of the outstanding stock options and warrants were anti-dilutive. During the period ended March 31, 2018, the stock options were not in the money and therefore were not dilutive.

Share capital

Share-based compensation

Employees (including directors and senior executives) of the Company receive a portion of their remuneration in the form of share-based payment transactions, whereby they render services as consideration for equity instruments. These amounts are recorded at the fair value of the equity instrument granted.

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 these consolidated 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 fair value of share-based payments to non-employees and impairment testing of the Company's intangible assets, and taxes.

Financial instruments

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

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.

Held-to-maturity investments are recognized on a trade-date basis and are initially measured at fair value, including the transaction costs. They are subsequently measured at amortized cost using the effective interest rate method. The Company does not have any held-to-maturity investments.

2. Summary of Significant Accounting Policies and Significant Judgments and Estimates (Continued)

Financial assets classified as available for sale are measured at fair value with gains and losses recognized through a reserve in other comprehensive income.

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. Subsequently, loans and receivables are measured at amortized cost using the effective interest rate method less a provision for impairment. The Company's receivables are classified as loans and receivables.

The Company's financial liabilities consist of trade payables and accrued liabilities. These financial liabilities are initially recognized at the amount required to be paid, less, when material, a discount to reduce the liabilities to fair value. Subsequently, trade payables and accrued liabilities are measured at amortized cost.

Accounting standards issued but not yet effective

Financial instruments

IFRS 9 'Financial Instruments: Classification and Measurement' - replaces the guidance on classification and measurement of financial instruments in IAS 39 - Financial Instruments - Recognition and Measurement. The new standard requires a consistent approach to the classification of financial assets and replaces the numerous categories of financial assets in IAS 39 with two categories, measured at either amortized cost or at fair value. For financial liabilities, the standard retains most of the IAS 39 requirements, but where the fair value option is taken, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The new standard (a) no longer requires the use of a specific quantitative threshold to determine if the hedging relationship is highly effective in order to qualify for hedge accounting; (b) removes restrictions that prevented some economically rational hedging strategies from qualifying for hedge accounting; and (c) allows purchased options, forwards and non-derivative financial instruments to be hedging instruments in applicable circumstances.

The standard was adopted on January 1, 2018 and was applied retrospectively with the exception of the general hedging phase which is applied prospectively. There is no impact of adopting IFRS 9 on the Company other than some additional disclosure requirements in its financial statements.

Leases

In January 2016, the IASB issued IFRS 16 – "Leases" ("IFRS 16"), which replaces IAS 17 – "Leases", and its associated interpretative guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting remains similar to current accounting practice. The standard is effective for annual periods beginning on or after January 1, 2019, with early application permitted for entities that apply IFRS 15. The Company is currently evaluating the impact the final standard is expected to have on its consolidated financial statements.

(Expressed in Canadian dollars)

3. Intangible Assets

	Mineral Properties
Cost	**$**
As at January 1, 2017	6,296,417
Additions	37,137
Disposals	-
As at December 31, 2017	6,333,554
Additions	5,547
Disposals	-
As at June 30, 2018	**6,339,101**
Impairment	
As at January 1, 2017	(6,042,091)
Impairment for the year	-
As at December 31, 2017	(6,042,091)
Impairment for the year	-
As at June 30, 2018	**(6,042,091)**
Net book value	
As at December 31, 2017	**291,463**
As at June 30, 2018	**297,010**

Mineral Properties	**June 30, 2018**	**December 31, 2017**
	$	**$**
Scadding Area mining properties	205,324	205,324
Black Diamond mining property	45,000	45,000
Berry-Desboues Township mining property	29,780	26,733
Hebecourt Township mining property	16,906	14,406
	297,010	**291,463**

3. Intangible Assets (Continued)

Scadding Area Mining Properties

The Company has interests 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 year ended December 31, 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 year ended December 31, 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 year ended December 31, 2011 and 200,000 common shares at or before January 16, 2012, which were issued on February 9, 2012.

3. Intangible Assets (Continued)

Scadding Area Mining Properties (Continued)

The Company issued 10,000 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 70,000 common shares in the following installments; 20,000 common shares at or before July 23, 2011, 20,000 common shares at or before July 23, 2012 and 30,000 common shares at or before July 23, 2013. Only the first installment of shares was issued during the year ended December 31, 2011. The second and final installments of shares were issued during the year ended December 31, 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. Only the first installment of cash payment was made during the year ended December 31, 2011.

3. The Company determined that this option agreement was technically in default. The Company has obtained confirmation from the Optionor that they will continue to keep the Company's optioned interest on the property in good standing until the Company has raised sufficient funds to continue with the exploration program of the property.

On March 31, 2014, the Company entered into a definitive joint venture agreement ("Joint Venture Agreement") with a private company, Shoreline Resource Management Inc. ("SRMI") to further the reprocessing of tailings on and at the Scadding tailings impoundment area ("Scadding Tailings Project"). The agreement provides that SRMI will fund the development, process equipment, and operation of the project and the Company will be entitled to 40% of the net profit from the proceeds. The Scadding Tailings Project consists of all the tailings from the past producing Scadding Mine and the Norstar Mine located approximately 50 kilometers from Sudbury, Ontario in the Scadding Township. This Joint Venture Agreement is strictly limited to the reprocessing of tailings in the area. This agreement between SRMI and the Company will become null and void if financing for this Scadding Tailings Project is not obtained within 120 days and the schedule can only be extended with written consent from the Company. SRMI is in default with this agreement and the Company has agreed that this agreement is in good standing until SRMI has raised sufficient funds to continue with the reprocessing program.

In 2016, the Company entered into a joint venture agreement with Northern Sphere Mining Corp. ("NSM") for a joint venture project on the Company's Scadding property. Under the terms of the agreement, Northern Sphere has earned an 80% interest in the Property and has paid Trueclaim $75,000. Northern Sphere has the right to earn up to a 90% interest in the Property by developing the Property into gold production. Northern Sphere may purchase the remaining 10% interest for a purchase price of $2,000,000. As result of disposing 80% in the Scadding property, the Company recognized an impairment loss of $4,654,489 on the remaining 20% interest of the property in the year 2016.

3. Intangible Assets (Continued)

Black Diamond Mining Property

The Company has an option to acquire 100% working 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 completing a series of payment requirements 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 60,000 common shares in the following installments: 20,000 on or before May 19, 2011, 20,000 on or before May 19, 2012 and 20,000 on or before May 19, 2013. Only the first installment of shares was issued during the year ended December 31, 2011. The second and final installments of shares were issued during the year ended December 31, 2013.

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 two installments were made for a total of $125,000 USD during the year ended December 31, 2011. During the year ended December 31, 2012, a further $56,000 USD cash payment was made. During the year ended December 31, 2013, cash payments of $99,000 USD and $22,500 CAD was made.

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. As at December 31, 2013, the Company has incurred exploration costs of $536,589.

4. As of December 31, 2013, the Company was in default of this option agreement. On January 24, 2014, the Company entered into an addendum to the option agreement to waive the default and to confirm that the provisions of the option agreement remains in full force and effect by issuing 100,000 common shares of the Company to the Optionor. The addendum also extends the deadline for certain payments and the incurrence of certain exploration expenditures under the option agreement to May 19, 2015.

On July 1, 2015, the Company entered into a joint venture agreement with Northern Sphere Mining Corp. ("NSM"). The Company received $180,000 in consideration for an 80% interest in the Black Diamond Property. NSM will bring the mine into silver production and take over all commitments going forward on this property. As a result of the joint venture, the Company recognized a loss on the sale of the property of $823,463 and an impairment loss of $446,640 on the remaining 20% interest of the property.

3. Intangible Assets (Continued)

Berry-Desboues and Hebecourt Mining Properties

The Company has renewed the option agreements in September 2017 for the Berry-Desboues and Hebecourt mining properties in Quebec with the Optionor and the Company is required to fulfill the following:

Berry Desboues Mining Property

1. The Company must issue 300,000 common shares to the optionor on or before September 29, 2021;
2. The Company must make additional cash payments of $190,000 CAD to the optionor on or before September 29, 2021; and
3. The Company must incur an aggregate of $800,000 CAD in mineral exploration costs on or before September 29, 2021.

Hebecourt Mining Property

1. The Company must issue 300,000 common shares to the optionor on or before September 29, 2021;
2. The Company must make additional cash payments of $90,000 CDN to the optionor on or before September 29, 2021; and
3. The Company must incur an aggregate of $475,000 CDN in mineral exploration costs on or before September 29, 2021;

These option agreements for these two mining properties are in good standing as at June 30, 2018.

(Expressed in Canadian dollars)

4. Capital Stock

Authorized

Unlimited number of common shares without par value

Issued

		June 30, 2018		December 31, 2017	
Common Shares	**Note**	**Number**	**Amount ($)**	**Number**	**Amount ($)**
Beginning of year		3,330,953	8,861,507	3,330,953	8,861,507
Common shares issued	4a	32,606,800	1,705,661	-	-
Share issue costs	4c	-	(578,303)	-	-
Balance		**35,937,753**	**9,988,865**	**3,330,953**	**8,861,507**

		June 30, 2018		December 31, 2017	
Warrants	**Note**	**Number**	**Amount ($)**	**Number**	**Amount ($)**
Beginning of year		-	-	500,000	10,875
Warrants expired	4b	-	-	(500,000)	(10,875)
Warrants issued	4b	32,606,280	1,555,018	-	-
Finders' warrants issued	4b	2,369,000	297,773	-	-
Balance		**34,975,280**	**1,852,791**	**-**	**-**

a) Common Shares

(i) On October 19, 2017, the Company's common shares were consolidated on a 10-1 basis whereby the issued and outstanding common shares decreased from 33,309,764 to 3,330,953. The TSXV approved the share consolidation and the common shares commenced trading with a new CUSIP number of October 20, 2017.

(ii) On May 4, 2018, the Company completed a non-brokered private placement (the "Financing") by issuing 32,606,800 units ("Units") at a price of $0.10 per Unit for gross proceeds of $3,260,680. Each Unit consists of one common share and one common share purchase warrant ("Warrant"), with each Warrant being exercisable to acquire one common share of the Company at a price of $0.12 until May 3, 2023, subject to a hold period expiring on September 4, 2018. The Company intends to use the net proceeds of the Financing for general corporate purposes.

4. Capital Stock

a) Capital Stock (Continued)

The fair value of the warrants was $1,555,018 and calculated using the Black Scholes option pricing model with the following assumptions: (i) dividend yield of 0%; (ii) expected volatility of 144.1556%; (iii) risk free rate of 1.71%; and (iv) with an expected life of 5.0 years; (v) share price of $0.16.

As at total of 7,566,800 common shares with a gross value of $756,680 raised in the private placement financing were issued to settle certain debt of the Company included in accounts payable and accrued liabilities

(iii) In connection with the Financing, the Company paid $236,900 and issued 2,369,000 finder's warrants ("Finder's Warrants") to eligible finders. Each Finder Warrant entitles the holder thereof to acquire one common share of the Company at a price of $0.12 per share until May 3, 2023, subject to a hold period expiring on September 4, 2018.

b) Warrants

(i) During the year ended December 31, 2017, a total of 500,000 warrants expired. The value of the expired warrants of $10,875 has been transferred to contributed surplus.

(ii) On May 4, 2018, in connection with the Private Placement Financing, the Company issued a total of 32,606,800 common share purchase warrants ("Warrant"), with each Warrant being exercisable to acquire one common share of the Company at a price of $0.12 until May 3, 2023, subject to a hold period expiring on September 4, 2018. The fair value of the warrants issued was $1,555,018 and was calculated using the Black Scholes option pricing model.

(iii) In connection with the Financing, the Company issued 2,369,000 finder's warrants ("Finders' Warrants") to eligible finders. Each Finders' Warrant entitles the holder thereof to acquire one common share of the Company at a price of $0.12 per share until May 3, 2023, subject to a hold period expiring on September 4, 2018. The fair value of the finders' warrants was $297,773 calculated using the Black Scholes pricing model.

c) Share issue costs

The Company incurred share issue costs totaling $578,303 with respect to the issuance of the Units for the aggregate proceeds of $3,260,680 of the private placement financing completed on May 4, 2018.

(Expressed in Canadian dollars)

5. 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.

During the year ended December 31, 2016, 2,300,000 stock options were granted at an exercise price of $0.05 (pre-consolidation) over 5 years. Shares based compensation of $30,926 was calculated using the Black-Scholes model with assumptions of volatility of 168%, risk-free interest rate of 0.61%, dividend rate of 0%, and market price of $0.015. These stock options expire on March 31, 2021. During the year ended December 31, 2017, a total of 130,000 (pre-consolidation: 1,300,000) stock options expired. On October 19, 2017, the Company's issued and outstanding common shares were consolidated on a 10-1 basis, and as a result the outstanding stock option outstanding are adjusted on a 10: 1 basis similarly as well.

There were no stock option transactions during the period ended June 30, 2018.

	June 30, 2018		December 31, 2017	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
		$		$
Beginning of period	100,000	0.50	230,000	0.50
Issued	-	-	-	-
Exercised	-	-	-	-
Expired	-	-	(130,000)	-
Balance - end of period	100,000	0.50	100,000	0.50

b) Contributed surplus

The fair value of stock options that vest immediately are recorded as an increase to contributed surplus upon issuance of the options. The fair value of stock options that 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.

(Expressed in Canadian dollars)

5. Stock Options (Continued)

b) Contributed surplus (Continued)

The following is the change in contributed surplus for the period ended June 30, 2018 and the year ended December 31, 2017:

	June 30, 2018	December 31, 2017
	$	$
Opening balance, January 1	2,061,805	2,050,930
Issuance of stock options	-	-
Issuance of finders' options	-	-
Exercised stock options	-	-
Exercised finders' options	-	-
Expired warrants	-	10,875
Ending balance	**2,061,805**	**2,061,805**

6. Financial Instruments

Fair values

The fair values of financial assets and liabilities included in the statements of financial position are as follows:

	June 30, 2018	December 31, 2017
	$	$
Cash and cash equivalents (Level 1)	1,736,456	2,634
Receivables	44,479	845
Prepaids	150,000	-
Trade payables and accrued liabilities	(529,376)	(1,294,209)

Fair value represents the price at which a financial instrument could be exchanged in an orderly market, in an arm's length transaction between knowledgeable and willing parties who are under no compulsion to act. The Company classifies the fair value of the financial instruments according to the following hierarchy based on the observable inputs used to value the instrument:

- Level 1 – inputs to the valuation methodology are quoted prices unadjusted for identical assets or liabilities in active markets.
- Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset of liability either directly (as prices) or indirectly (i.e. derived from prices).
- Level 3 – inputs to the valuation model are not based on observable market data.

6. Financial Instruments (Continued)

Fair values (Continued)

Fair value measurements are classified in the fair value hierarchy based on the lowest level input that is significant to that fair value measurement. This assessment requires judgment considering factors specific to an asset or liability and may affect placement within the fair value hierarchy.

The carrying value of cash and cash equivalents, receivables, and trade payable and accrued liabilities approximate fair value due to their short-term nature. The Company does not have any non-recurring fair value measurements.

7. Financial Risk Factors

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.

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, 2018, the Company had current assets of $1,930,935 (December 31, 2017 - $3,479) and current liabilities of $529,376 (December 31, 2017 - $1,294,209). During the period, the Company raised gross aggregate proceeds of $3,260,680 in capital financing to sustain its operations (See Note 4).

(Expressed in Canadian dollars)

8. Segment Reporting

The Company is only involved in the business of 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 of America.

Total assets by geography:

			June 30, 2018
	Canada	**USA**	**Total**
	$	**$**	**$**
Total assets	2,182,945	45,000	**2,227,945**

Total assets by geography:

			December 31, 2017
	Canada	**USA**	**Total**
	$	**$**	**$**
Total assets	249,942	45,000	**294,942**

9. Related Party Transactions

During the six-month period ended June 30, 2018, the Company incurred key management compensation expenses in the amount of $38,000 (June 30, 2017 - $63,857).

During the six-month period ended June 30, 2018, the Company incurred legal services provided by a Director in the amount of $20,000 (June 30, 2017 - $nil).

The above related party transactions were conducted in the normal course of business and were measured at the agreed to amounts which were agreed by the related parties.

As at June 30, 2018, the Company's trade payable and accrued payable balances included $14,782 (June 30, 2017 - $333,846) payable to related parties.

10. 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.

Issuance of flow-through shares (Continued)

During the year ended December 31, 2011, the Company received $770,000 following an issuance of flow-through units and renounced $769,547 of its tax deductions relating to flow-through expenditures. The Company had until December 31, 2012 to make qualified mining exploration expenses totaling $769,547 and incurred $240,796 of qualifying expenditures. As at June 30, 2018, the Company had accrued $410,693 for penalties, interest and shareholder indemnities relating to the unspent flow through amounts and for the period ended as at June 30, 2018 recorded interest of $8,052 (December 31, 2017 - $32,211).

11. Capital Management

The Company manages its capital to safeguard the Company's ability to continue as a going concern, so that it can continue to provide adequate returns to shareholders and benefits to other stakeholders, and to have sufficient funds on hand for business opportunities as they arise.

The Company considers the items included in share capital as capital. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company many issue new shares, through short-form prospectuses, private placements, sell assets, incur debt, or return capital to shareholders. As at June 30, 2018, the Company is not subject to externally imposed capital requirements.

12. Contingent Liabilities

Mineral Properties

The Company has certain commitments with respect to its mineral properties located in Canada and in the USA, which are described in detail in Note 3 Intangible Assets.

Leases

As at June 30, 2018 the Company is not committed to any other operating leases or long-term lease obligations related to its business operations at this time except as disclosed herein.