



## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**For the Nine Months Ended**

**September 30, 2018**

# **TRUECLAIM EXPLORATION INC.**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018**

*The following is Management's Discussion and Analysis ("MD&A") of the financial condition and results of operations for Trueclaim Exploration Inc. ("the Company" or "TRM") for the period ended September 30, 2018. It has been prepared as of November 28, 2018 and includes financial and other information up to the date of this report. The MD&A should be read in conjunction with the unaudited condensed interim consolidated financial statements and notes thereto of the Company for period ended September 30, 2018. The disclosure contained in these condensed interim consolidated financial statements for the period ended September 30, 2018 does not include all the requirements in IAS 1 Presentation of Financial Statements ("IAS 1"). Accordingly, these condensed interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2017. All dollar amounts are expressed in Canadian dollars.*

*The Company's MD&A contains forward-looking statements such as the Company's future plans, objectives and goals. All statements, other than statements of historical fact, included herein, including without limitation, statements regarding potential mineralization and resources, exploration and development results and future plans and objectives of Trueclaim Exploration Inc. are forward-looking statements that involve various risks and uncertainties. There can be no assurance that such statements will prove to be accurate and actual results and future events could differ materially from those anticipated in such statements. Readers are cautioned not to place undue reliance on these forward-looking statements and information. Except as required under securities legislation, the Company does not undertake to update or re-issue the forward-looking statements and information that may be contained herein, whether as a result of new information, future events or otherwise.*

### **Description of the Business**

Trueclaim Exploration Inc. ("Trueclaim") is a mineral exploration company, engaged in the acquisition, exploration and development of precious and base metals properties in strategically located areas, with long history of mining, currently within Ontario, with the Scadding Property Mine, and in Arizona, with the Gila County Property. The Company is a public company which is listed on the TSX Venture Exchange (symbol "TRM"). Common shares of the Company also trade on the OTCQX marketplace.

Starting with the former gold-producing Scadding Mine, located in the Sudbury, Ontario area, Trueclaim has optioned, staked and purchased mineral exploration rights for approximately 14,500 hectares (35,800 acres) in the East Wanapitei Area. The Scadding Township and Davis Township area has more gold occurrences than any other similar sized area in the Sudbury District and Trueclaim now holds the largest land position in this area.

Another property of Trueclaim is the Gila County Property, located in Gila County, Arizona, U.S.A. Trueclaim has entered into an option agreement with Black Diamond Exploration Inc. ("Black Diamond"), in Claypoole, Arizona, to acquire 100% of the 127 claims owned by Black Diamond representing approximately 2,500 acres.

## **Description of the Business (Continued)**

The claims area is located in and around an area known as the Richmond Basin in the Apache Mountains of Gila County, located approximately 100 miles east of Phoenix, Arizona.

The property includes the former McMorris mine and the Silver Seven mine, as well as several other smaller mines. The area is readily accessible by year-round roads and has extensive nearby local mining infrastructure.

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

On March 30, 2007, the Company was classified as a capital pool corporation (“CPC”) as defined by Policy 2.4 of the TSX Venture Exchange (the “TSX-V”).

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

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

The address of the Company’s registered office is #575 – 510 Burrard Street, Vancouver, BC, V6C 3A8.

## **Overview of Business**

The junior mining industry is faced with many tough economic challenges but Trueclaim Exploration Inc. continued to move in the right direction in the year.

The Company, through its joint venture with Northern Sphere Mining, is making significant progress on the Buckeye Mine in Arizona as it has now completed nine holes to test below the historical underground workings that can play host to high-grade silver mineralization. This is both an encouraging and a significant step towards developing the Buckeye Mine.

In addition, the Company has received the necessary permits to commence diamond drilling on its Scadding Gold Project located near Sudbury, Ontario. The Company are continually exploring financing opportunities, including other potential joint venture partners, to initiate and fund drilling for all of the Company's properties.

## **Current Developments**

### **SALE AND TERMINATION OF MINING PROPERTIES**

#### **Sale of the Scadding Area Mining Properties and Black Diamond Mining Property**

On September 13, 2018, the Company entered into a purchase and sale agreement with Northern Sphere Mining Corp. with the Company's Scadding Area mineral properties. Under the terms of the agreement, Northern Sphere acquired the remaining 20% interest in the Scadding Area Properties held by the Company for \$nil proceeds. Trueclaim will no longer be subject to any commitments going forward with respect to the Scadding Area mineral properties.

On September 13, 2018, the Company entered into a purchase and sale agreement with Northern Sphere Mining Corp. with the Company's Black Diamond mineral property. Under the terms of the agreement, Northern Sphere acquired the remaining 20% interest in the Black Diamond Property held by the Company for \$nil proceeds. Trueclaim will no longer be subject to any commitments going forward with respect to the Black Diamond mineral property.

As result of disposing its interests in the Scadding Area mineral properties and its interests in the Black Diamond mineral property, the Company recognized a loss of \$26,445 on the remaining 20% interests in these mineral properties during the period.

#### **Termination of Berry Desboues Property and Hebecourt Property Option Agreements**

Effective September 28, 2018, the Company terminated the Option Agreements with Frank Tagliamonte for the Berry Desboues Property and the Hebecourt Property which are located in Quebec, Canada. The Company's subsidiary Northern Skye Resources Ltd., transferred all the mining claims for the Berry Desboues and Hebecourt properties to Frank Tagliamonte and therefore, the Company will no longer be subject to any commitments going forward with respect to these two mineral properties. As a result of the termination of the Option Agreements and transfer of the mining claims, the Company recognized a loss on the disposition of these mineral properties of \$56,977 during the period.

## Financing

On May 4, 2018, the Company announced that it has closed a \$3.26 million non-brokered private placement (the “Financing”) whereby the Company issued 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. 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 a common share of the Company at a price of \$0.12 per share until May 3, 2023. All of the securities issued in connection with the Financing are 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.

## New Officers and Directors

On September 28, 2017, the Company announced the resignations of Troy Nikolai and Brian Larsen from the Board of Directors who are leaving to pursue other business opportunities. The Company also announced the appointment of Gary Sugar, and Larry Bleau to the Board of Directors. On October 23, 2017, the Company announced the appointment of Ron Wortel to the Board of Directors of the Company, the appointment of Dan Fuoco as Chief Financial Officer, and the appointment of Gary Sugar as corporate secretary of the Company.

On January 17, 2018, Gary Sugar resigned his position as a Director of the Trueclaim and as the corporate secretary of the Company. On April 5, 2018, Trueclaim announced the appointment of Matthew Fish as a Director of the Company and announced the resignation of Gerry Lefevre as a Director of the Company. On May 16, 2018, the Company announced that Pritpal Singh was appointed as a Director of the Company. The Company also announced the resignation of Larry Bleau as a Director of the Company. On July 18, 2018, the Company announced that Anthony Viele was appointed as a Director of the Company. The Company also announced the resignation of Ron Wortel as a Director of the Company.

## Share Consolidation

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 TSX Venture Exchange approved the share consolidation and the common shares commenced trading with a new CUSIP number of October 20, 2017.

## Annual General Meeting

Trueclaim Exploration Inc. held its annual general and special meeting (the “Meeting”) on Thursday, February 15, 2018, at the hour of 10:00 a.m. Toronto time at 8 Wellington Street East, Mezzanine Level, Toronto, Ontario, M5E 1C5. At the Meeting, Byron Coulthard, Gerry Lefevre, Larry Bleau and Ron Wortel were elected as Directors of the Company to hold office until the next annual general meeting of the Company, or until such time as their successors are duly elected or appointed in accordance with the Company’s constating documents. In addition, the Company’s 2014 Stock Option Plan, as described in the Management Information Circular was approved by the shareholders of the Company.

## Appointment of Auditor

The Board of Directors appointed MNP LLP as auditor of the Company, effective January 15, 2018, to hold office until the next annual meeting of shareholders of the Company. The appointment of MNP LLP was approved by the Board after considering the recommendation for approval by the Audit Committee. Anthony Chan & Company LLP resigned as auditor of Trueclaim on its own initiative effective January 15, 2018.

## **OTHER UPDATES AND ANNOUNCEMENTS ON ITS MINING PROPERTIES**

### May 30, 2017 - TRUECLAIM ANNOUNCES CORPORATE UPDATE ON ITS SCADDING PROJECT JOINT VENTURE WITH NORTHERN SPHERE MINING CORP.

Trueclaim announced the following corporate update on its Scadding Project in Ontario with Northern Sphere Mining Corp. Northern Sphere Mining Corp announced it will be initiating diamond drill program during its third quarter on its Scadding Property located near Sudbury, Ontario (the "Property"). The Company expects to initially drill up to 5,000 metres. The Property was last drilled from 2009-2011 with impressive results. Table 1 and Figure 2 highlights some of the drilling conducted during this period. Northern Sphere has earned an 80% interest in the Property and has the right to earn up to a 90% interest, with an option to purchase the remaining 10% interest. The Property, located within the Sudbury Mining District, is accessible by an all-season road and is serviced by three phase power. The site is part of Northern Sphere's 40,000-acre option ground which is located on a regional scale at the junction of two major structural trends.

### June 14, 2017 - TRUECLAIM ANNOUNCES CORPORATE UPDATE ON ITS BLACK DIAMOND PROPERTY JOINT VENTURE WITH NORTHERN SPHERE MINING CORP.

Trueclaim announced the following corporate update on its Black Diamond property in Arizona. Northern Sphere Mining Corp., who has an 80-20 joint venture with Trueclaim, has initiated a geochemical survey on the Black Diamond property located adjacent to Freeport McMoran-BHP's open pit copper project in Miami, Ariz. In addition, Northern Sphere has contracted Godbe Drilling LLC of Wilcox, Arizona to complete a 4,000 ft. surface diamond drill program on its patented Buckeye Property located within the Black Diamond Property. The Buckeye Silver Mine, located on the Buckeye Property lies within the Black Diamond Property, is a narrow vein, high grade underground mine which has been re-accessed recently by a portal and decline. The Buckeye Silver Mine drill program will test the reported high-grade silver mineralization peripheral to the historical underground silver workings.

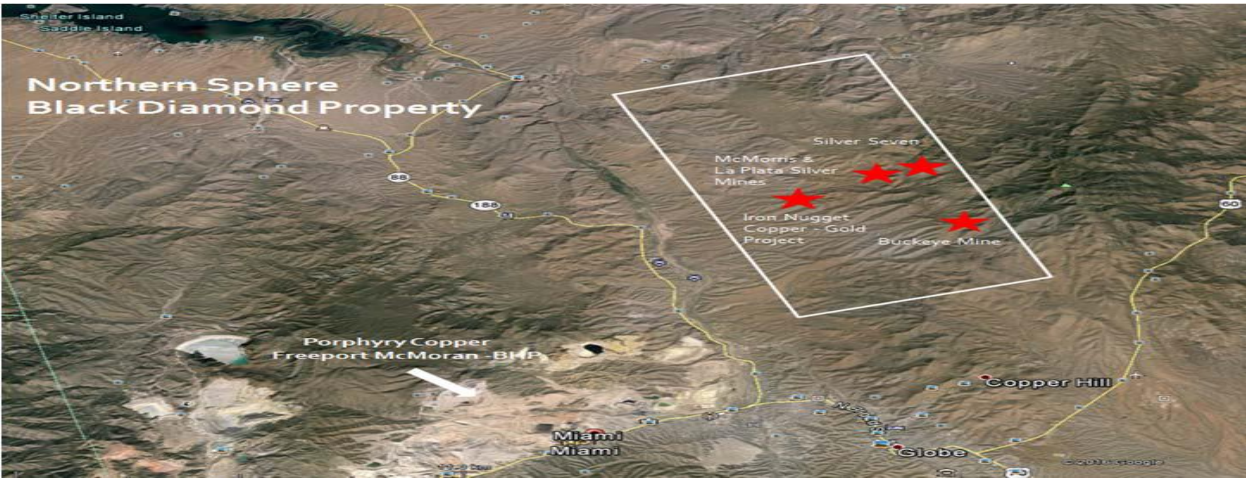
Systematic rock-chip channel samples were taken perpendicular to the strike at the "Square Nail Shaft" mineralized structure ("Buckeye Structure") in February 2017. Located at the western boundary of the patent, channel samples yielded silver grades of 38.2 ounces per tonne (opt) over 0.8 ft., 12.2 opt over 3.0 ft., and 4.0 opt over 5.0 ft. The mineralization is on strike with the Buckeye Structure, which had grab samples selectively taken within the mineralized structure and therefore are not necessarily representative of the entire mineralization, yielding assays of 227.4 opt, 22.7 opt and 88.7 opt. These samples were collected where the central portal intersected at the bottom of the decline. Northern Sphere has a fully serviced site office with 24-hour security, a core processing facility, mobile equipment compound, stockpile pad and an evaporation pond. Northern Sphere intends to rehabilitate and reaccess the underground mineralized zones to make additional mineralogical assessments. The Black Diamond Property has multiple prospective minerals, including past producing silver mines such as the McMorris-La Plata Mine, Jumbo Mine, Silver Sevens Mine, along with reported near surface large scale silver-gold prospects. These prospects are being reviewed with some of such prospects incorporated into the current Geochemical Survey.

**July 26, 2017 - TRUECLAIM ANNOUNCES CORPORATE UPDATE ON ITS SCADDING GOLD PROJECT JOINT VENTURE WITH NORTHERN SPHERE MINING CORP.**

Trueclaim announced the following corporate update on its Scadding Gold Project in Sudbury, Ontario. Northern Sphere Mining Corp. who has an 80-20 joint venture with Trueclaim announced it has received the necessary permits to commence diamond drilling on its Scadding Gold Project located near Sudbury, Ontario. Following the successful completion of its First Nations Consultation and Public Review, the Company has received its Exploration Permit from the Ministry of Northern Development and Mines. The Company has contracted Wolf Mountain Drilling to diamond drill its previously announced Scadding Gold Project. The Scadding Gold Project, located within the Sudbury Mining District, is accessible by a serviced, all-season road. The site is part of Northern Sphere’s 40,000-acre option ground in which Northern Sphere has earned an 80% interest with a right to earn up to a 90% interest, and an option to purchase the remaining 10% interest.

**August 1, 2017 - TRUECLAIM ANNOUNCES CORPORATE UPDATE ON ITS BUCKEYE PATENT PROPERTY JOINT VENTURE WITH NORTHERN SPHERE MINING CORP.**

Trueclaim announced the following corporate update on its Buckeye Property in Arizona. Northern Sphere Mining Corp. provides an update on its ongoing diamond drill program at its patented Buckeye Property, located adjacent to Freeport McMoran-BHP’s open pit copper project in Miami, Arizona.



**Satellite Image of Northern Sphere Mining’s Arizona Option Claims**

The Company has completed nine (9) holes, testing the major structure, below the historical underground workings that can play host to high-grade silver mineralization. The drilling intersected the host structure on all 9 holes, all exhibiting pervasive alteration and mineralization. The Company has moved forward and is expanding the program. Additional holes will target areas below the surface sampling completed in February 2017 where systematic rock-chip channel samples taken perpendicular to the strike of the mineralized structure, yielded silver grades of 38.2 ounces per tonne (opt) over 0.8 ft., 12.2 opt over 3.0 ft., and 4.0 opt over 5.0 ft. The mineralization is on strike with the historic Buckeye Structure, which had grab samples selectively taken within the mineralized structure (and may not be representative of the entire mineralization), yielding assays of 227.4 opt, 22.7 opt and 88.7 opt. These samples were collected where the central portal re-accessed the historical working at the bottom of the decline. Laboratory analysis for the first (9) nine holes are expected to be completed during the month of August.

OCTOBER 11, 2017 - TRUECLAIM ANNOUNCES CORPORATE UPDATE ON ITS BUCKEYE PATENT PROPERTY JOINT VENTURE WITH NORTHERN SPHERE MINING CORP.

Trueclaim provided the following corporate update on its Buckeye Property in Arizona and to provide details on recent diamond drilling completed on its patented Buckeye Project.

Northern Sphere Mining Corp. assays 344 grams Silver in addition to elevated Copper, Nickel, Cobalt and Zinc from soil Geochem Survey at its Arizona Property.

Northern Sphere Mining Corp. provided an update on its Geochemical Survey being conducted on its Black Diamond Property, located next to Freeport McMoRan’s open pit copper mines, and to provide details on recent diamond drilling completed on its patented Buckeye Project.

**Figure 1: Miami-Globe, Arizona – Northern Sphere’s Black Diamond Property**



In efforts to unlock the potential of its Black Diamond Property, which borders the Porphyry Copper Mining District in Miami, Arizona, Northern Sphere has undertaken an intensive Geochemical Soil Survey over its 3,800-acre property culminating with a 35 Element Aqua Regia ICP-AES analysis. In addition to using geochemical surveys and geologic, geophysical and outcrop sampling data, Northern Sphere is now employing “cutting-edge” Exploration Targeting Technologies to better and more precisely identify drilling targets. Such technologies use Hyperspectral Satellite Imaging in conjunction with ground geochemical data to re-compute existing geophysical survey data to depict more precise 3D signal locations.



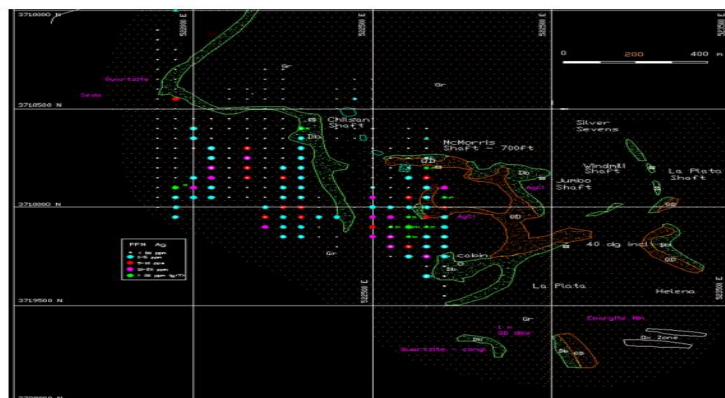
**Figure 2: Black Diamond Property - Satellite View**



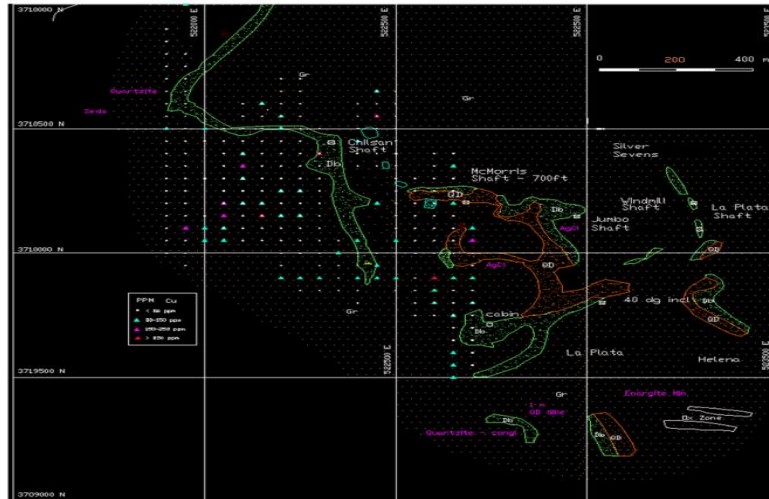
Preliminary results from the first 250 geochemical samples analyzed are extremely encouraging. The strategic soil survey, which began near the historic McMorris and La Plata Silver Mines, demonstrated anomalous copper, zinc, and nickel values along with significantly anomalous (up to 344 g/t) silver values (see Figures 4 & 5). More than one third of the first 250 samples taken had silver values greater than 1 g/t (see Figure 3). Ten percent of the 250 samples yielded silver values greater than 10 g/t. A second set of 224 geochemical samples has been collected and shipped to ALS Laboratories for analysis.

During October, Northern Sphere personnel is focusing on geochemical grid sampling efforts on the documented copper anomalies located on the Black Diamond Property. An area of particular interest to Northern Sphere is a documented iron-copper-gold showing which had a Permit to Drill previously submitted to the Forestry Department.

**Figure 3: Geochemical Soil Survey – Silver (Ag)**



**Figure 4: Geochemical Soil Survey – Copper (Cu)**



**Buckeye Patent – Diamond Drilling**

Over the summer, Northern Sphere drilled 14 surface diamond drill holes on its patented Buckeye Project. The drilling targeted structures similar to those which apparently hosted sufficient quantities of silver to warrant extraction from the historic Buckeye Mine.

The drilling was successful in identifying anomalous silver values below several documented high-grade surface and underground showings. The drilling yielded anomalous silver below both the “Square Nail” shaft, and the former Buckeye Mine.

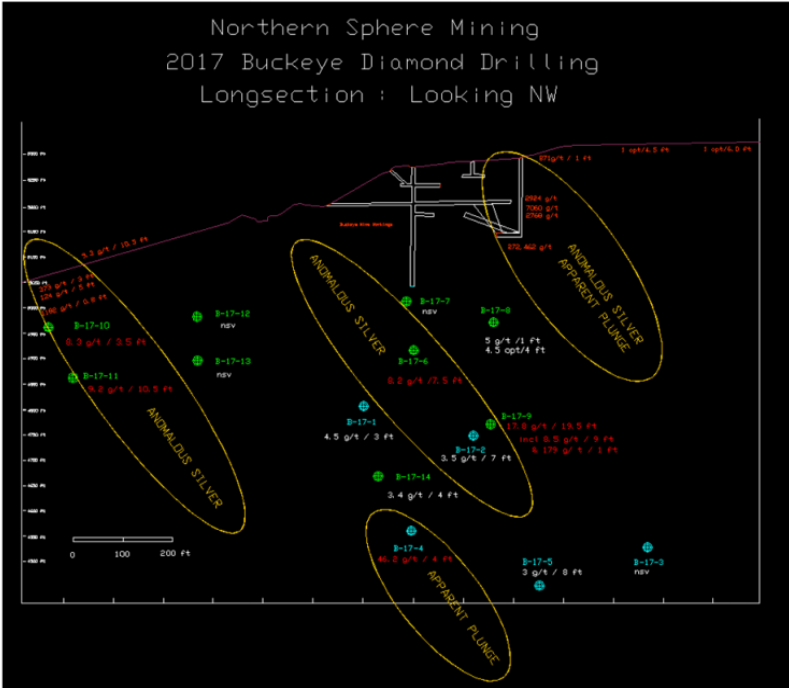
Thirteen of the fourteen holes drilled intercepted the perceived host structure up to 250 metres below the underground workings for a strike length of 400 metres. The width of the structure, and its corresponding alteration, varied between two and six metres. Of the 14 holes drilled, 10 of such holes contained intercepts considered to be anomalous. The intercepts contained elevated silver and copper levels varying from 3 g/t to 179 g/t silver and upwards of 4,600 ppm copper. Table 1 depicts most of the noteworthy intercepts.

**Table 1: Northern Sphere Mining - Buckeye Patent Drilling Composite Results - Silver (Ag)**

Hole ID	from metres	to metres	Ag g/t	core length metres
B-17-1	170.7	171.6	4.5	0.9
B-17-2	194.2	196.3	3.5	2.1
B-17-4	236.5	237.7	46.2	1.2
B-17-5	281.0	283.5	3.0	2.4
B-17-6	121.9	124.1	8.2	2.1
B-17-8	99.7	100.1	5.0	0.5
	114.1	115.4	4.5	1.2
B-17-9	171.6	177.7	17.8	6.1
	171.8	174.3	8.5	2.6
	176.2	177.7	51.3	1.5
	176.5	176.8	179.0	0.3
B-17-10	50.7	51.8	8.3	1.1
B-17-11	56.1	57.3	4.3	1.2
	59.9	61.3	5.7	1.4
	61.3	64.5	9.2	3.2
	68.9	70.0	4.4	1.1
	78.6	79.2	4.8	0.6
B-17-14	164.3	165.5	3.4	1.2

Combined with surface and underground samples, the diamond drilling has assisted in identifying four areas hosting anomalous to high grade silver (see Figure 5). The drilling results are encouraging and will assist with future drill targeting. Underground rehabilitation could provide better strategic diamond drilling platforms and would allow for the re-accessing of historic mineralized development.

**Figure 5: Buckeye Long section**



In efforts to obtain additional prospective ground, Northern Sphere has been examining various properties including a contiguous patented claim known as the Newton Claim. During a recent visit to the property (private lands associated with the Buckeye Patent), several “float samples” were collected yielding significant silver grades (Table 2) among a larger primarily quartzite surface exposure.

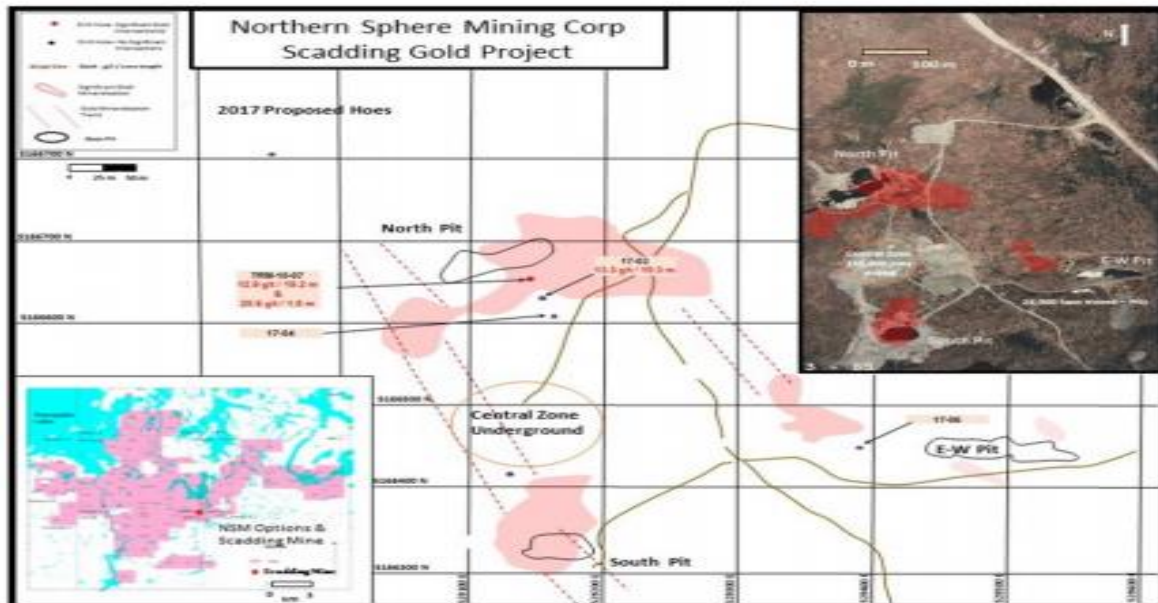
**Table 2: Newton Claim Float Samples**

Sample ID	Ag g/t
NEWT A	261
NEWT B	291
NEWT C	496

November 8, 2017 - TRUECLAIM ANNOUNCES FIRST RESULTS FROM SCADDING DRILL PROGRAM, INCLUDING 13.3 GRAMS GOLD OVER 10.5 METRES

Trueclaim announced the first results from the Company's diamond drilling program on its Scadding Gold Project located near Sudbury, Ontario. Hole 17-03 intercepted a mineralized chlorite breccia zone which hosted visible gold assaying at 13.3 grams gold over 10.5 metres. The hole was targeting potential extensions of the North zone which had been previously intersected by Hole 10-07 assaying at 12.9 grams gold over 19.3 metres. The intersection point demonstrates that mineralization may continue along strike and down plunge. The Company has drilled an additional hole (Hole 17-04) along strike of Hole 17-03 which intersected similar alteration and sulphide mineralization. Hole 17-04 is currently in the lab for assay.

The Company has also targeted a new zone of mineralization north east of the East-West Zone (Hole 17-06) and encountered approximately 100 metres (approximately 30 to 130 m) of mineralized chlorite breccia. The drilling continued at a depth beyond 158 metres. The hole intersected a significant fault structure, mineralized quartz veining along with apparent mineralized felsics.



Upon receipt of the balance of the assays, the Company plans to interpret the data and proceed as soon as reasonably practicable with an additional 3,000 metre drill program.

The Scadding Gold Project, located within the Sudbury Mining District, is accessible by a serviced, all-season road. The property is a past producing mine that produced over 29,000 ounces of gold from approximately 140,000 tons of ore at a head grade of 7.2 grams per ton in the late 1980's. The mine was subsequently closed due to falling gold prices.

December 12, 2017 - TRUECLAIM ANNOUNCES NORTHERN SPHERE MINING CORP. SAMPLES ELEVATED COPPER-MOLYBDENUM LEVELS FROM ONGOING SOIL GEOCHEMICAL SURVEY AT ITS BLACK DIAMOND PROPERTY IN ARIZONA, TARGETING PORPHYRY COPPER STYLE DEPOSITS

Trueclaim provided an update on its Geochemical Survey being conducted on its Black Diamond Property which borders the Porphyry Copper Mining District in Miami, Arizona.

**Figure 1: Miami-Globe, Arizona – NSM’s Black Diamond Claims**



Northern Sphere has undertaken an intensive Geochemical Survey over its 3,800-acre Black Diamond Property, located 12 km (8 miles) north-east of Freeport McMoRan’s Open Pit Copper Operations. The Geochemical Survey recovered systematic soil samples on a 50-metre spaced grid. Each sample was submitted to ALS Laboratories for a 51 Element Aqua-Regia digestion and ICP-MS finish. The survey currently comprises of more than 600 samples from three prospective areas encompassing approximately 370 acres: (i) the **Richmond Basin** and site of historic underground silver mines, (ii) **Buckeye South** and (iii) **Black Copper** where previous outcrop sampling (outcrop samples were grab samples selectively taken within the mineralized structure and therefore are not representative of the entire mineralization) yielded copper values up to 7% (see Trueclaim Exploration Inc. (TSXV: TRM) press release of September 29, 2011).

Initial results from the first 250 geochemical samples taken in the **Richmond Basin** area delineated areas of anomalous (as defined by the values of the sample population greater than the 90th percentile) copper with some significantly anomalous results (exceeding the 98th percentile) as 1,040 parts per million (ppm), 522 ppm, and 340 ppm. Areas defined by anomalous silver were also noted with values reported as high as 344 grams per tonne (g/t) (see the Company’s prior press release of November 11, 2017). Significantly anomalous copper, zinc and silver values approaching grades at which some deposits are mined is very encouraging. Previous exploration undertaken on the property limits the Company’s ability to gauge the background values for potential economic minerals and their relative proximity to the source bedrock. Interpreting anomalous trends will be aided by exploration techniques and services which combine Hyper-Spectral Imaging, Geophysical Survey re-inversion, Digital Geologic Modelling, Artificial Intelligence which utilizes machine

learning and mineral related algorithms to optimize mineral targeting. A second soil survey area consisting of 224 samples collected from the *Buckeye South* area returned exceptional results defining areas with both anomalous copper (values greater than 123 ppm) and zinc (with value highs of 7,660 ppm, 4,820 ppm, and 4,770 ppm). Figure 2 depicts some of these anomalous trends.

**Figure 2: NSM Black Diamond Soil Geochemical Survey**



More recent geochemical soil sampling from the *Black Copper* area yielded excellent results. Forty-six percent of the 135 samples collected at this location have copper results that exceed 100 ppm (or 100 g/t). Notable copper values that were strongly anomalous (greater than 97th percentile) analyzed from this location resulted in 634 ppm, 503 ppm and 496 ppm.

Manganese levels indicated from the soil survey were anomalous with all sample results exceeding 100 ppm. Soils samples collected from the Black Copper area all had manganese levels exceeding 200 ppm (72 soil samples were in excess of 1,000 ppm or 0.1%). Manganese, which is often found in association with other notable metals such as lead, silver, zinc, copper and vanadium has been mined in the Globe-Miami, Arizona area. Although considered a “strategic mineral” in the United States, Manganese is predominantly sourced outside the United States, primarily from China and South Africa.

With ongoing Geochemical Survey activities, the Company anticipates that it will continue to identify significant metal anomalies on the property. Steve Gray, Vice President of Northern Sphere, states "One of the more encouraging geochemical trends is the correlation between results indicating significantly elevated copper in association with elevated molybdenum levels, two metals found in association with porphyry copper environments." In support of a potential porphyry environment, O.M. Bishop mapped andesite porphyry in the Richmond Basin, while researching for his Master’s thesis, ‘Geology and Ore Deposits Richmond Basin, Gila County’. Mr. Gray adds “The Geochemical Survey covers only 10% of the Black Diamond Property and already we have encountered various significant anomalous metals. The property is located up gradient from Freeport McMoRan’s porphyry copper mines ensuring soil geochemistry results are local to Northern Sphere’s mineral claims.”

## Selected Annual Information

The following table presents certain financial information for the fiscal years ended December 31, 2017, December 31, 2016 and December 31, 2015.

	For the Year Ended December 31, 2017 IFRS	For the Year Ended December 31, 2016 IFRS - Restated	For the Year Ended December 31, 2015 IFRS
Total revenues	\$ -	\$ -	\$ -
Net income (loss) and comprehensive income (loss)	136,356	(5,137,005)	(1,323,384)
Fully diluted income (loss) per share	0.04	(2.12)	(0.06)
Total assets	294,942	268,362	4,844,985
Total current liabilities	1,294,209	1,403,985	1,016,554

## Summary of Quarterly Results

The following table reports selected financial information for the eight most recent quarters.

	Three months ended September 30, 2018	Three months ended June 30, 2018	Three months ended March 31, 2018	Three months ended December 31, 2017
Revenue	\$ -	\$ -	\$ -	\$ -
Net income (loss) & comprehensive income (loss)	(196,339)	(205,251)	(77,063)	280,074
Earnings (loss) per share	(0.01)	(0.01)	(0.02)	0.09
Fully diluted earnings (loss) per share	(0.01)	(0.01)	(0.02)	0.07

	Three months ended September 30, 2017	Three months ended June 30, 2017	Three months ended March 31, 2017	Three months ended December 31, 2016
Revenue	\$ -	\$ -	\$ -	\$ -
Net income (loss) & comprehensive income (loss)	(45,526)	(51,956)	(46,236)	(4,974.397)
Earnings (loss) per share	(0.00)	(0.00)	(0.02)	(0.15)
Fully diluted earnings (loss) per share	(0.00)	(0.00)	(0.02)	(0.015)

## Summary of Quarterly Results (Continued)

*Quarterly numbers have been adjusted where applicable to reflect adjustments made by the Company's Auditors during the December year-end audits. Financial information was prepared in accordance with International Financial Reporting Standards.*

### **Review of Financial Results**

#### ***Net income (loss) and comprehensive income (loss) for the three months ended September 30, 2018***

Net loss and comprehensive loss for the three months ended September 30, 2018, was \$(196,339) or (\$0.01) per common share, as compared to a net loss and comprehensive loss of \$(45,526) or (\$0.00) per common share for the three months ended September 30, 2017.

#### **Operating expenses**

Administrative expenses increased by \$11,823 from \$12,122 for the three months ended September 30, 2017, to \$23,495 for the three months ended September 30, 2018. The increase in administrative expenses in the third quarter of 2018 is due to higher costs incurred as compared to the third quarter of 2017, consisting mainly for new insurance secured in the period, and transfer agent costs.

Management and consulting fees expense increased by \$50,571 from \$31,929 for the quarter ended September 31, 2017, to \$82,500 for the quarter ended September 30, 2018. The increase is due to additional management costs and advisory services incurred to manage the Company's mining properties, reviewing financing options to fund and carry on the Company's business operations, review of potential acquisitions, explore new business sectors such as the cannabis industry, dealing corporate business matters and other business and regulatory matters in the third quarter of 2018.

Professional fees increased by \$4,447 from \$2,475 for the quarter ended September 30, 2017, to \$6,922 for the third quarter ended September 30, 2018 as a result of higher legal fees incurred with respect to the Company's mining properties, corporate business matters, and compliance and regulatory matters in the third quarter of 2018.

#### **Loss on sale of intangible assets**

During the third quarter ended September 30, 2018, the Company recorded a total loss on sale and termination of its mining properties of \$83,422 (September 30, 2017: \$nil). The loss on sale in the current period of \$83,422 was as a result of the loss of the sale of \$26,445 on sale of the Scadding Area mining properties and Black Diamond mining property to Northern Sphere Mining Corp., and a loss of \$56,977 on the termination of the Berry Desboues and Hebecourt mining properties located in Quebec, Canada in the current period.

#### **Gain on debt settlement**

The Company reported a gain on debt settlement of \$nil for the third quarter period ended September 30, 2018 (\$nil - September 30, 2017) with respect to the settlement certain debt with creditors at a discount to the fair-value of the debt.



## Summary of Quarterly Results (Continued)

### *Net income (loss) and comprehensive income (loss) for the nine months ended September 30, 2018*

Net loss and comprehensive loss for the nine months ended September 30, 2018, was \$(478,653) or (\$0.02) per common share, as compared to a net loss and comprehensive loss of \$(147,718) or (\$0.01) per common share for the nine months ended September 30, 2017.

#### Operating expenses

Administrative expenses increased by \$5,841 from \$43,964 for the nine months ended September 30, 2017, to \$49,805 for the nine months ended September 30, 2018. The increase in administrative expenses for the nine months ended of 2018 is due to higher costs incurred for new insurance costs in the current period as compared to the nine months period ended of 2017.

Management and consulting fees expense increased by \$267,714 from \$95,786 for the nine months ended September 31, 2017, to \$363,500 for the nine months ended September 30, 2018. The increase in the period is due to additional costs and advisory services incurred to manage the Company's mining properties, financing activities to fund and carry on the Company's business operations, review of potential acquisitions, explore new business sectors such as the cannabis industry, and other business arrangements for the nine months ended of 2018.

Professional fees increased by \$85,633 from \$7,968 for the nine months ended September 30, 2017, to \$93,601 for the nine months ended September 30, 2018 reflecting increased legal fees incurred with respect to the Company's sale of its mining properties, financing required to carry on the Company's operations, review of potential acquisitions, and compliance with respect to securities and regulatory matters during the nine months ended of 2018. There were minimal legal fees incurred in the prior period ended September 30, 2017 as there were minimal activities ongoing from a business and legal perspective regarding the Company's business operations at that time. In addition, the statutory external audit fees were higher in the current year as compared to the prior period.

#### Loss on sale of intangible assets

During the third quarter ended September 30, 2018, the Company recorded a total loss on sale and termination of its mining properties of \$83,422 (September 30, 2017: \$nil). The loss on sale in the current period of \$83,422 was as a result of the loss of the sale of \$26,445 on sale of the Scadding Area mining properties and Black Diamond mining property to Northern Sphere Mining Corp., and a loss of \$56,977 on the termination of the Berry Desboues and Hebecourt mining properties located in Quebec, Canada in the current period.

#### Gain on debt settlement

The Company reported a gain on debt settlement of \$(111,675) for the nine months ended September 30, 2018 with respect to the settlement certain debt with creditors at a discount to the fair-value of the debt.

In the prior nine months ended September 30, 2017, the Company reported a gain on debt settlement of \$nil with respect to settle debt with creditors at a discount to the fair-value of the debt.

## Summary of Quarterly Results (Continued)

### Liquidity and Capital Resources

#### *Cash resources and liquidity*

As at September 30, 2018, the Company had cash and cash equivalents of \$1,677,276 and had positive working capital of \$1,502,230, as compared to cash and cash equivalents of \$2,634 and had negative working capital of \$1,290,730 as at December 31, 2017. The cash and cash equivalents balance and working capital increased significantly during the period ended September 30, 2018 as a result of the capital equity financing which occurred on May 4, 2018 whereby the Company raised gross proceeds of \$3,260,680.

The Company has no long-term debt or other long-term obligations outstanding impacting liquidity or future cash flows, except for the mineral properties commitments. The further development and exploration of the Company's mineral projects and operating expenses depends upon the Company's ability to obtain financing through equity financing, joint ventures, debt financing, or other means.

There is no assurance that the Company will be successful in obtaining required financing as and when needed. Volatile markets for precious and base metals and/or volatile stock markets and fluctuations in the price of the Company's shares may make it difficult or impossible for the Company to obtain equity financing or debt financing on favorable terms or at all. Failure to obtain additional financing on a timely basis may cause the Company to postpone its development plans, forfeit rights in some or all of its properties or reduce or terminate some or all of its operations.

#### Financing

On May 4, 2018, the Company closed a \$3.26 million non-brokered private placement (the "Financing") whereby the Company issued 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. 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 a common share of the Company at a price of \$0.12 per share until May 3, 2023. All of the securities issued in connection with the Financing were 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.

#### *Related party transactions*

During the nine months period ended September 30, 2018, the Company incurred key management compensation expenses in the amount of \$45,500 (September 30, 2017 - \$100,575). During the nine-month period ended September 30, 2018, the Company incurred legal services provided by a Director in the amount of \$20,000 (September 30, 2017 - \$nil). As at September 30, 2018, the Company's trade payable and accrued payable balances included \$12,182 (December 31, 2017 - \$1,294,209) payable to related parties.

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.

## **Summary of Quarterly Results (Continued)**

### ***Commitments***

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.

During the year ended December 31, 2011, the Company received \$770,000 following an issuance of flow-through units financing 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. As at September 30, 2018, the Company had incurred \$240,796 of qualifying expenditures. As at September 30, 2018, the Company had accrued \$414,720 for penalties, interest and shareholder indemnities relating to the unspent flow through amounts and recorded interest of \$12,079 (December 31, 2017 - \$32,211) of interest during the period ended September 30, 2018.

### ***Off balance sheet arrangements***

The Company has no off-balance sheet arrangements.

## **Critical Accounting Policies and Estimates**

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

### ***Basis of measurement***

The condensed interim 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 the 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.

## **Summary of Quarterly Results (Continued)**

### ***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.

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 nine months period ended September 30, 2018, \$10,291 (Year ended 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.

## Summary of Quarterly Results (Continued)

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 taxes*

#### *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 comprehensive loss because of items of income or expenses 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 condensed interim 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.

## **Summary of Quarterly Results (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 period ended September 30, 2018, all of the outstanding stock options, warrants and finders' warrants were anti-dilutive.

### ***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.

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

#### ***Share-based compensation***

Employees (including directors and senior executives) of the Company may 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 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 the fair value of share-based payments to non-employees and impairment testing of the Company's intangible assets, and investments.

## Summary of Quarterly Results (Continued)

### *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 item.

Financial assets classified as available for sale are measured at fair value with gains and losses recognized through a reserve in other comprehensive income. The Company’s investment in Northern Skye Resources would have been classified as available for sale if it has not been fully impaired and the fair value of this investment is readily determinable with reliable measure.

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 using the effective interest rate method.

### *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.

## Summary of Quarterly Results (Continued)

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 financial statements.



## **Exploration Projects (Continued)**

### *East Wahnapiitae Area, Sudbury Mining Division*

#### *Scadding Property (Continued)*

##### *North Zone (Continued)*

#### **Scadding Property**

There are currently five gold-bearing zones known on the property; North Zone, South Zone, Central Zone, Currie Rose New Zone and the E-W Pit. All of the zones other than the Central zone have been drilled by Trueclaim between the autumn of 2009 and the present. The Central zone was mined by underground methods in the late 1980s. Poor documentation of the underground workings has made it difficult to plan holes that will miss the underground workings. Environmental work is currently underway to prepare for an application for a permit to de-water the workings. This will allow Trueclaim to have the workings properly surveyed and mapped with the potential to drill from underground once re-opened.

SRK Consultants (Canada) Inc. ("SRK") was involved in the Phase II drilling program. SRK helped plan the delineation holes in the North Zone and reviewed the drill core from the previous programs. SRK recommended that Trueclaim drill a series of oriented holes to determine the trend of the mineralization. The advice was followed and oriented holes were drilled in the North Zone, South Zone and at the E-W Pit. Interestingly, all zones trend the same direction and changed historical ideas of the overall structure of the property. This is a very significant step in attempting to define continuity between the zones.

##### North Zone

In 2009 exploration work included a Phase I 2,000 metre drill program. Three initial drill holes were located in the North Zone to assess the nature of the mineralization. Without the technology of Surpac, a 3D modeling program and only historical data, the best interval in the north was 2.0m at 3.2 g/t. After the zone had been modeled in 3D it was evident that the holes drilled in 2009 had just pierced the north eastern edge of the mineralized zone and there was extensive work to be done in the future. After the 2011 oriented drilling whereby the orientation of the North Zone was determined to be striking 310°, the three holes from 2009 oriented at 315° were understood to have been drilled parallel to bands of chlorite rather than across the bands.

The success of Trueclaim's 2010 drilling program was due, in part, to the 3D modeling program, Surpac. Geologist Lindsay Moss, B.Sc. P.Geol. modeled the zones based on historical drill logs compiled from assessment reports. The 3D model allowed on-site geologists to easily visualize the nature of the chlorite zones to better target the mineralization. In 2010 the most significant intersection of the exploration drill program was 19.2m at 12.9 g/t from drill hole TRM-10-07, however many other noteworthy intersections were drilled during this program including 9.0m at 2.9g/t and 4.0m at 9.6 g/t.

In January 2011 the Phase II drilling program commenced. In order to use the planned meterage most efficiently, oriented drilling was initiated on the property. Drill holes TRM-11-11 to TRM-11-16 were designed to intersect mineralization in order to collect structural measurements from the core as suggested by Ivo Vos, Ph.D., P.Geol. The oriented drilling revealed that the bands of chlorite were striking southeast and dipping moderately towards the southwest.

## Exploration Projects (Continued)

### *East Wahnapiitae Area, Sudbury Mining Division Scadding Property (Continued)*

#### *North Zone (Continued)*

The best intersection from the oriented drilling was 13.0m at 1.9g/t in drill hole TRM-11-16. From the positive results and consistent data obtained during orientation drilling a wide-spaced delineation program was planned to assess the width of the North Zone. Due to the distance between drill holes, only four of the holes intersected the modeled zone. From the delineation drilling it has been determined that the zone does not continue along strike to the southeast or the northwest but does plunge further to the southwest than previously predicted. More concentrated infill drilling is planned for the future to determine the extent of the north zone. Below is a list of significant gold values obtained in the North Zone drilling:

<b>Hole ID</b>	<b>From (m (ft.))</b>	<b>To (m (ft.))</b>	<b>Interval (m (ft.))</b>	<b>Grade (g/t)</b>
TRM-09-03	<b>79.7</b> (261.4)	<b>80.4</b> (263.7)	<b>0.7</b> (2.3)	2.5
TRM-09-03	<b>89</b> (291.9)	<b>89.9</b> (294.8)	<b>0.9</b> (2.9)	2.8
TRM-09-03	<b>99.0</b> (324.7)	<b>101.0</b> (331.3)	<b>2.0</b> (6.6)	3.2
TRM-09-04	<b>85.6</b> (280.8)	<b>86.7</b> (284.4)	<b>1.1</b> (3.6)	7.0
TRM-09-05	<b>89.4</b> (293.2)	<b>89.9</b> (294.9)	<b>0.5</b> (1.7)	55.0
TRM-10-01	<b>19.0</b> (62.3)	<b>20.0</b> (65.6)	<b>1.0</b> (3.3)	2.8
TRM-10-02	<b>30.0</b> (98.4)	<b>34.0</b> (111.5)	<b>4.0</b> (13.1)	9.6
TRM-10-06	<b>70.0</b> (231.0)	<b>72.0</b> (237.6)	<b>2.0</b> (6.6)	22.3
TRM-10-06	<b>96.0</b> (316.8)	<b>100.0</b> (330.0)	<b>4.0</b> (13.1)	2.3
TRM-10-07	<b>52.4</b> (171.9)	<b>71.6</b> (234.8)	<b>19.2</b> (62.9)	12.9
TRM-10-07	<b>94.4</b> (309.6)	<b>95.9</b> (314.5)	<b>1.5</b> (4.9)	1.1
TRM-10-07	<b>98.0</b> (323.4)	<b>98.9</b> (326.4)	<b>0.9</b> (3.0)	3.9
TRM-10-07	<b>110.2</b> (363.6)	<b>112.0</b> (369.6)	<b>1.8</b> (5.9)	25.6
TRM-10-10	<b>41.0</b> (135.3)	<b>43.7</b> (144.2)	<b>2.6</b> (8.9)	4.5
TRM-10-10	<b>50.0</b> (165.0)	<b>59.0</b> (194.7)	<b>9.0</b> (29.7)	2.9
TRM-10-10	<b>61.0</b> (201.3)	<b>62.0</b> (204.6)	<b>1.0</b> (3.3)	1.3
TRM-11-11	<b>46.1</b> (151.2)	<b>56.0</b> (183.7)	<b>9.9</b> (32.5)	1.4
TRM-11-12	<b>32.0</b> (105.0)	<b>38.0</b> (124.7)	<b>6.0</b> (19.7)	2.8
TRM-11-12	<b>63.6</b> (208.6)	<b>68.0</b> (223.0)	<b>4.4</b> (14.4)	0.7

## Exploration Projects (Continued)

### *East Wahnapiitae Area, Sudbury Mining Division Scadding Property (Continued)*

#### *North Zone (Continued)*

<b>Hole ID</b>	<b>From (m (ft.))</b>	<b>To (m (ft.))</b>	<b>Interval (m (ft.))</b>	<b>Grade (g/t)</b>
TRM-11-13	<b>97.0</b> (318.2)	<b>99.0</b> (324.8)	<b>2.0</b> (6.6)	0.4
TRM-11-14	<b>61.0</b> (200.1)	<b>66.0</b> (216.5)	<b>5.0</b> (16.4)	2.4
TRM-11-14	<b>99.6</b> (326.6)	<b>100.1</b> (328.3)	<b>0.5</b> (1.7)	5.9
TRM-11-14	<b>104.7</b> (343.5)	<b>113.0</b> (370.7)	<b>8.3</b> (27.2)	1.4
TRM-11-15	<b>10.0</b> (32.8)	<b>16.6</b> (54.5)	<b>6.6</b> (21.7)	1.0
TRM-11-15	<b>30.0</b> (98.4)	<b>40.0</b> (131.2)	<b>10.0</b> (32.8)	3.5
TRM-11-16	<b>38.5</b> (126.3)	<b>51.5</b> (169.0)	<b>13.0</b> (42.7)	1.9
TRM-11-30	<b>84.0</b> (275.6)	<b>87.3</b> (286.4)	<b>3.3</b> (10.8)	5.8
TRM-11-31	<b>62.0</b> (203.4)	<b>65.7</b> (215.6)	<b>3.7</b> (12.2)	1.9
TRM-11-31	<b>76</b> (249.3)	<b>79</b> (259.1)	<b>3.0</b> (9.8)	3.7
TRM-11-36	<b>40.0</b> (131.2)	<b>41.0</b> (134.5)	<b>1.0</b> (3.3)	1.1
TRM-11-36	<b>51.0</b> (167.3)	<b>53.0</b> (173.9)	<b>2.0</b> (6.6)	1.5
TRM-11-39	<b>122.3</b> (401.1)	<b>127.5</b> (418.3)	<b>5.2</b> (17.2)	2.4
TRM-11-39	<b>137.5</b> (451.0)	<b>140.1</b> (459.5)	<b>2.6</b> (8.5)	1.1
TRM-11-39	<b>153.0</b> (502.0)	<b>158.0</b> (518.4)	<b>5.0</b> (16.4)	0.7
TRM-11-40	<b>41.6</b> (136.6)	<b>42.6</b> (139.9)	<b>1.0</b> (3.3)	4.3
TRM-11-40	<b>143.2</b> (469.8)	<b>152.0</b> (498.7)	<b>8.8</b> (28.9)	0.9
TRM-11-44	<b>122.5</b> (401.9)	<b>124.0</b> (406.8)	<b>1.5</b> (4.9)	1.9
TRM-11-46	<b>46.0</b> (150.9)	<b>49.0</b> (160.7)	<b>3.0</b> (9.8)	2.2

## Exploration Projects (Continued)

### *East Wahnapiatae Area, Sudbury Mining Division Scadding Property (Continued)*

#### South Zone

Prior to Trueclaim's work, the South Zone had only been intersected by one drill hole in 1979. W35 intersected two zones, 12.8m at 9.34g/t and 4.0m at 2.28g/t. In 2009 Trueclaim drilled an interval of 10.1m at 3.5g/t. This drill hole was significant in that it allowed Trueclaim to see the potential of the South Zone. Five other holes were drilled in the South Zone during 2009.

In 2010, only one hole was drilled in the South Zone during the Phase I drill program. There was a significant amount of fractured rock in the area due to historical blasting which caused difficulty in drilling and inhibited more holes from being drilled in this zone.

In 2011, the Phase II drilling program started with new information and more-experienced drillers in the South Zone. Holes TRM-11-01 to TRM-11-10 were successful in intersecting mineralized chlorite. The most significant drill hole was TRM-11-10; it indicated continuity between the Central Zone and the South Zone through very visually similar mineralization from both zones and was located 30m from the underground ramp. TRM-11-10 graded 15.8m at a grade of 5.4g/t. Other highlights of the drilling were 19.0m at 2.5g/t and 10.0m at 1.2g/t. While drilling oriented core, 4 holes (TRM-11-26 to TRM-11-29) were drilled in the South Zone to establish the orientation of the chlorite units in this zone. Compiled data revealed that the South Zone was trending consistently with other zones on the property. TRM-11-28A intersected a zone of 9.44m at 2.5g/t. (Note: The letter "A" behind the drill hole ID was assigned because multiple holes were drilled from the same setup.)

Hole ID	From (m (ft.))	To (m (ft.))	Interval (m (ft.))	Grade (g/t)
TRM-09-02	<b>26.9</b> (88.8)	<b>37.0</b> (122.1)	<b>10.1</b> (33.3)	3.5
TRM-09-02	<b>42.9</b> (141.6)	<b>43.5</b> (143.6)	<b>0.6</b> (2.0)	3.9
TRM-09-06	<b>69.1</b> (228.0)	<b>70.0</b> (231.0)	<b>0.9</b> (3.0)	27.9
TRM-09-07	<b>33.7</b> (111.2)	<b>35.0</b> (115.5)	<b>1.3</b> (4.3)	2
TRM-09-07	<b>46.5</b> (153.5)	<b>47.5</b> (156.8)	<b>1.0</b> (3.3)	2.1
TRM-09-09	<b>16.0</b> (52.8)	<b>17.0</b> (56.1)	<b>1.0</b> (3.3)	2.4
TRM-10-11	<b>52.8</b> (174.2)	<b>54.0</b> (178.2)	<b>1.2</b> (4.0)	11.2
TRM-10-11	<b>70.0</b> (231.0)	<b>71.0</b> (234.3)	<b>1.0</b> (3.3)	3.2
TRM-11-01	<b>3.0</b> (9.9)	<b>7.0</b> (23.1)	<b>4.0</b> (13.2)	3.0

## Exploration Projects (Continued)

### *East Wahnapiitae Area, Sudbury Mining Division Scadding Property (Continued)*

#### *South Zone (Continued)*

Hole ID	From (m (ft.))	To (m (ft.))	Interval (m (ft.))	Grade (g/t)
TRM-11-02	<b>16.0</b> (52.5)	<b>26.0</b> (85.3)	<b>10.0</b> (32.8)	1.2
TRM-11-02	<b>47.0</b> (154.2)	<b>52.0</b> (170.6)	<b>5.0</b> (16.4)	2.3
TRM-11-03	<b>17.5</b> (57.4)	<b>18.5</b> (60.7)	<b>1.0</b> (3.3)	1.1
TRM-11-03	<b>32.0</b> (105.0)	<b>51.0</b> (167.3)	<b>19.0</b> (62.3)	2.5
TRM-11-06	<b>45.2</b> (148.4)	<b>46.0</b> (150.9)	<b>0.8</b> (2.5)	7.8
TRM-11-06	<b>59.7</b> (197.0)	<b>60.8</b> (200.6)	<b>1.1</b> (3.6)	1.0
TRM-11-08	<b>49.0</b> (160.8)	<b>50.0</b> (164.1)	<b>1.0</b> (3.3)	5.4
TRM-11-09	<b>27.0</b> (88.6)	<b>28.0</b> (91.9)	<b>1.0</b> (3.3)	7.3
TRM-11-09	<b>47.0</b> (155.1)	<b>52.0</b> (171.6)	<b>5.0</b> (16.5)	2.2
TRM-11-10	<b>21.6</b> (71.3)	<b>23.0</b> (75.9)	<b>1.4</b> (4.6)	1.2
TRM-11-10	<b>53.0</b> (173.8)	<b>68.8</b> (225.7)	<b>15.8</b> (51.9)	5.4
TRM-11-26	<b>42.2</b> (138.3)	<b>44.73</b> (146.7)	<b>2.58</b> (8.46)	3.2
TRM-11-26	<b>56.1</b> (184.0)	<b>56.59</b> (185.6)	<b>0.50</b> (1.63)	1.7
TRM-11-27	<b>44.0</b> (144.3)	<b>45.48</b> (149.2)	<b>1.48</b> (4.9)	1.1
TRM-11-28A	<b>27.4</b> (89.7)	<b>36.8</b> (120.7)	<b>9.4</b> (31.0)	2.5
TRM-11-29	<b>21.8</b> (71.9)	<b>22.8</b> (75.2)	<b>1.0</b> (3.3)	1.3
TRM-11-29	<b>24.0</b> (78.7)	<b>25.0</b> (82.0)	<b>1.0</b> (3.3)	8.9

#### *Currie Rose New Zone*

The Currie Rose New Zone was first discovered in 1997 by Currie Rose Resources Inc. There were 4 holes with significant assays drilled previous to Trueclaim acquiring the property, as shown below:

## Exploration Projects (Continued)

### *East Wahnapiitae Area, Sudbury Mining Division Scadding Property (Continued)*

#### *Currie Rose New Zone (Continued)*

Hole ID	From (m (ft.))	To (m (ft.))	Interval (m (ft.))	Grade (g/t)
CR20	<b>16.8</b> (55.4)	<b>19.4</b> (64.0)	<b>26.0</b> (8.6)	3.3
CR20	<b>27.6</b> (91.1)	<b>30.7</b> (101.3)	<b>3.1</b> (10.2)	17.2
CR25	<b>53.2</b> (175.6)	<b>59.3</b> (195.7)	<b>6.1</b> (20.1)	32.2
CR27	<b>63.3</b> (208.9)	<b>66.8</b> (220.4)	<b>3.5</b> (11.5)	10.3
CR33	<b>48.9</b> (161.4)	<b>56.5</b> (186.5)	<b>7.6</b> (25.1)	5.5

The New Zone consists of narrow high-grade seams of chlorite. In early drilling Trueclaim obtained values of 47.6g/t over 1.0m from TRM-09-13 and 94.5g/t over 1.5m from TRM-11-22.

In 2011, during the Phase II drill program, seven successful holes were drilled in the New Zone. Most notably were TRM-11-22 that graded 94.5g/t over 1.5m and TRM-11-20 grading 21.5g/t over 1m. Following the drilling in the Currie Rose New Zone, Trueclaim commenced oriented drilling in the E-W Pit and the South Zone. It was interesting that all zones drilled with oriented core were trending in the same direction. This supports the idea that the Currie Rose New Zone is open to the north as well as along strike to the northwest and southeast. It has been suggested that the reason the mineralization encountered to date in this zone is narrow and high grade is because it is on the fringe of a larger body.

Hole ID	From (m (ft.))	To (m (ft.))	Interval (m (ft.))	Grade (g/t)
TRM-09-10	<b>15.0</b> (49.5)	<b>16.0</b> (52.8)	<b>1.0</b> (3.3)	1.8
TRM-09-10	<b>22.0</b> (72.6)	<b>23.0</b> (75.9)	<b>1.0</b> (3.3)	1.8
TRM-09-13	<b>66.0</b> (217.8)	<b>67.0</b> (221.1)	<b>1.0</b> (3.3)	47.6
TRM-11-18	<b>52.0</b> (170.6)	<b>55.7</b> (182.7)	<b>3.7</b> (12.1)	12.3
TRM-11-20	<b>63.0</b> (206.7)	<b>64.0</b> (210.0)	<b>1.0</b> (3.3)	21.5

## Exploration Projects (Continued)

### *East Wahnapiatae Area, Sudbury Mining Division Scadding Property (Continued)*

#### *Currie Rose New Zone (Continued)*

Hole ID	From (m (ft.))	To (m (ft.))	Interval (m (ft.))	Grade (g/t)
TRM-11-22	31.5 (103.4)	33.0 (108.3)	1.5 (4.9)	94.5
TRM-11-23	53.3 (174.7)	57.5 (188.5)	3.5 (13.8)	1.5

#### *East-West Pit*

The East-West Pit historically had 34,125 tons grading 8.6g/t (0.3oz/t) removed by surface mining. The Scadding property was originally discovered because of mineralization at the East-West Pit. Drill hole logs for the East-West Zone submitted to government assessment files by previous operators of the property contain no assay data, only geological logs.

Due to an initial lack of data and incomplete understanding of the mineralization in the East-West Pit, no drill holes were put into it by Trueclaim prior to the Phase II Drill Program because time was required for trenching and field mapping. In 2011, following the summer field season, two drill holes were drilled on the west side of the East-West Pit, TRM-11-24 and TRM-11-25, for orientation purposes. Later in the Phase II program the drill returned to the zone and 3 holes were drilled (TRM-11-46 to TRM-11-48) to follow up on data acquired from orientation drilling. One hole was significant and hit a new zone of mineralization grading 1.4g/t over 10.3m. This drill hole was drilled at the north-east corner of the pit and oriented towards the northeast, away from the E-W Pit. Trueclaim geologists are planning on more drilling to the north of the pit to expand these new findings.

Hole ID	From (m (ft.))	To (m (ft.))	Interval (m (ft.))	Grade (g/t)
TRM-11-24	54.5 (179.9)	55.1 (181.8)	0.6 (1.9)	1.5
TRM-11-48	98.0 (323.4)	103.0 (339.9)	5.0 (16.5)	4.5
TRM-11-48	128.8 (425.0)	139.0 (458.7)	10.3 (33.7)	1.4

It has become evident that oriented-core drilling and 3D modeling are important tools in advancing the Scadding project. The oriented-core drilling of the Phase II drilling program was essential in determining the previously misunderstood orientation of auriferous chlorite breccia.

## Exploration Projects (Continued)

### *East Wahnapiatae Area, Sudbury Mining Division*

#### *Scadding Property (Continued)*

##### *Quality Assurance*

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

##### *Tecumseh Property*

Trueclaim has completed a field mapping and sampling program on the Tecumseh property. The Tecumseh property is located 50 kilometres northeast of Sudbury and 8 kilometres northeast of the Scadding Gold Property. The Tecumseh Property is within Trueclaim's East Wahnapiatae Area holdings.

The Tecumseh property consists of multiple parallel quartz veins hosted in Nipissing Diabase. Nipissing Diabase intrusions are well known intrusions favourable for platinum, palladium and gold mineralization. The Shakespeare open pit owned and operated by URSA Major Minerals, located 70km west of Sudbury is in Nipissing Diabase producing nickel, copper, cobalt, platinum, palladium, gold and silver.

The quartz veins on the Tecumseh Property are trending East-West and dipping to the south. Historical trenching has exposed an area of quartz veining approximately 450 metres by 300 metres. The trenches provided good exposure to the quartz veins on the property.

The quartz veins average about 10cm in width. Multiple samples contain chalcopyrite and visible gold. A total of 28 individual quartz veins were sampled throughout the property from 14 historic trenches.

Shown below are the highlights of the quartz vein grab samples collected from the Tecumseh property and a map showing the results:

Sample ID	Au (g/t)	Au (oz./t)
Z061759	82.52	2.89
Z061773	59.06	2.07
Z061776	46.35	1.62
Z061745	36.94	1.29
Z061752	22.47	0.79
Z061753	16.32	0.57
Z061756	15.42	0.54
Z061778	11.13	0.39



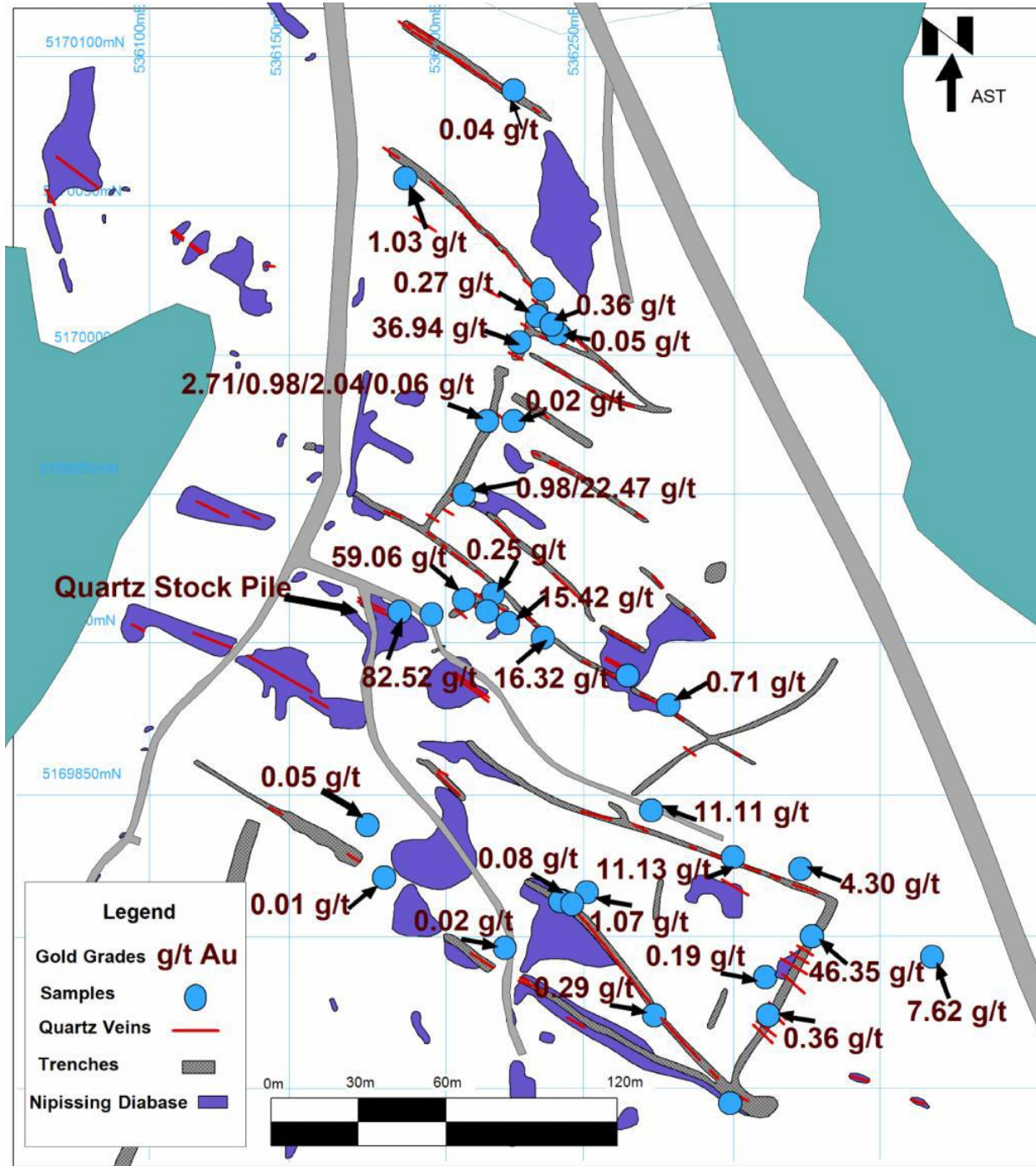
**Exploration Projects (Continued)**

*Tecumseh Property (Continued)*

<b>Sample ID</b>	<b>Au (g/t)</b>	<b>Au (oz./t)</b>
Z061780	11.11	0.39
Z061770	7.62	0.27
Z061777	4.3	0.15
Z061747	2.71	0.09
Z061758	2.31	0.08
Z061750	2.04	0.07
Z061766	1.07	0.04
Z061739	1.03	0.04

# Exploration Projects

## Tecumseh Property (Continued)



## Exploration Projects

### *Tecumseh Property (Continued)*

During the year ended December 31, 2012, Trueclaim released results from a bulk sample taken from the Tecumseh property. The 3,423 pound bulk sample is comprised of four samples that were removed from the property. Two in situ veins were the main focus of the bulk sample as they provide Trueclaim with grades that could be obtained from the vein material. A sample was taken from the waste pile to assess the grade of remaining removed rock from the previous mining program. Wall rock material was collected along the margin of the vein containing minor disseminated chalcopyrite and pyrrhotite and showed promising results of 1.85 g/t Au. This is significant as it demonstrates that gold mineralization is not necessarily confined to quartz vein domains. The chart below shows the assays obtained from the 4 samples:

Location	Au (g/t)	Au (oz./t)
Vein 1	19.79	0.64
Vein 2	8.53	0.27
Waste Pile	3.13	0.10
Wall Rock	1.85	0.06

### *Option Agreements*

#### *Berry-Desboues and Hebecourt Mining Properties*

The Company renewed the option agreements in September 2017 for the Berry-Desboues and Hebecourt mining properties in the Province of Quebec with the Optionor and the Company was 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 CAD to the Optionor on or before September 29, 2021; and
3. The Company must incur an aggregate of \$475,000 CAD in mineral exploration costs on or before September 29, 2021;

## Exploration Projects

### Exploration Projects (USA)

#### *Black Diamond Project, Gila County, Arizona*

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

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

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

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

The area has an extensive mining support infrastructure that the Company will be able to draw upon in its planned exploration and development activities for the McMorris and Buckeye sites.

## Exploration Projects

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

The Company has commenced a Phase I exploration program for the Black Diamond property. A digital geo-referenced base map of tenure, topography and limited geological data has been prepared. The company has engaged Arizona geological consultant Nick Barr to assist in the permitting process and to undertake a preliminary geological examination of the property to confirm geologic contact, structure, alteration and mineralization. To further facilitate operations in Arizona, Trueclaim Exploration Inc. has incorporated a US subsidiary company, Trueclaim Resources (US) Inc. Trueclaim Resources (US) Inc. currently is a non-operating shell company and will continue to act as such until the Company's Arizona based projects are transferred to the subsidiary. Currently, a preliminary geological study followed by a Magnetometer/EM survey are being considered to more effectively evaluate the property. A drill program would then follow based on positive results of this work.

Trueclaim can earn an undivided 100% interest in the Property by paying the aggregate sum of \$850,000 in cash, issuing an aggregate of 80,000 common shares in the capital of Trueclaim Exploration Inc. and incurring \$1,500,000 in exploration expenditures over a three-year period.

Under the terms of a royalty reduction agreement the NSR may be reduced by Trueclaim in stages to 1%. A field examination resulted in the recognition of a replacement vein containing copper rich magnetite (the Black Copper Vein) with assay results as shown below. This mineralizing trend occurred near the contact with the Tertiary diorite and limestone and extended for approximately 400 metres. Bids for undertaking a geophysical survey of this area are being reviewed. Assay results of surface hand samples from the property of this mineralized zone were reported in a Trueclaim press release dated June 1, 2011 and are shown below. A silver rich float sample was also found on the property and assayed high silver values as shown below.

## Exploration Projects

Sample #	Area	Au g/t	Au oz./ton	Ag g/t	Ag oz./ton	Cu %
70553*	Black Copper Vein	1.783	0.052	6.857	0.20	5.584
70555*	Black Copper Vein	2.057	0.060	0.001	0.05	7.451
70557*	Black Copper Vein	1.78	0.052	<0.001	<0.05	7.070
E5096668	Black Copper Vein	2.873	0.084	23	<10	3.764
E5096666	Barr Float	0.005	0.000	3040	88.666	9.389
E5096667	Barr Float	0.015	0.000	2852	83.183	8.312

*\* denotes samples assayed by Jacobs Assay Office of Tucson Arizona. All other samples were assayed by Accurassay Laboratories of Thunder Bay Ontario.*

During a further field examination, Lindsay Moss, BSc. Geology, P.Geo., and Theresa MacMillan, BSc. Geology spent two weeks in Globe, Arizona from July 25<sup>th</sup> to August 8<sup>th</sup>, 2011, working on Trueclaim's Richmond Basin, silver/copper property. Work was done under the supervision of Consulting Geologist Nick Barr, BSc. Geology. The two weeks were spent detail mapping several existing trenches throughout the area, looking closely at the lithological contacts, taking abundant structural measurements, and making many observations on the strength of alteration, the degree of magnetic susceptibility and amount of mineralization seen in the area. Over 180 samples were taken in the two-week work period and assays are pending. The main focus was the McMorris vein system where several historical trenches were found. An area of just over 264.4 acres (107 hectares) was mapped and multiple alteration trends were seen.

Four trenches along the McMorris vein were mapped, thoroughly sampled, and produced the following results:

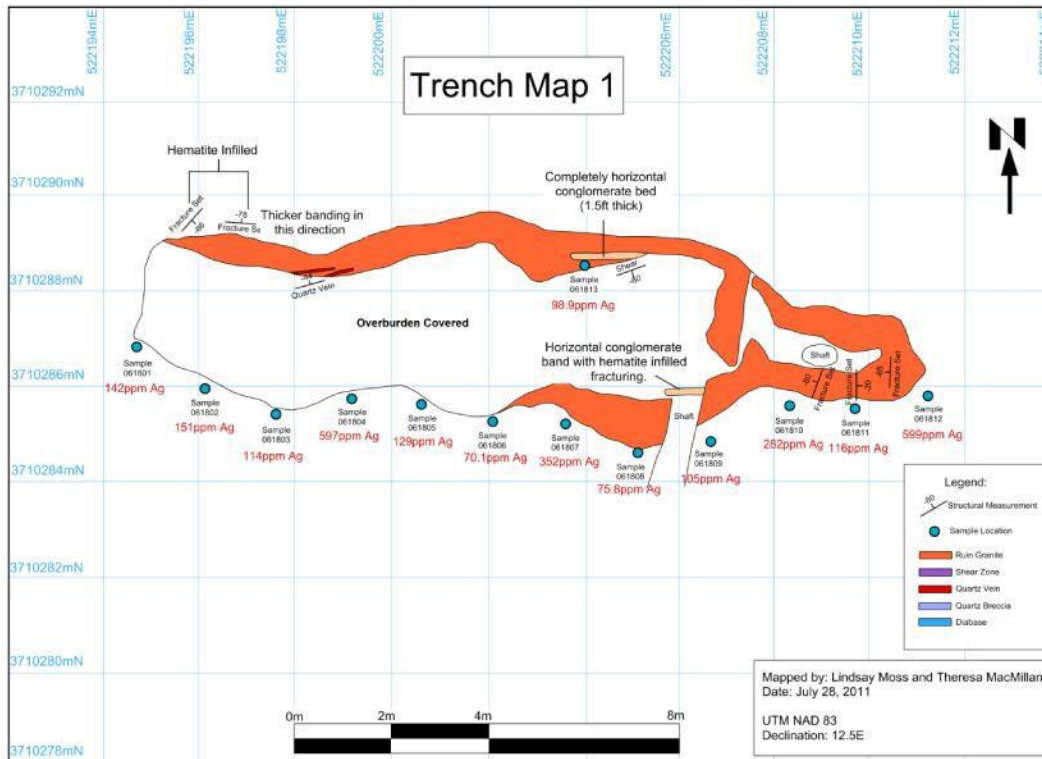
Trench	Length (ft. (m))	Ag ppm	Ag oz./t
1	55.0 (16.8)	227.7	7.3
2	50.0 (15.2)	181.2	5.8
3	60.0 (18.3)	323.9	10.4
4	30.0 (9.1)	119.0	3.8

## Exploration Projects (USA) (Continued)

### *Black Diamond Project, Gila County, Arizona (Continued)*

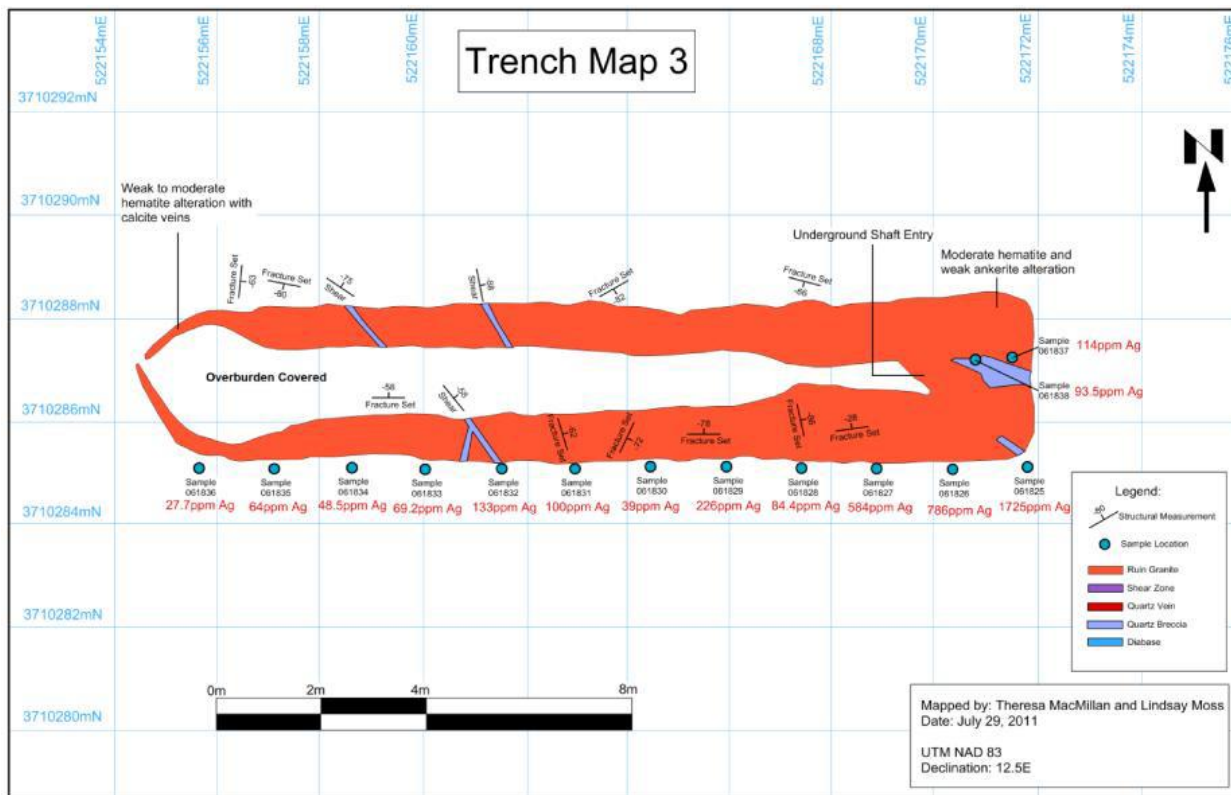
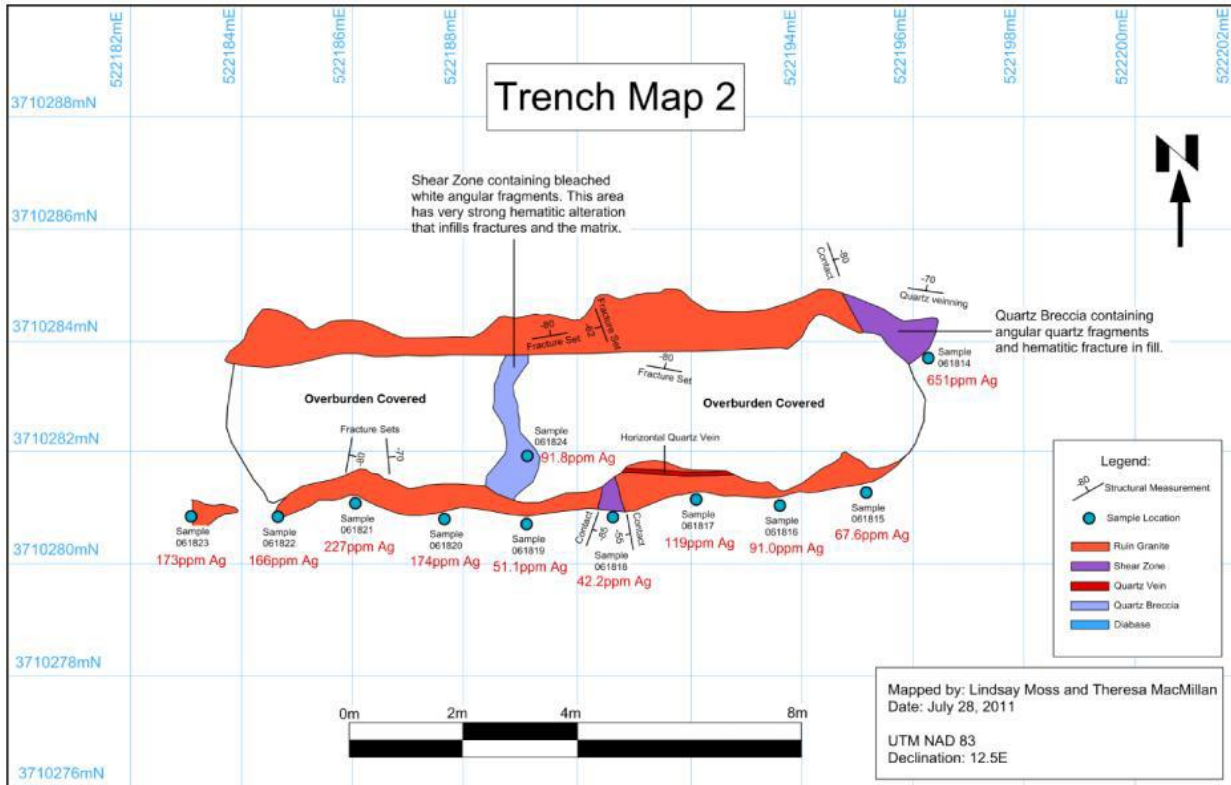
These combined results produced a grade of 6.8 oz./t (213ppm) along exposed portions totaling 145 feet within an overall length of 195.0 feet (59.4m) along the McMorris Vein. Samples were taken every 5ft (1.52m) in the exposed trenches. Mapping has indicated a vein width of approximately 10ft (3.0m). Diamond drilling is required to confirm the vein width. Within these trench intervals the highlight intervals are seen below:

Trench	Highlight Intervals		
	Length (ft. (m))	Ag ppm	Ag oz./t
3	15 (4.6)	1031.7	33.2
1	20 (6.1)	287.0	9.2
2	20 (6.1)	232.2	7.5
1	25 (7.6)	226.6	7.3



# Exploration Projects (USA) (Continued)

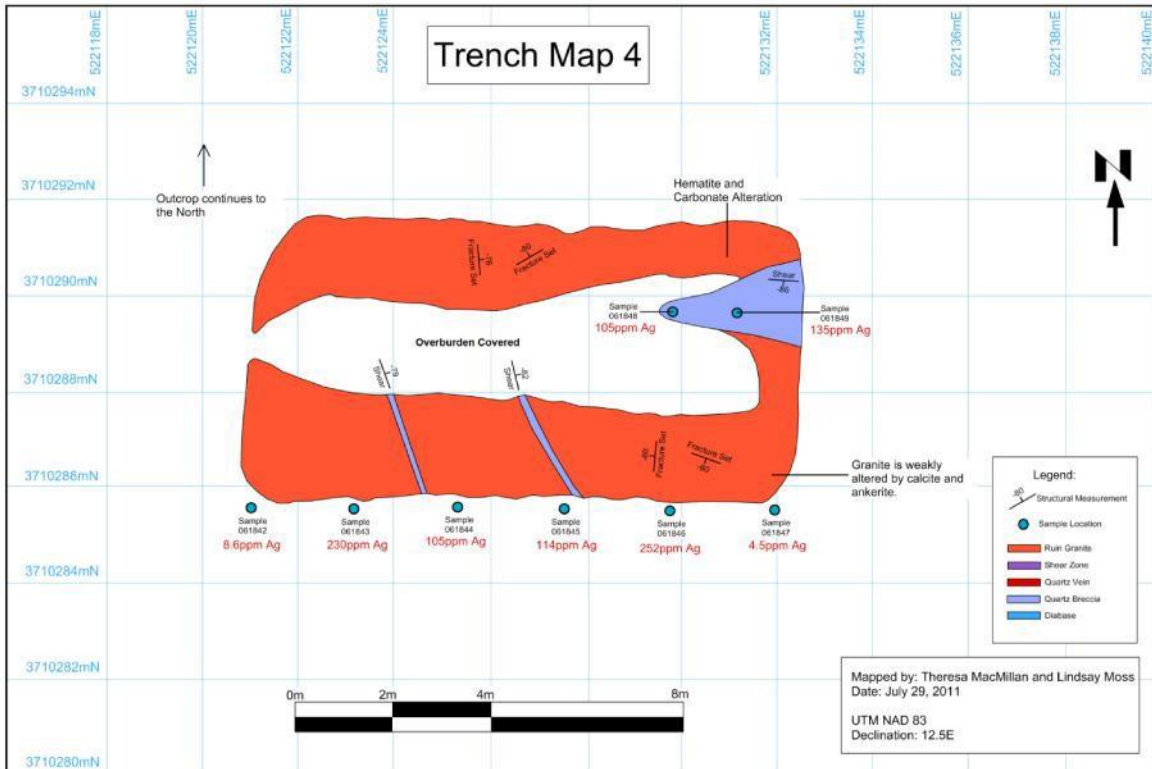
## Black Diamond Project, Gila County, Arizona (Continued)





## Exploration Projects (USA) (Continued)

### Black Diamond Project, Gila County, Arizona (Continued)



Eighty additional small trenches were mapped and sampled thoroughly in the examined area. Of the 180 samples taken 53 samples assayed over 3.2oz/t (100ppm) silver. The samples also assayed anomalous copper, lead and zinc values.

The Pre-Cambrian Ruin Granite hosts many shear zones and multiple types of alteration including hematite, ankerite, and chlorargyrite (silver chloride). The anomalous silver values are highly associated with variations in magnetic susceptibility and increased chlorargyrite alteration in the area.

The highlights, samples over 3.2 oz./t (100 ppm) silver, taken from small and large trenches are shown below:

Sample #	Ag ppm	Ag oz./t	Cu %	Pb %	Zn %
E5105693	3310	106.4	0.84	0.71	0.14
61825	1725	55.5	0.03	0.11	0.08
E5105694	1190	38.3	0.50	0.48	0.08
61826	786	25.3	0.03	0.06	0.08
61814	651	20.9	0.06	0.08	0.07

**Exploration Projects (USA) (Continued)**

*Black Diamond Project, Gila County, Arizona (Continued)*

<b>Sample #</b>	<b>Ag ppm</b>	<b>Ag oz./t</b>	<b>Cu %</b>	<b>Pb %</b>	<b>Zn %</b>
61881	641	20.6	0.04	0.31	0.06
61812	599	19.3	0.05	0.04	0.07
61804	597	19.2	0.15	0.14	0.15
61827	584	18.8	0.04	0.04	0.11
61854	527	16.9	0.01	0.23	0.02
E5105696	524	16.8	0.11	0.36	0.05
E5105739	475	15.3	0.02	0.06	0.05
61879	411	13.2	0.02	0.25	0.04
61877	405	13.0	0.28	0.18	0.06
61807	352	11.3	0.17	0.55	0.25
E5105684	351	11.3	0.10	0.31	0.10
61810	282	9.1	0.11	0.41	0.16
61821	277	8.9	0.02	0.04	0.02
61846	252	8.1	0.02	0.06	0.02
61843	230	7.4	0.10	0.18	0.19
61829	226	7.3	0.06	0.18	0.10
E5105707	218	7.0	0.18	0.42	0.06
61853	215	6.9	0.01	0.16	0.01
61876	189	6.1	0.15	0.18	0.08
E5105700	180	5.8	0.02	0.09	0.06
61820	174	5.6	0.05	0.12	0.02
E5105743	174	5.6	0.06	0.33	0.16
61823	173	5.6	0.01	0.02	0.02
61883	173	5.6	0.01	0.18	0.03
61822	166	5.3	0.01	0.01	0.01
61882	159	5.1	0.01	0.03	0.01
61802	151	4.9	0.08	0.17	0.10
61801	142	4.6	0.25	0.06	0.24
61849	135	4.3	0.02	0.06	0.08
61832	133	4.3	0.06	0.12	0.12
E5105698	133	4.3	0.16	0.90	0.11
E5105682	131	4.2	0.13	0.47	0.43
61805	129	4.1	0.04	0.07	0.07
61840	125	4.0	0.05	0.09	0.02
61817	119	3.8	0.06	0.18	0.02
61811	116	3.7	0.06	0.14	0.08

**Exploration Projects (USA) (Continued)**

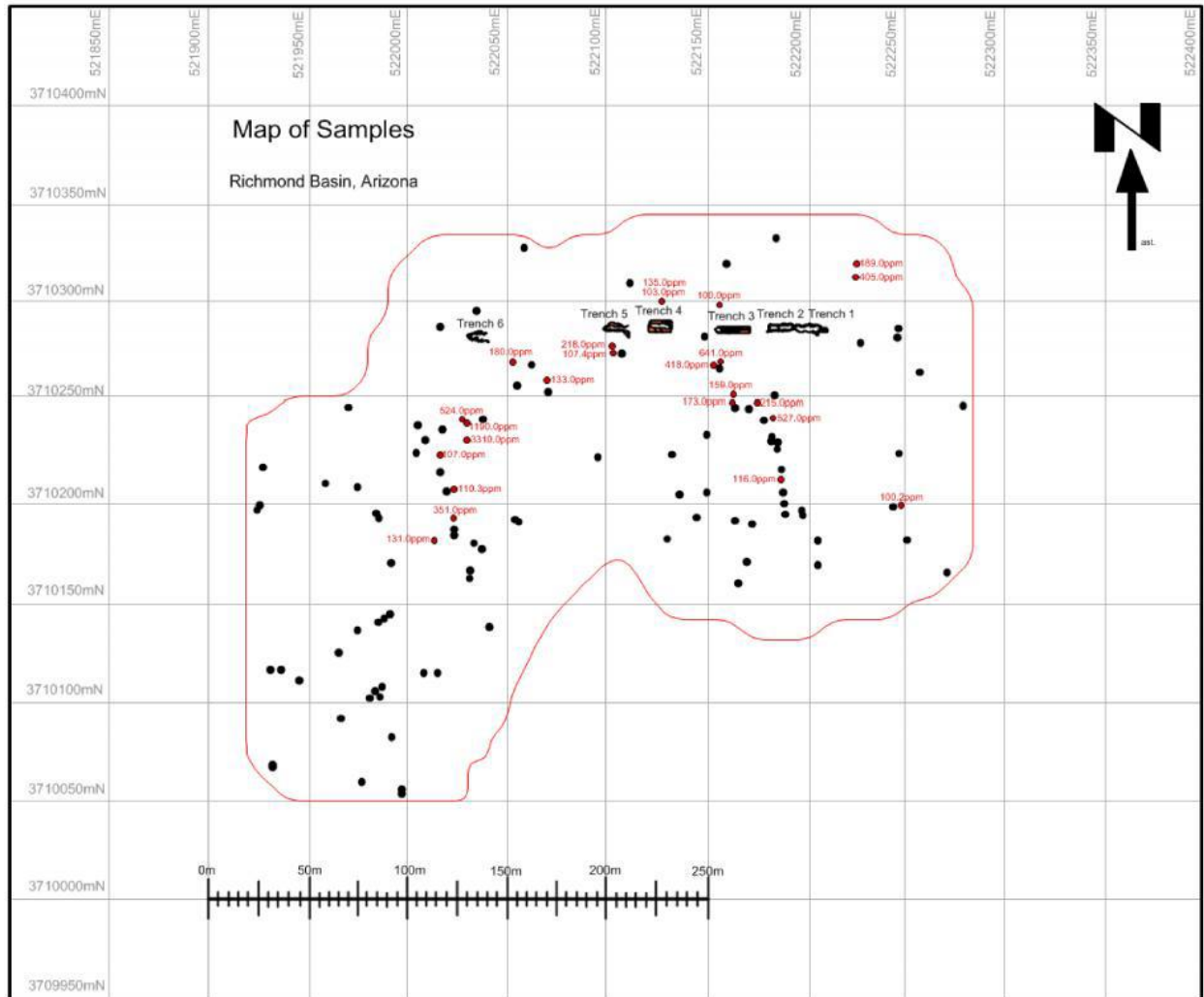
*Black Diamond Project, Gila County, Arizona (Continued)*

<b>Sample #</b>	<b>Ag ppm</b>	<b>Ag oz./t</b>	<b>Cu %</b>	<b>Pb %</b>	<b>Zn %</b>
61862	116	3.7	0.01	0.16	0.01
61803	114	3.7	0.10	0.09	0.08
61837	114	3.7	0.04	0.04	0.08
61845	114	3.7	0.03	0.07	0.07
E5105688	107	3.4	0.13	0.65	0.28
E5105706	107	3.4	0.02	0.13	0.05
61809	105	3.4	0.08	0.35	0.16
61844	105	3.4	0.06	0.13	0.08
61848	105	3.4	0.06	0.11	0.14
E5105742	105	3.4	0.03	0.31	0.03
61831	100	3.2	0.05	0.01	0.11
61841	100	3.2	0.01	0.01	0.01

## Exploration Projects (USA) (Continued)

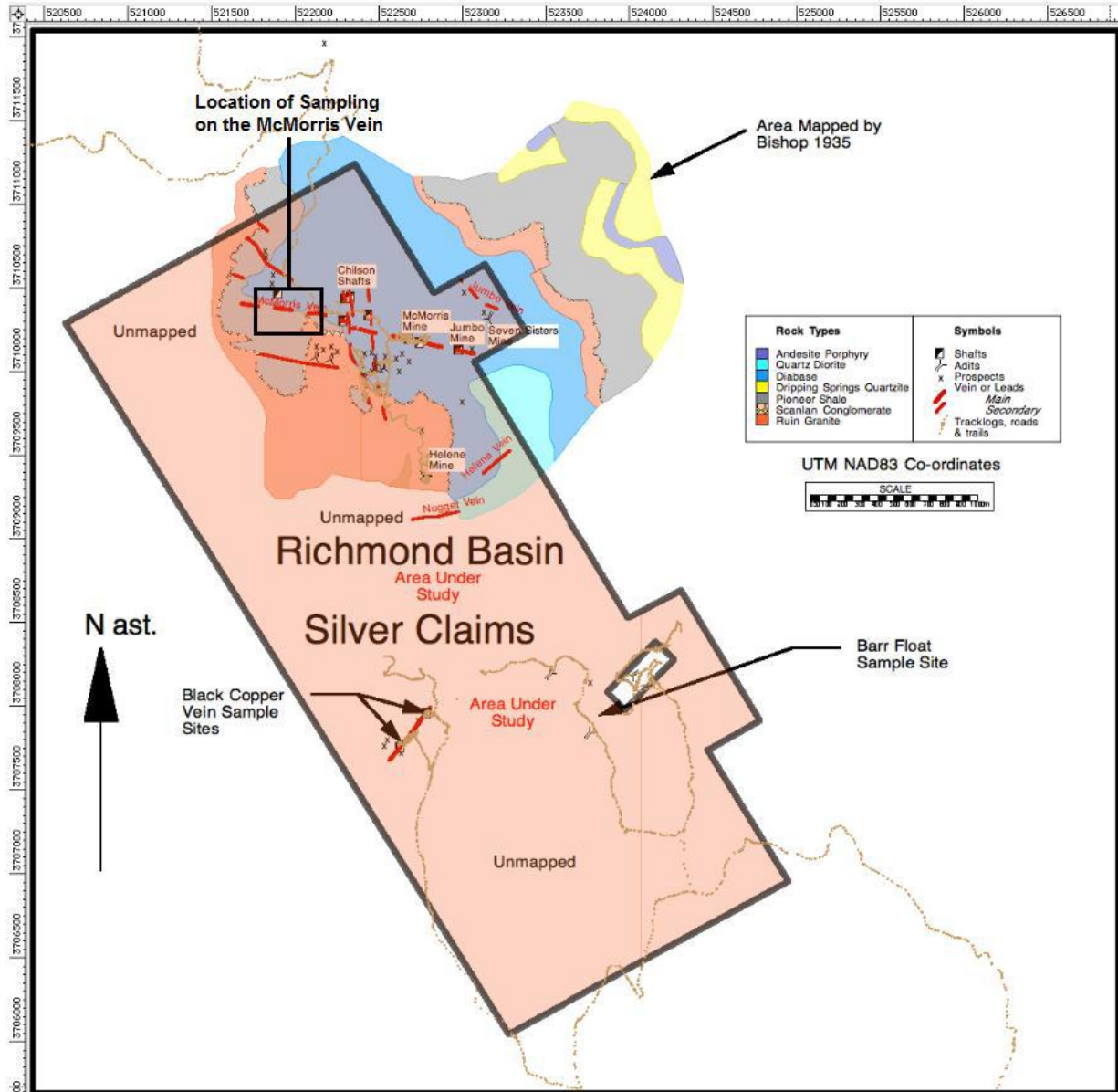
### *Black Diamond Project, Gila County Arizona (Continued)*

The mineralization surrounding the McMorris vein remains open for extension to the east, south west and at depth. Trueclaim has applied for a permit to drill some of these targets.



Exploration Projects (USA) (Continued)

Black Diamond Project} Gila County Arizona Continued)



## Capital Stock

### Authorized

Unlimited number of common shares without par value

### Issued

Common Shares	Note	September 30, 2018		December 31, 2017	
		Number	Amount (\$)	Number	Amount (\$)
Beginning of period		3,330,953	8,861,507	3,330,953	8,861,507
Shares issued in private placement	a	32,606,800	1,705,662	-	-
Share issue costs		-	(578,303)	-	-
Balance		<b>35,937,753</b>	<b>9,988,866</b>	<b>3,330,953</b>	<b>8,861,507</b>

Warrants	Note	September 30, 2018		December 31, 2017	
		Number	Amount (\$)	Number	Amount (\$)
Beginning of period		-	-	500,000	10,875
Warrants issued	b	32,606,800	1,555,018	-	-
Finders' warrants issued	c	2,369,000	297,773	-	-
Warrants expired	d	-	-	(500,000)	(10,875)
Balance		<b>34,975,800</b>	<b>1,852,791</b>	-	-

As at the date of this MD&A, the following securities of the Company are outstanding on a post consolidation basis:

<b>Common Shares:</b>	35,937,753
<b>Warrants:</b>	32,606,800
<b>Finders Options:</b>	2,369,000
<b>Stock Options:</b>	100,000

### Notes

#### a) Shares issued in private placement

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.

#### b) Warrants issued in private placement

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.

*c) Finders' warrants*

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.

*d) Expired warrants*

During the year ended December 31, 2017, a total of 500,000 warrants expired. The value of the expired warrants \$10,875 was transferred to contributed surplus.

## **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 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 options expire on March 31, 2021.

A total of 130,000 stock options were forfeited during the year ended December 31, 2017. There is a total of 100,000 stock options outstanding on a post-consolidation basis as at September 30, 2018.

*b) 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 period ended September 30, 2018 and the year ended December 31, 2017:

	<b>September 30,</b> <b><u>2018</u></b>	<b>December 31,</b> <b><u>2017</u></b>
	<b>\$</b>	<b>\$</b>
Opening balance, January 1	2,061,805	2,050,930
Issuance of stock options	-	-
Issuance of finder's options	-	-
Exercised stock options	-	-
Exercised finders' options	-	-
Expired warrants	-	10,875
<b>Ending balance</b>	<b><u>2,061,805</u></b>	<b><u>2,061,805</u></b>

## Disclosure Controls and Procedures

The Chief Executive Officer and Chief Financial Officer of the Company has assessed or caused to be assessed the effectiveness of the Company's disclosure control procedures ("DC&P") and internal control over financial reporting ("ICFR") which has been designed or caused to be designed under their supervision in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The Company took into consideration the following characteristics common to companies of a similar size:

- The limited number of employees in smaller companies, which constrains the Company's ability to fully segregate duties;
- The Company relies on active communication with the Board and management to maintain the effectiveness of Company's disclosure controls and procedures; and
- The evolving nature of smaller companies, which limits their ability to have static processes that are well-documented.

In addition, management has relied upon certain informal procedures and communication to maintain the effectiveness of disclosure controls and procedures and to continually improve and upgrade the design and evaluation of its DC&P and ICFR. As at September 30, 2017, this evaluation confirmed the effectiveness of the design and operation of disclosure controls and procedures to provide reasonable assurance that material information relating to the Company is reported in a timely manner so that it can provide investors with complete and reliable information. However, there can be no assurance that the risk of a material misstatement in the annual financial statements can be reduced to less than a remote likelihood.

## Internal Controls and Procedures over Financial Reporting

The Company's management is responsible for establishing and maintaining adequate internal controls over financial reporting. Any system of internal control over financial reporting, no matter how well designed, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

The Company's Chief Executive Officer and Chief Financial Officer have concluded that internal controls over financial reporting are appropriately designed and are operating effectively to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS.



There have been no changes in the Company's internal control over financial reporting since the year ended December 31, 2017 that have materially affected, or are reasonably likely to materially affect, its internal controls over financial reporting.

## **Financial Risk Factors**

### ***Fair value***

The carrying value of cash and cash equivalents, receivables, and trade 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.

### ***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 September 30, 2018, the Company had current assets of \$1,799,824 (December 31, 2017 - \$3,479) and current liabilities of \$297,594 (December 31, 2017 - \$1,294,209). The Company recently completed a private placement financing of \$3.26 million on May 4, 2018 providing additional capital for general corporate purposes.

## **Risks Associated with Exploration and Mining Operations**

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

### ***Environmental Risks***

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

### ***Mineral Market***

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

### ***Funding Requirements***

In order to move forward with its exploration activities, the Company may require additional funding. There can be no guarantee that such funds will be available as and when required or, if available, be accessible on reasonable commercial terms.

## **Risks Associated with Exploration and Mining Operations (Continued)**

### ***Reliance on Management***

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

## **Forward Looking Statements**

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

## **Other Information**

Additional information is available on SEDAR [www.sedar.com](http://www.sedar.com).