



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

**For The Three Months Ended**

**March 31, 2019**

**TRUECLAIM EXPLORATION INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2019**

*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 March 31, 2019. It has been prepared as of May 30, 2019 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 March 31, 2019. All financial information in this MD&A is prepared in accordance with International Financial Reporting Standards ("IFRS"). 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.

The Company had 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").

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

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

## **Current Developments**

### **Subsequent Event**

On March 15, 2019, the Company announced that it has entered into a binding Letter of Intent effective March 8, 2019 with New Wave Holdings Corp. ("New Wave"), an arm's length privately-held corporation, to acquire a 100% interest in New Wave via a business combination transaction that would constitute a reverse take-over of Trueclaim (the "Transaction"). The Transaction contemplates the de-listing for trading of the common shares of Trueclaim (the "Trueclaim Shares") from the TSX Venture Exchange (the "TSXV") and the intended listing for trading of the shares (the "Resulting Issuer Shares") of the resulting issuer (the "Resulting Issuer") on the Canadian Securities Exchange (the "CSE"). The final structure of the Transaction will be determined by New Wave and Trueclaim to accommodate tax considerations, accounting treatment, and applicable legal and regulatory requirements. Upon completion of the Transaction, the Resulting Issuer will continue to carry on the business of New Wave. The closing of the Transaction is subject to Trueclaim and New Wave negotiating and executing definitive documentation, the satisfactory completion of due diligence, conditional approval to list the Resulting Issuer Shares on the CSE, and the receipt of all other necessary regulatory, shareholder and third-party consents and approvals. If it proceeds, the Transaction is expected to close in summer of 2019.

## Overview of Business

### 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 year ended December 31, 2018.

#### Termination of Berry Desbous Property and Hebecourt Property Option Agreements

Effective September 28, 2018, the Company terminated the Option Agreements with Frank Tagliamonte for the Berry Desbous 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 Desbous 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 year ended December 31, 2018.

#### 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.

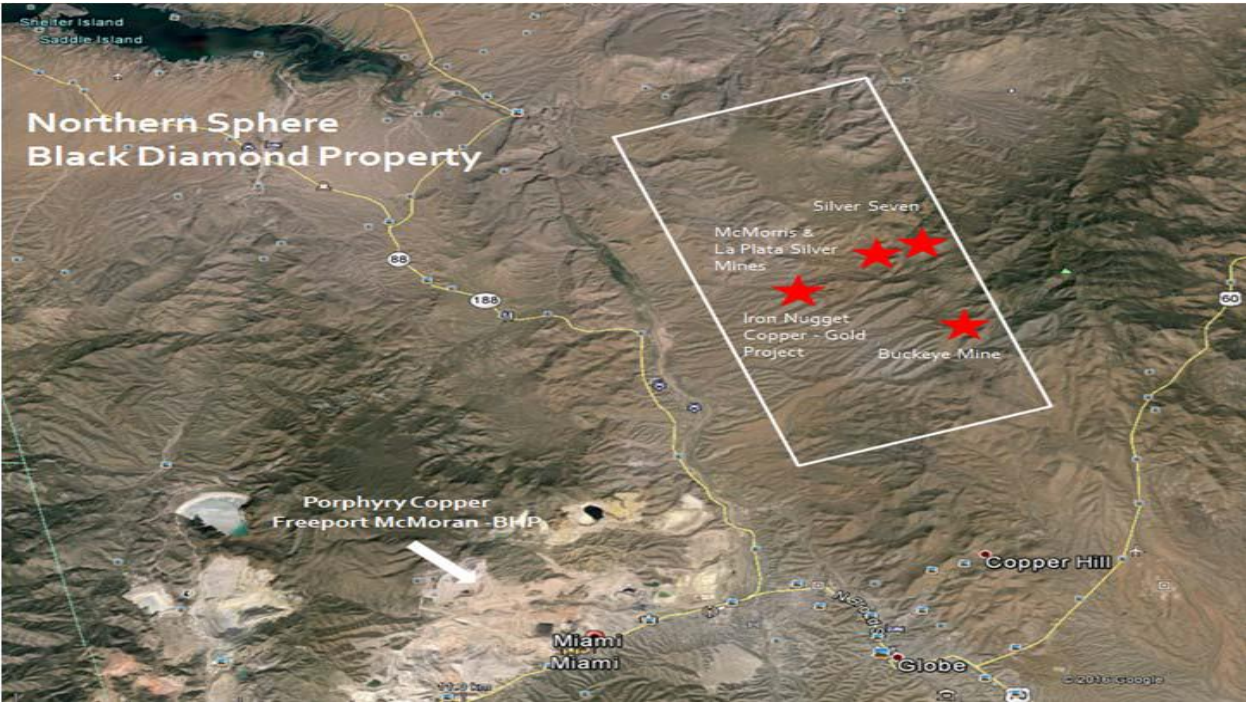
**July 26, 2017 - TRUECLAIM ANNOUNCES CORPORATE UPDATE ON ITS SCADDING GOLD PROJECT JOINT VENTURE WITH NORTHERN SPHERE MINING CORP.**

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.



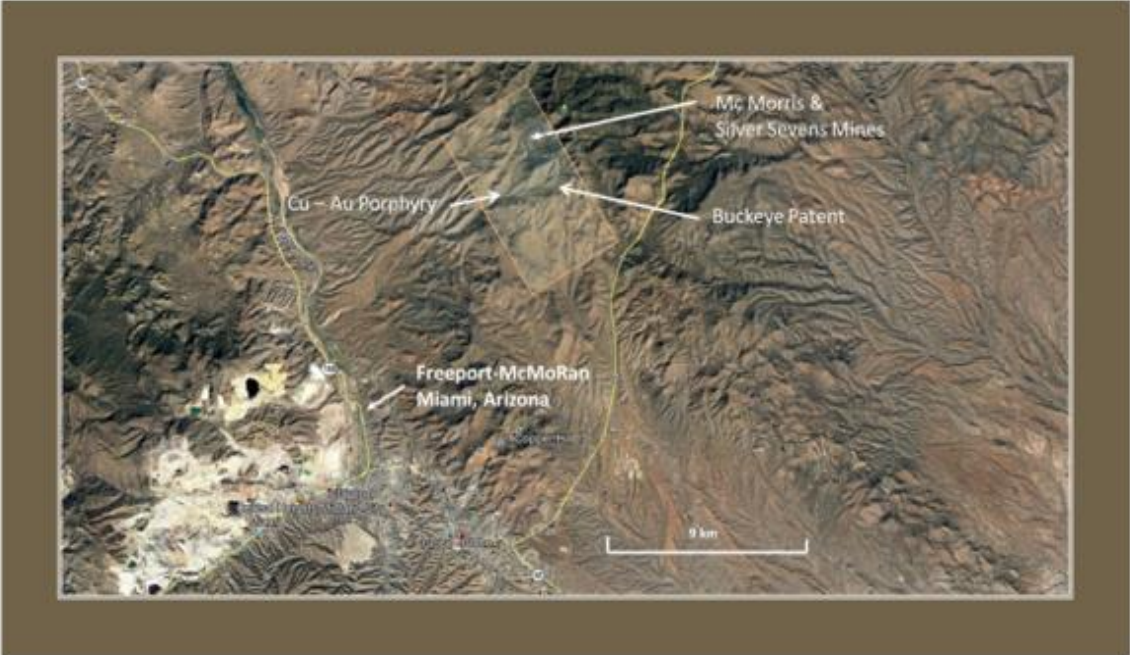
OCTOBER 11, 2017 - TRUECLAIM ANNOUNCES CORPORATE UPDATE ON ITS BUCKEYE PATENT PROPERTY JOINT VENTURE WITH NORTHERN SPHERE MINING CORP.

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.



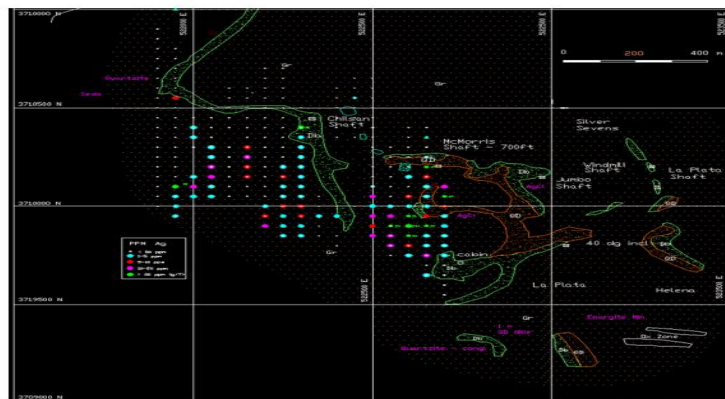
**Figure 2: Black Diamond Property - Satellite View**



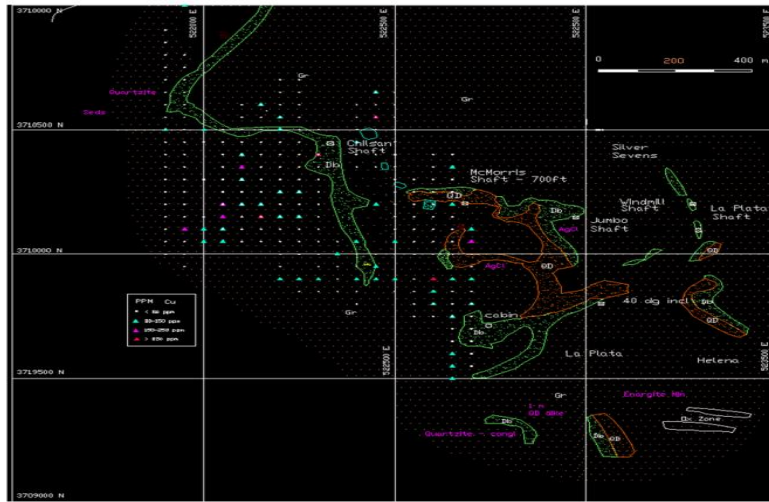
Preliminary results from the first 250 geochemical samples analyzed are extremely encouraging. The strategic soil survey, which began near the historic McMORRIS and La Plata Silver Mines, demonstrated anomalous copper, zinc, and nickel values along with significantly anomalous (up to 344 g/t) silver 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.

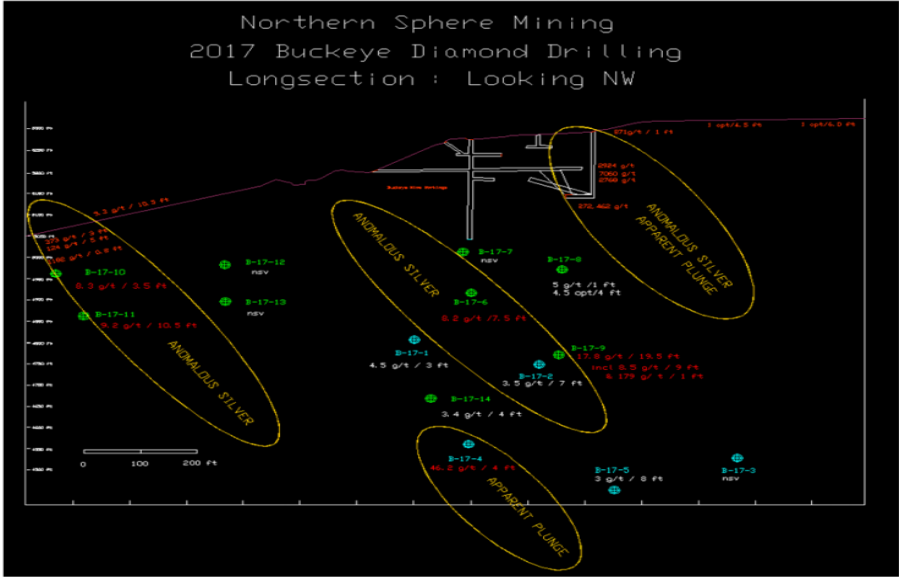
Thirteen of the fourteen holes drilled intercepted the perceived host structure up to 250 metres below the underground workings for a strike length of 400 metres. The width of the structure, and its corresponding alteration, varied between two and six metres. Of the 14 holes drilled, 10 of such holes 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.

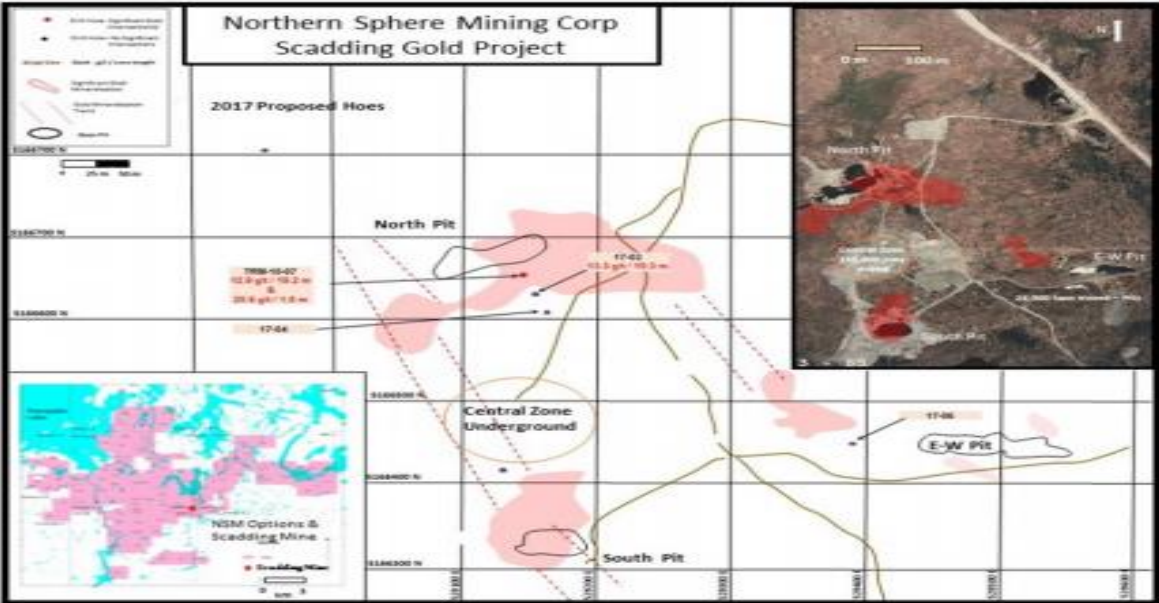
**Table 2: Newton Claim Float Samples**

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**

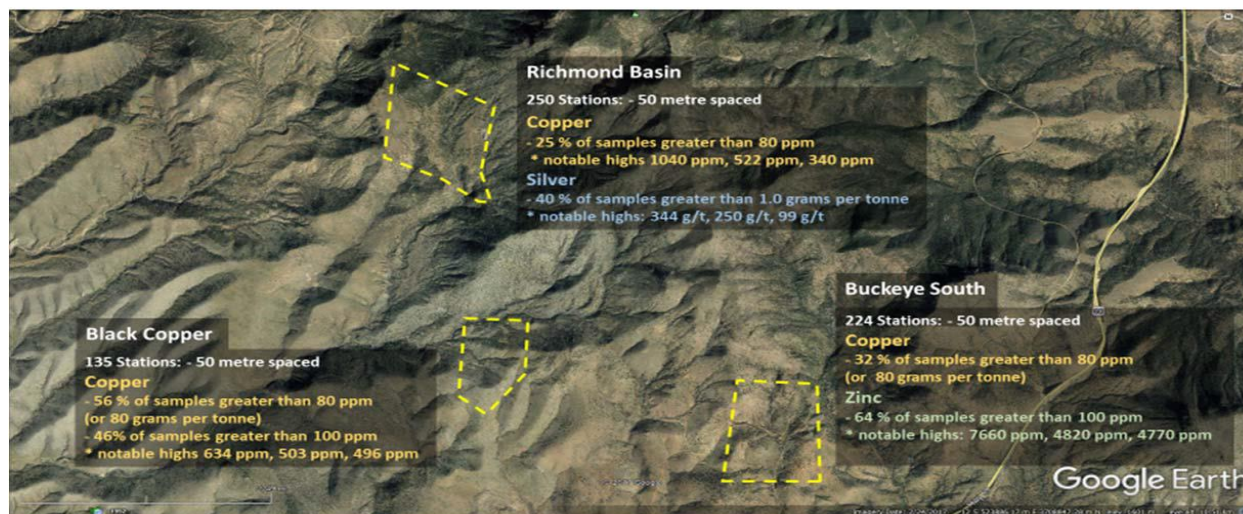


Northern Sphere has undertaken an intensive Geochemical Survey over its 3,800-acre Black Diamond Property, located 12 km (8 miles) north-east of Freeport McMoRan’s Open Pit Copper Operations. The Geochemical Survey recovered systematic soil samples on a 50-metre spaced grid. Each sample was submitted 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, 2018 and December 31, 2017.

	For the Year Ended December 31, 2018 IFRS	For the Year Ended December 31, 2017 IFRS
Total revenues	\$ -	\$ -
Net income (loss) and comprehensive income (loss)	(625,578)	136,356
Fully diluted income (loss) per share	(0.04)	0.04
Total assets	1,653,636	294,942
Total current liabilities	298,331	1,294,209

## Summary of Quarterly Results

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

	Three months ended March 31, 2019	Three months ended December 31, 2018	Three months ended September 30, 2018	Three months ended June 30, 2018
Revenue	\$ -	\$ -	\$ -	\$ -
Net income (loss) & comprehensive income (loss)	(45,934)	(146,925)	(196,339)	(205,251)
Earnings (loss) per share	(0.00)	(0.00)	(0.01)	(0.01)
Fully diluted earnings (loss) per share	(0.00)	(0.00)	(0.01)	(0.01)

	Three months ended March 31, 2018	Three months ended December 31, 2017	Three months ended September 30, 2017	Three months ended June 30, 2017
Revenue	\$ -	\$ -	\$ -	\$ -
Net income (loss) & comprehensive income (loss)	(77,064)	284,074	(46,526)	(51,956)
Earnings (loss) per share	(0.02)	0.09	(0.00)	(0.00)
Fully diluted earnings (loss) per share	(0.02)	0.07	(0.00)	(0.00)

*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 March 31, 2019***

Net income (loss) and comprehensive income (loss) for the three months ended March 31, 2019, was \$(45,934) or \$(0.00) per common share, as compared to a net income (loss) and comprehensive income (loss) of \$(77,064) or \$(0.02) per common share for the three months ended March 31, 2018.

### ***Operating expenses***

Administrative expenses decreased by \$2,788 from \$14,722 for the three months ended March 31, 2018, to \$11,934 for the three months ended March 31, 2019. The decrease in 2019 is due to lower office costs, corporate filings, shareholder communications and regulatory fees as compared to the first quarter of 2018 as there was less business activity in 2019 compared to 2018.

Management fees expense decreased by \$97,450 from \$127,000 for the quarter ended March 31, 2018, to \$29,550 for the quarter ended March 31, 2019. The decrease is due to decreased business activities and a lower level of assets and no mining properties in 2019, as compared to 2018. In the prior year, there were increased activities due to the management of the Company's mining properties, review of potential acquisitions and other business arrangements, exploring potential new business sectors such as the cannabis industry, and dealing corporate business matters to carry on the Company's operations in 2018.

Professional fees decreased by \$42,567 from \$47,017 for the quarter ended March 31, 2018, to \$4,450 for the quarter ended March 31, 2019. Again, this reflects the decreased levels of professional legal activities in first quarter of 2019 regarding the Company's mining properties, preparation of legal agreements, corporate business matters, and compliance and regulatory matters required to carry on the Company's operations in the first quarter of 2018.

### ***Impairment of intangible assets***

During the first quarter ended March 31, 2019, the Company incurred an impairment charge of \$Nil related to its intangible assets, since the Company no longer owned any of its mining properties during the current period ended March 31, 2019.

The Company incurred an impairment of its intangible assets of \$Nil during the prior quarter ended March 31, 2018.

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

The Company reported a gain on debt settlement of \$Nil for the first quarter ended March 31, 2019 with respect to the settlement debt with creditors at a discount to the fair-value of the debt.

In the prior quarter ended March 31, 2018, the Company reported a gain on debt settlement of \$111,675 as it was able to settle debt with a number of creditors at a discount to the fair-value of the debt in 2018.

### ***Net income (loss) per share***

During the first quarter ended March 31, 2019, the Company reported a net income (loss) of \$(45,934) and a net income (loss) per share of \$(0.00). In the prior quarter ended March 31, 2018, the Company reported a net income (loss) of \$(77,064) and a net income (loss) per share of \$(0.02).

## **Liquidity and Capital Resources**

### ***Cash resources and liquidity***

As at March 31, 2019, the Company had cash of \$1,538,827 and had positive working capital of \$1,309,371 as compared to cash of \$1,593,545 and a positive working capital of \$1,355,305 as at December 31, 2018. The cash balance and working capital increased significantly during the year ended December 31, 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 advancement of the Company's business 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 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 business plans, 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 period ended March 31, 2019, the Company incurred key management compensation expenses in the amount of \$29,550 (March 31, 2018 - \$18,000). Key management comprises executive and non-executive directors and senior officers of the Company.

During the period ended March 31, 2019, the Company incurred legal services provided by a Director in the amount of \$nil (December 31, 2018 - \$20,000).

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

As at March 31, 2019, the Company's trade payable and accrued payable balances included \$nil (December 31, 2018 - \$25,625) payable to related parties.

On May 4, 2018, in connection with the non-brokered private placement, the Company issued 850,000 common shares to settle \$85,000 of debt to certain related parties, at a price of \$0.10 per common share.

On May 4, 2018, in connection with the non-brokered private placement, the Company issued 200,000 common shares to a Director and 950,000 common shares to officers of the company at a price of \$0.10 per common share.

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.

### ***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 and renounced \$769,547 of its tax deductions relating to flow-through expenditures. The Company had until December 31, 2012 to make qualified mining exploration expenses totaling \$769,547 and incurred \$240,796 of qualifying expenditures. As at March 31, 2019, the Company had accrued \$422,772 for penalties, interest and shareholder indemnities relating to the unspent flow through amounts (December 31, 2018 – \$418,749), and recorded interest of \$4,023 during the period ended March 31, 2019 (December 31, 2018 - \$16,106). In accordance in the terms of the Scadding Property Purchase Agreement with Northern Sphere, Northern Sphere agreed to indemnify the Company of an amount of up to 50% of the amount of the potential liabilities, regarding the flow-through expenditures, to a maximum total amount of \$200,000.

### ***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 consolidated financial statements are described below.

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

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

### ***Cash equivalents***

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.

### ***Intangible assets***

The Company records its interests in mining properties and areas of geological interest at cost as intangible assets in the consolidated statements of financial position. Each individual mining property is defined as a cash generating unit. Exploration and evaluation costs relating to these interests and projects are capitalized until the properties to which they relate are placed into production, sold or allowed to lapse.

During the period ended March 31, 2019, a total of \$nil (Year ended December 31, 2018 - \$15,838) of costs were incurred for exploration, evaluation and acquisitions of mining properties. Management reviews the carrying values of intangible assets on a regular basis to determine whether any write downs are necessary. These costs will be amortized over the estimated useful life of the mining properties following commencement of production or written off if the mining properties or projects are sold or allowed to lapse. General exploration expenditures not related to specific mining properties are expensed as incurred.

### ***Flow-through shares***

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

The fair value of the tax benefit received by the subscriber is recorded as a liability which is extinguished when the tax effect of the temporary differences, resulting from the renunciation, is recorded. The difference between the liability and the value of the tax assets renounced is recorded as a deferred tax expense.

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

### ***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.

### ***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 March 31, 2019, 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 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.

### **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 year ended December 31, 2018.

### ***Financial instruments***

Effective January 1, 2018, the Company adopted IFRS 9 - Financial Instruments ("IFRS 9"). In July 2014, the IASB issued the final publication of the IFRS 9 standard, which supersedes IAS 39 - Financial Instruments: recognition and measurement ("IAS 39"). IFRS 9 includes revised guidance on the classification and measurement of financial instruments, new guidance for measuring impairment on financial assets, and new hedge accounting guidance. The Company has adopted IFRS 9 on a retrospective basis, however, this guidance had no impact to the Company's consolidated financial statements.

Under IFRS 9, financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 contains the primary measurement categories for financial assets: measured at amortized cost, fair value through other comprehensive income ("FVTOCI") and fair value through profit and loss ("FVTPL").

The new hedge accounting guidance aligns hedge accounting more closely with an entity's risk management objectives and strategies. IFRS 9 does not fundamentally change the types of hedging relationships or the requirement to measure and recognize ineffectiveness; however, it allows more hedging strategies used for risk management to qualify for hedge accounting and introduces more judgement to assess the effectiveness of a hedging relationship, primarily from a qualitative standpoint. The Company has elected to continue with IAS 39 for hedging. This does not have an effect on our reported results. (See Note in the Financial Statements).

### ***Accounting standards issued***

#### **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 has determined that the new standard had no impact on its consolidated financial statements.



## CAPITAL STOCK

### *Authorized*

Unlimited number of common shares without par value

### *Issued*

Common Shares	Note	March 31, 2019		December 31, 2018	
		Number	Amount (\$)	Number	Amount (\$)
Beginning of period		35,937,753	9,939,107	3,330,953	8,861,507
Shares issued in private placement	a	-	-	32,606,800	3,260,680
Less: Fair value of warrants	b	-	-	-	(1,555,018)
Share issue costs		-	-	-	(628,062)
Balance		<b>35,937,753</b>	<b>9,939,107</b>	<b>35,937,753</b>	<b>9,939,107</b>

Warrants	Note	March 31, 2019		December 31, 2018	
		Number	Amount (\$)	Number	Amount (\$)
Beginning of period		34,975,280	1,902,550	-	-
Warrants issued	b	-	-	32,606,280	1,555,018
Finders' warrants issued	c	-	-	2,369,000	347,532
Warrants expired	d	-	-	-	-
Balance		<b>34,975,280</b>	<b>1,902,550</b>	<b>34,975,280</b>	<b>1,902,550</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>	32,606,280
<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 in 2018, 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 \$347,532 calculated using the Black Scholes pricing model.

*d) Expired warrants*

During the period ended March 31, 2019, a total of Nil (Dec 31, 2018: Nil) warrants expired.

## **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 as at December 31, 2018 and as at March 31, 2019.

*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 March 31, 2019 and the year ended December 31, 2018:

	<b>March 31, <u>2019</u></b>	<b>December 31, <u>2018</u></b>
	<b>\$</b>	<b>\$</b>
Opening balance, January 1	2,061,805	2,061,805
Issuance of stock options	-	-
Issuance of finder's options	-	-
Exercised stock options	-	-
Exercised finders' options	-	-
Expired warrants	-	-
<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 December 31 2018, 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.

As at March 31, 2019, there have been no changes in the Company's internal control over financial reporting since the year ended December 31, 2018 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 March 31, 2019, the Company had current assets of \$1,600,093 (December 31, 2018 - \$1,653,636) and current liabilities of \$290,722 (December 31, 2018 - \$298,331). The Company recently completed a private placement financing for gross proceeds 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.

### ***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).