

**TRUECLAIM EXPLORATION INC.**

(to be renamed “New Wave Esports Corp.”)

**CSE FORM 2A  
LISTING STATEMENT**

October 24, 2019

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## 1. INTRODUCTION

This Listing Statement (“**Listing Statement**”) is furnished by and on behalf of the management of Trueclaim Exploration Inc. (the “**Issuer**” or “**Trueclaim**”) in connection with the listing of the Resulting Issuer Shares (as defined herein) on the CSE (as defined herein).

The information contained or referred to in this Listing Statement with respect to New Wave Esports Corp. (“**New Wave Esports**”) and its business has been provided by its management.

### **FORWARD-LOOKING STATEMENTS**

This Listing Statement contains forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as “plans”, “expects” or “does not expect”, “is expected”, “estimates”, “intends”, “anticipates” or “does not anticipate”, or “believes”, or variations of such words and phrases or state that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, be achieved or occur. Forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Resulting Issuer to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this Listing Statement. Such forward-looking statements speak only as of the date of this Listing Statement and include, but are not limited to, statements with respect to:

- the ability of the Resulting Issuer to obtain necessary financing;
- the performance of the Resulting Issuer’s business and operations as it relates to its subsidiaries and investees;
- the esports and gaming markets and the profitability thereof;
- the Resulting Issuer’s future liquidity and financial capacity;
- costs, timing and future plans concerning the business and operations of the Resulting Issuer and its subsidiaries;
- the Resulting Issuer’s intention to complete the listing of its securities on the CSE and all transactions related thereto; and
- results and expectations concerning various partnerships, strategic alliances, projects, marketing strategies, and prospective investments of the Resulting Issuer and its subsidiaries and investees.

The forward-looking statements contained in this Listing Statement are based on a number of assumptions that may prove to be incorrect including, but not limited to:

- the Resulting Issuer’s ability to raise capital;

- the Resulting Issuer’s ability to satisfy CSE listing requirements;
- the Resulting Issuer’s ability to successfully identify, structure, and execute investments and acquisitions; and
- costs, timing and future plans concerning operations of the Resulting Issuer and/or its subsidiaries being consistent with current expectations.

Although the Resulting Issuer has attempted to identify important factors that could cause actual events, actions, or results to differ materially from those described in forward-looking statements, there may be other factors that cause events, actions, or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The factors identified above are not intended to represent a complete list of the factors that could affect the Resulting Issuer and/or its Subsidiaries. Additional factors are noted under Section 17 “*Risk Factors*” in this Listing Statement. The forward-looking statements contained in this Listing Statement are expressly qualified in their entirety by this cautionary statement. The forward-looking statements included in this Listing Statement are made as of the date of this Listing Statement and the Resulting Issuer does not undertake an obligation to publicly update such forward-looking statements to reflect new information, subsequent events or otherwise unless required by applicable law.

## **GENERAL MATTERS**

Any market data or industry forecasts used in this Listing Statement, unless otherwise specified, were obtained from publicly available sources. Although the Resulting Issuer believes these sources to be generally reliable, the accuracy and completeness of such information are not guaranteed and have not been independently verified.

Statistical information included in this Listing Statement and other data relating to the industry in which the Resulting Issuer intends to operate is derived from recognized industry reports published by industry analysts, industry associations and independent consulting and data compilation organizations but are not guaranteed and have not been independently verified.

## **GLOSSARY**

Unless the context otherwise requires or where otherwise provided, the following words and terms shall have the meanings set forth below when used in this Listing Statement.

A company is an “**Affiliate**” of another company if (a) one of them is the subsidiary of the other, or (b) each of them is controlled by the same Person. A company is “controlled” by a Person if (a) voting securities of a company are held, other than by way of security only, by or for the benefit of that Person, and (b) the voting securities, if voted, entitle the Person to elect a majority of the directors of a company. A Person beneficially owns securities that are beneficially owned by (a) a company controlled by that Person, or (b) an Affiliate of that Person or an Affiliate of any company controlled by that Person.

“**AmalCo**” means the continuing corporation constituted upon the amalgamation of Subco and New Wave Esports pursuant to the Amalgamation.

“**AmalCo Shares**” means the common shares in the capital of AmalCo.

“**Amalgamation**” has the meaning ascribed thereto under the Section 2.4 “*Fundamental Change or Acquisition*”.

“**Amalgamation Agreement**” means the amalgamation agreement dated June 7, 2019, among Trueclaim, Subco and New Wave Esports pursuant to which the parties will complete the Amalgamation.

“**Associate**” has the meaning ascribed to such term in the *Securities Act* (British Columbia), as amended, including the regulations promulgated thereunder.

“**Avatar**” means Avatar One E-Sports Capital Corp.

“**BCBCA**” means the *Business Corporations Act* (British Columbia), as amended, including the regulations promulgated thereunder.

“**Board**” means the board of directors of a company.

“**Business Day**” means any day other than a Saturday, Sunday, or a statutory or civic holiday in the City of Vancouver, British Columbia.

“**CEO**” means Chief Executive Officer.

“**CFO**” means Chief Financial Officer.

“**Closing**” means the completion of the Amalgamation.

“**Closing Date**” has the meaning ascribed thereto under the Section 2.4 “*Fundamental Change or Acquisition*”.

“**company**” unless specifically indicated otherwise, means a corporation, incorporated association or organization, body corporate, partnership, trust, association or other entity other than an individual.

“**Consideration Shares**” has the meaning ascribed thereto under the Section 2.4 “*Fundamental Change or Acquisition*”.

“**Consolidation**” has the meaning ascribed thereto under the Section 2.4 “*Fundamental Change or Acquisition*”.

“**CSA**” means the Canadian Securities Administrators.

“**CSE**” means the Canadian Securities Exchange.

“**CSE Listing**” means the listing of the Resulting Issuer Shares on the CSE.

“**EMG**” means Even Matchup Gaming Inc.

“**Escrow Agent**” means Computershare Trust Company of Canada.

“**Escrow Agreement**” has the meaning ascribed thereto under the Section 11 “*Escrowed Securities*”.

“**IFRS**” means the International Financial Reporting Standards, as adopted by the Canadian Accounting Standards Board, effective January 1, 2011.

“**Listing Date**” means the date of the CSE Listing.

“**Listing Statement**” means this listing statement, as may be amended and/or supplemented from time to time.

“**MD&A**” means management’s discussion and analysis.

“**Name Change**” means the name change of Trueclaim to “New Wave Esports Corp.”

“**NAV**” means net asset value.

“**New Wave Esports**” means New Wave Esports Corp.

“**New Wave Esports Financial Statements**” means the audited financial statements of New Wave Esports for the period from incorporation on April 17, 2018 until March 31, 2019 and the unaudited interim financial statements of New Wave Esports for the subsequent three-month period ended June 30, 2019 which are attached to this Listing Statement as Schedule “C”.

“**New Wave Esports Shareholders**” means the holders of New Wave Esports Shares.

“**New Wave Esports Shares**” means the common shares of New Wave Esports.

“**New Wave Esports Warrantholders**” means the holders of New Wave Esports Warrants.

“**New Wave Esports Warrants**” means the common share purchase warrants to acquire New Wave Esports Shares.

“**Northern Sphere**” means Northern Sphere Mining Corp.

“**Person**” means a company or an individual.

“**Plan**” has the meaning ascribed thereto under Section 9 “*Options to Purchase Securities – Description of Stock Option Plan*” of this Listing Statement.

“**PlayLine**” means PlayLine Ltd.

“**Pro-Forma Financial Statements**” means the unaudited pro forma statement of financial position for the Resulting Issuer as at June 30, 2019, to give effect to the Amalgamation as if it had taken place as of June 30, 2019, which is attached to this Listing Statement as Schedule “E”.

“**Quebec Properties**” has the meaning given in Section 3.1 “*General Development of Business – Trueclaim*”.

“**Resulting Issuer**” means Trueclaim after giving effect to the Amalgamation, at which time Trueclaim is expected to be renamed “New Wave Esports Corp.”.

“**Resulting Issuer Board**” means the board of directors of the Resulting Issuer.

“**Resulting Issuer Options**” means outstanding incentive stock options of the Resulting Issuer.

“**Resulting Issuer Replacement Warrants**” has the meaning ascribed thereto under the Section 2.4 “*Fundamental Change or Acquisition*”.

“**Resulting Issuer Shareholders**” means holders of Resulting Issuer Shares.

“**Resulting Issuer Shares**” means the common shares in the capital of the Resulting Issuer.

“**RSUs**” or “**Restricted Share Units**” means restricted share units to acquire Resulting Issuer Shares.

“**Scadding Area Properties**” has the meaning ascribed thereto under the Section 3.1 “*General Development of Business – Trueclaim*”.

“**Subco**” means 1205619 B.C. Ltd.

“**Subco Shares**” means the common shares in the capital of Subco.

“**Subsidiary**” means a company that is controlled by another company where the controlling company is the beneficial or registered owner of, or otherwise controls, more than 50% of the voting securities of the controlled company or is otherwise able to control the board of directors (or similar body) of the controlled company.

“**Thunderbolt CDG**” means Thunderbolt Creative Digital Gaming Inc.

“**Tiidal Gaming**” means Tiidal Gaming Group Inc.

“**Transaction**” means the completion of (i) the Amalgamation, and (ii) the CSE Listing.

“**Trueclaim**” or the “**Issuer**” means Trueclaim Exploration Inc., a British Columbia corporation which is to be renamed as “New Wave Esports Corp.” in connection with the Amalgamation and following the completion of the Amalgamation is referred to herein as the Resulting Issuer.

“**Trueclaim Board**” means the board of directors of Trueclaim.

“**Trueclaim Financial Statements**” means the audited financial statements of Trueclaim for the years ended December 31, 2018, 2017 and 2016, and the unaudited interim financial statements of Trueclaim for the subsequent six-month period ended June 30, 2019, which are attached to this Listing Statement as Schedule “A”.



“**Trueclaim Shareholders**” means the holders of Trueclaim Shares.

“**Trueclaim Shares**” means the common shares in the capital of Trueclaim, prior to giving effect to the Amalgamation.

“**Trueclaim Warrants**” means the 21,737,865 common share purchase warrants of Trueclaim, with each full warrant being exercisable to acquire one Resulting Issuer Share at a price of \$0.18 per Resulting Issuer Share until May 3, 2023.

“**Trueclaim Broker Warrants**” means the 1,579,333 common share purchase warrants of Trueclaim with each full warrant being exercisable to acquire one Resulting Issuer Share at a price of \$0.18 per Resulting Issuer Share until May 3, 2023.

“**TSX-V**” means the TSX Venture Exchange.

“**U.S.**” or “**United States**” means the United States of America.

Words importing the masculine shall be interpreted to include the feminine or neuter and the singular to include the plural and vice versa where the context so requires.

In this Listing Statement, other words and phrases that are capitalized have the meanings assigned in this Listing Statement.

All references to “\$”, “CDN\$” or “dollars” in this Circular are to lawful currency of Canada unless otherwise expressly stated. References to “US\$” are to United States dollars.

## **2. CORPORATE STRUCTURE**

### **2.1 Corporate Name**

Issuer:	The full corporate name of the Issuer is “Trueclaim Exploration Inc.” The head office of Trueclaim is located at 999 Canada Place, Suite 404, Vancouver, British Columbia V6C 3E2 and its registered office address is 1500 – 1055 West Georgia Street, Vancouver, British Columbia V6E 4N7.
New Wave Esports:	The full corporate name of New Wave Esports is “New Wave (BC) Holdings Corp.” New Wave Esports’ head office is 217 Queen Street West, Suite 401, Toronto, Ontario, M5V 0R2, and registered office address is 400 – 725 Granville Street, Vancouver, British Columbia, V7Y 1G5.
Resulting Issuer:	The full corporate name of the Resulting Issuer will be “New Wave Esports Corp.” The Resulting Issuer’s head office will be 217 Queen Street West, Suite 401, Toronto, Ontario, M5V 0R2, and registered office address will be 1500 – 1055 West Georgia Street, Vancouver, British Columbia V6E 4N7. See Section 4 “ <i>Narrative Description of the Business</i> ”.

## 2.2 Incorporation and Listing History

Trueclaim was incorporated under the name “Stage Capital Inc.” on May 17, 2006 under the BCBCA. On February 12, 2009, the company changed its name to Trueclaim Exploration Inc.

Trueclaim Shares have been listed for trading on the TSX Venture Exchange since March 30, 2007 under the trading symbol “TRM”. Trueclaim Shares also trade on the OTCQX marketplace under the symbol “TRMNF”.

In connection with the Amalgamation, it is expected that Trueclaim will file a notice of alteration to change its name to “New Wave Esports Corp.”

### New Wave Esports

New Wave Esports was incorporated under the name “New Wave Holdings Corp.” under the BCBCA on April 17, 2018 . New Wave Esports changed its name to “New Wave Esports Corp.” on June 4, 2019. New Wave Esports changed its name to “New Wave (BC) Holdings Corp.” on October 17, 2019.

## 2.3 Intercorporate Relationships

With the exception of Trueclaim Resources Inc, a wholly-owned inactive subsidiary, and Subco, Trueclaim does not have subsidiaries. Trueclaim Resources Inc. was incorporated under the *Canada Business Corporations Act*.

New Wave Esports has no subsidiaries other than Thunderbolt CDG, which it wholly owns.

## 2.4 Fundamental Change or Acquisition

The Resulting Issuer will carry on the business currently carried on by New Wave Esports.

### Amalgamation Between New Wave Esports and Trueclaim

New Wave Esports entered into the Amalgamation Agreement dated June 7, 2019 with Trueclaim and Subco, a wholly owned subsidiary of Trueclaim, whereby Trueclaim will acquire New Wave Esports by way of a three cornered amalgamation, in which New Wave Esports will amalgamate with Subco resulting in the formation of AmalCo (the “**Amalgamation**”). As a result of the Amalgamation, New Wave Esports Shareholders will receive Trueclaim Shares in consideration for all the issued and outstanding New Wave Esports Shares. AmalCo will continue as one corporation under the BCBCA, resulting in New Wave Esports Shares and Subco Shares being cancelled and replaced by AmalCo Shares (on the basis of one Subco Share and one New Wave Esports Share for each AmalCo Share, respectively) and all the property of each of Subco and New Wave Esports continuing on as to the property of AmalCo.

Prior to the Transaction, Trueclaim will consolidate the Trueclaim Shares on a 1.5:1 basis the (“**Consolidation**”) and change its name to “New Wave Esports Corp.” The closing date of the Transaction is the day on which the Amalgamation shall close, or on such other date as the parties may mutually agree (the “**Closing Date**”).

Pursuant to the Transaction, Trueclaim will issue to New Wave Esports Shareholders 48,848,666 post-Consolidation Trueclaim Shares at a deemed price of \$0.15 per Trueclaim Share (the “**Consideration Shares**”) in exchange for all of the issued and outstanding New Wave Esports Shares.

At Closing, all of the outstanding New Wave Esports Warrants will be exchanged for warrants of the Resulting Issuer (the “**Resulting Issuer Replacement Warrants**”) and the New Wave Esports Warrants will be subsequently cancelled. The Resulting Issuer Replacement Warrants will be on same terms and conditions as such original outstanding New Wave Esports Warrants.

Trueclaim has delisted from the TSX-V and will list the common shares of the Resulting Issuer on the CSE upon the completion of the Transaction.

Trueclaim has applied to the CSE for listing of the Trueclaim Warrants. Listing is subject to Trueclaim fulfilling all the requirements of the CSE, including meeting all minimum listing requirements. There is no guarantee that the CSE will provide approval for the listing of the Trueclaim Warrants.

Certain of the Consideration Shares will be subject to escrow pursuant to the Escrow Agreement. See Section 11 “*Escrowed Securities*”.

In connection with the Transaction, Trueclaim has entered into a finder’s fee agreement among Trueclaim and finders 2411763 Ontario Inc. and Peter Cunningham, providing for the issuance to them of an aggregate of 10% of the number of New Wave Esports Shares issued and outstanding immediately prior to the Transaction (the “**Finder Fee Shares**”). The Finder Fee Shares will be issued upon the completion of the Transaction for the finders’ role in sourcing and advising on the Transaction.

All required regulatory, shareholder and third party approvals necessary to complete the Transaction have been obtained and it is expected that Closing will occur on or around October 24, 2019. The former New Wave Esports Shareholders will own approximately 62.9% of the issued and outstanding Resulting Issuer Shares upon completion of the Transaction.

Following the Transaction, the Resulting Issuer will be engaged in the business of New Wave Esports as described in this Listing Statement. See Section 4 “*Narrative Description of the Business*”.

The board of directors of the Resulting Issuer will initially be comprised of the following persons:

- Jeffrey J. Stevens;
- Trumbull Fisher;
- Tiffany Lee; and
- Byron Coulthard.

(see Section 13 – “*Directors and Officers of the Resulting Issuer*”).

The Transaction is not a Related Party Transaction. As a result, the Transaction is not subject to Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*.

The description of the Amalgamation Agreement in this Listing Statement is a summary only, is not exhaustive and is qualified in its entirety by reference to the terms of the Amalgamation Agreement, which is available on Trueclaim's SEDAR profile at [www.sedar.com](http://www.sedar.com) and which is incorporated by reference herein.

## **2.5 Incorporation outside of Canada**

Thunderbolt CDG, a subsidiary of New Wave Esports, is a company existing under the laws of California.

## **3. GENERAL DEVELOPMENT OF THE BUSINESS**

### **3.1 General Development of Trueclaim's Business**

Trueclaim was a mineral exploration company, engaged in the acquisition, exploration and development of precious and base metals properties in strategically located areas, with a long history of mining within Ontario with the Scadding Property Mine, (the "**Scadding Area Properties**"), and in Arizona, with the Gila County Property.

On September 12, 2016, Trueclaim completed its acquisition of Northern Skye Resources Ltd., a private company incorporated under the laws of Ontario. As a result, Trueclaim owned a 100% interest in the Berry-Desobues and Hebecourt mineral properties in Quebec (the "**Quebec Properties**").

On October 19, 2017, the Trueclaim Shares were consolidated on a 10 to 1 basis whereby the issued and outstanding common shares decreased from 33,309,764 Trueclaim Shares to 3,330,953.

On May 4, 2018, Trueclaim completed a non-brokered private placement of 32,606,800 units at a price of \$0.10 per unit, for total proceeds of \$3,260,000. Each unit consisted of one Trueclaim Share and one common share purchase warrant, with each full warrant being exercisable to acquire one Trueclaim Share at a price of \$0.12 per Trueclaim Share until May 3, 2023.

On September 13, 2018, Trueclaim entered into a purchase and sale agreement with Northern Sphere for the sale of the Scadding Area Properties. Under the terms of the agreement, Northern Sphere acquired the remaining 20% interest in the Scadding Area Properties for \$nil proceeds. Trueclaim is no longer subject to any commitments with respect to the Scadding Area Properties.

On September 28, 2018, Trueclaim terminated option agreements for the Quebec Properties. Trueclaim is no longer subject to any commitments with respect to these two properties.

On March 15, 2019, Trueclaim entered into a letter of intent with New Wave Esports whereby Trueclaim proposed to acquire 100% of the issued and outstanding New Wave Esports Shares.

Additional information pertaining to Trueclaim, including financial information, is contained in the various disclosure documents of Trueclaim filed with applicable securities commissions, the TSX-V and the CSE and made available through the Internet on the SEDAR website at [www.sedar.com](http://www.sedar.com).

Other than the transactions detailed herein, Trueclaim has not completed any significant acquisitions or dispositions during the most recently completed financial year ended December 31, 2018 or the current financial year.

### **3.2 General Development of New Wave Esports' Business**

New Wave Esports is an acquisition, investment, and technology development company with the goal of elevating the entire industry of esports and competitive gaming. New Wave Esports provides capital and support services to esports companies, organizations, teams, leagues, events, platforms, and technology.

New Wave Esports acquires or invests in esports-focused companies to optimize businesses and increase their profitability, as well as create synergies within its portfolio of companies. New Wave Esports invests in innovative esports companies for monetary returns, equity stakes, and valuation increases. New Wave Esports also provides advisory services to portfolio companies in exchange for additional equity and/or options.

In addition, New Wave Esports' wholly-owned subsidiary, Thunderbolt CDG, has expertise in software applications and technology development, which it is presently marketing to clients with the goal of developing tools and solutions in the near future to meet the growing needs of the esports industry.

New Wave Esports was incorporated to invest in and support the esports industry. To date, New Wave Esports has operated as an investment issuer by raising capital; investing in four esports and/or gaming companies – PlayLine, Tiidal Gaming, EMG, and Avatar; acquiring Thunderbolt CDG; and providing strategic and corporate advice as a consultant and advisor. Please see further below in this section for details on each portfolio company. New Wave Esports is already seeing at least one of these investments being accretive to the overall portfolio, specifically Tiidal Gaming; see below under “*Tiidal Gaming*”. New Wave Esports is also working to capitalize on increasing market awareness of its advisory services.

New Wave Esports intends to evolve as a diversified investment issuer during the current financial year, which will include making cornerstone investments in, and/or providing advisory and consulting services to, several companies in the esports industry.

On January 18, 2019, New Wave Esports closed its initial financing through the issuance of 11,250,000 New Wave Esports Shares at a price of \$0.005 per share for gross proceeds of \$56,250.

On January 30, 2019, New Wave Esports acquired 100% of Thunderbolt CDG through the issuance of 4,000,000 New Wave Esports Shares at a deemed value of \$0.005 per common share.

On February 8, 2019, New Wave Esports closed the first tranche of a private placement through the issuance of 7,030,000 units of New Wave Esports (each, a “Unit”) at a price of \$0.10 per Unit for gross proceeds of \$703,000. Each Unit comprises one New Wave Esports Share and one New Wave Esports Warrant exercisable for two years at a price of \$0.20 per share.

On February 15, 2019, New Wave Esports closed the second tranche of a private placement through the issuance of 4,745,000 Units at a price of \$0.10 per Unit for gross proceeds of \$474,500.

Each Unit comprises one New Wave Esports Share and one New Wave Esports Warrant exercisable for two years at a price of \$0.20 per share.

On February 22, 2019, New Wave Esports closed the third tranche of a private placement through the issuance of 3,300,000 Units at a price of \$0.10 per Unit for gross proceeds of \$330,000. Each Unit comprises one New Wave Esports Share and one New Wave Esports Warrant exercisable for two years at a price of \$0.20 per share.

During March 2019, New Wave Esports subscribed for 2,000,000 common shares of Tiidal Gaming for \$400,000, and also entered into an advisory agreement with Tiidal Gaming to provide strategic advisory services.

On March 22, 2019, New Wave Esports subscribed for 51,653 common shares of PlayLine for US\$185,951.

On March 27, 2019, New Wave Esports subscribed for 180 common shares (18%) of EMG for \$250,000, along with an irrevocable option to acquire an additional 31% interest from existing shareholders of EMG. As part of this investment, New Wave was also given majority representation on an internal EMG committee.

On April 17, 2019, New Wave Esports closed a private placement through the issuance of 7,140,000 Units at a price of \$0.10 per Unit for gross proceeds of \$714,000. Each Unit comprises one New Wave Esports Share and one New Wave Esports Warrant exercisable for two years at a price of \$0.20 per share.

On May 29, 2019, New Wave Esports completed a non-brokered private placement (the “**New Wave Esports Financing**”) of 11,633,666 Units of New Wave Esports at a price of \$0.15 per Unit for aggregate gross proceeds of \$1,745,049.90. Each Unit consists of one New Wave Esports Share and one New Wave Esports Warrant, with each New Wave Esports Warrant entitling the holder thereof to purchase an additional New Wave Esports Share at an exercise price of \$0.30 per share for a period of 24 months following the date of issuance.

Following on a binding letter of intent dated March 7, 2019, on June 7, 2019 New Wave Esports entered into the Amalgamation Agreement. The proposed CSE Listing will be significant to New Wave Esports as it will enhance New Wave Esports’ ability to access public capital for future acquisitions and investments.

On August 2, 2019, New Wave Esports subscribed for 7,500,000 units of Avatar at a price of \$0.02 per unit for an aggregate subscription of \$150,000. Each unit consists of one common share in the capital of Avatar and one common share purchase warrant. Each common share purchase warrant will entitle the holder thereof to purchase an additional common share in the capital of Avatar at an exercise price of \$0.02 per share for a period of five (5) years following the date of issuance.

New Wave Esports has leadership teams located in Toronto, Ontario and Los Angeles, California. For more company information and contact details, visit <http://newwaveesports.com>.

To date, New Wave Esports has placed investments in the following companies which currently comprise the New Wave Esports portfolio:

## **Even Matchup Gaming**

New Wave Esports acquired an 18% equity stake of EMG, a Toronto-based leading esports and competitive gaming event organizer, broadcaster, and player management company that facilitates online and live tournaments. New Wave Esports also has an option to increase its ownership to 49% via share exchange and has majority representation on an internal EMG committee. The company's tournament operator model is integral to the esports industry ecosystem as it is scalable and rapidly growing. EMG's focus on fighting games uniquely positions the company in an important emerging sector of esports. The company produces over 80 events per year with 500 events hosted to date on local, regional, and national levels including Canada's large fighting game tournament Get On My Level and Tristate's largest Super Smash Bros. tournament Let's Make Moves. Leveraging strategic partnerships and sponsorships with endemic and non-endemic brands such as Nintendo, Red Bull, and BENQ EMG's Get On My Level 2019 tournament was an industry success with more than 2,100 players in attendance and 1 million unique viewers on unique livestream programming. + EMG Runs 82 events with an average 7.4k attendees per year and the company established strong partnerships with Nintendo, Redbull and BENQ. EMG's social media following increased from 45K in 2017 to 70K in 2018 and event viewership increased from 5.5M in 2017 to 8.1M in 2018.

For more company information and contact details, visit <http://evenmatchup.ca>.

## **Tiidal Gaming**

New Wave Esports placed an investment in Tiidal Gaming to support their growth in esports, entertainment, and the related ecosystem. Tiidal Gaming's footprint in esports has allowed them to establish a brand that resonates with a growing audience of esports enthusiasts and opens new revenue opportunities as they expand globally. In addition to their investment, New Wave Esports secured two Advisory Roles within the Tiidal Gaming organization. For its services, New Wave Esports was granted 250,000 stock options of Tiidal Gaming with an exercise price of \$0.20 and a term of five years. Tiidal Gaming is a professional esports and entertainment organization with a track record of success in competitive gaming, emerging esports markets, and operational excellence through ownership and management of professional teams. Tiidal Gaming has deep roots in esports, traditional sports, and building brands, which gives them a strong foundation to continue growing and capitalizing on the future of the esports industry. They own and operate one of Canada's premier esports teams, Lazarus, which is comprised of 50+ professional players and 12 professional teams across 10 countries. Their teams are innovating the esports industry with a roster of diverse athletes including one of the world's first all-female esports teams. Team Lazarus currently has teams that competes in 12 games including Fortnite, PUBG, Counter-Strike: Global Offensive, Madden, NHL, Forza, Crossfire, Brawlhalla, Hearthstone, Guns of Boom, iRacing, and GT Sport. Their success has resulted in 60+ podium finishes and 32+ tournament wins. In addition to their leading esports Executive team, they are joined by Neil Duffy, who sits on the Board of Directors; former CFL Commissioner Jeffrey Orridge, who serves as Chairman; and NHL Hall of Famer Mike Modano, who acts as an advisor.

To the knowledge of New Wave Esports, Tiidal Gaming has completed a subsequent financing at a per-share price of \$0.50, more than double the \$0.20 per-share price at which New Wave Esports invested. This also puts New Wave Esports' stock options in Tiidal Gaming in-the-money.

For more company information and contact details, visit <http://tiidal.gg>.

### **PlayLine**

New Wave Esports placed an investment in PlayLine to support their business growth, audience expansion, platform optimization, and objective of making fantasy sports accessible to traditional sports and esports fans. PlayLine's platform is intuitive for new and existing fantasy sports players, and their ability to connect large audiences to the growing sector of fantasy esports establishes them as an industry leader. PlayLine is co-founded by UFC Middleweight Champion Michael Bisping and has secured NBA All-Star Roy Hibbert as their Investor/Strategic Partnerships manager. Their platform allows users to predict the stat line of a group of featured superstar players in a day's specific games for a chance to win multiple \$1M prizes daily and up to \$1B in prizes throughout the year. To date, PlayLine has entered into agreements with strategically placed third parties to deliver the unique value proposition their game play offers, including Twitch, beIN Sports, Speedway Motorsports Inc., One Toronto Gaming, Awesemo, and more collaborations in development. In 2019, PlayLine is projecting to service 376K+ registered users with a growth trajectory of 1.69M users by 2021.

For more company information and contact details, visit <http://playline.com>.

### **Avatar**

Avatar is a private corporation formed for the purpose of effecting an acquisition of one or more businesses or assets in the esports/gaming industry. Avatar intends to identify, evaluate, and execute an attractive transaction by leveraging its network to find one or more attractive and wherever possible, proprietary investment opportunities. It intends to focus its search for targets that operate esports businesses or in similar industries; however, it is not limited to a particular industry or geographic region for purposes of completing a transaction.

### **Thunderbolt CDG**

In January 2019 New Wave Esports fully acquired Thunderbolt Creative Digital Gaming Inc., a software applications and technology development company that has provided services for 40+ startup companies. The company's expertise and proficiency in technology development expands New Wave Esports' offerings and capabilities. Thunderbolt CDG is an esports and competitive gaming venture with a focus on innovating and growing the esports industry which currently develops new platforms, tools and esports experiences.

For more company information and contact details, visit <http://thunderbo.lt>.

All information above with respect to each of PlayLine, Tiidal Gaming, EMG, Avatar, and Thunderbolt CDG is based on information provided to New Wave Esports by each company, respectively.



### 3.3 Trends, Commitments, Events or Uncertainties

The esports and competitive gaming sector is growing at a significant rate, offering massive prize pools of up to \$100M USD,<sup>1</sup> and attracting new investors, spectators, and games companies looking to serve both gamers and spectators.

Consumer research firm Newzoo projected that, for 2018, global esports revenues would increase 38% year-over-year to approximately US\$906 Million, with a global audience viewership of approximately 380 Million.<sup>2</sup> Newzoo also projected that esports will become a US\$1.65 Billion industry globally in 2021, with more than 557M viewers.<sup>3</sup> To put that in perspective, technology consulting firm Activate projects that US esports viewership will reach 84M fans by 2021, more than MLB (at 79M) and NBA (at 63M).<sup>4</sup>

Major brands like Nike<sup>5</sup> and Adidas<sup>6</sup> are taking notice of this growth and actively getting involved with sponsorship deals. This suggests that more endemic and non-endemic brands will commit to sponsoring esports teams and looking to take a more active role in the industry.

New Wave Esports strives to be a part of this and add value in the industry, through investments and advisory support. The growth of the industry is expected to have a material effect on New Wave Esports as a participant and investor, because as more companies enter the field there will be more opportunities for New Wave Esports to make targeted investments and to secure contracts for offering its advisory services. In turn, the industry growth is expected to drive revenue growth and investment portfolio returns for New Wave Esports.

New Wave Esports does not consider the esports sector to be seasonal or cyclical. Audience viewership is a form of low-cost entertainment and so consumer demand is expected to remain relatively stable even during economic contractions, similar to movies.

A general stock market correction or economic contraction can be expected to contribute to declining company valuations for both private and public companies, and would thereby decrease the value of New Wave Esports' portfolio holdings. The converse may or may not occur during a stock market rebound or economic expansion.

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<sup>1</sup> Source: <https://www.forbes.com/sites/davidthier/2018/05/21/fortnites-massive-prize-pool-just-made-it-the-biggest-game-in-esports/#3263e34e1063>

<sup>2</sup> Source: [https://resources.newzoo.com/hubfs/Reports/Newzoo\\_2018\\_Global\\_Esports\\_Market\\_Report\\_Excerpt.pdf?](https://resources.newzoo.com/hubfs/Reports/Newzoo_2018_Global_Esports_Market_Report_Excerpt.pdf?)

<sup>3</sup> *Ibid.*

<sup>4</sup> Source: <https://onlinebusiness.svr.edu/blog/esports-to-compete-with-traditional-sports/>

<sup>5</sup> Source: <https://www.engadget.com/2019/02/28/nike-esports-sponsorship-league-legends-lpl-china/>

<sup>6</sup> Source: <https://esportsinsider.com/2019/03/grow-up-esports-adidas/>

## 4. NARRATIVE DESCRIPTION OF THE BUSINESS

### 4.1 General

#### *Overview of Business*

The esports/gaming industry is experiencing rapid growth. Esports is competitive video game play by professional gamers in an organized setting, where players and teams compete against each other for monetary prizes and other awards. Potential revenue streams are varied and include media/broadcasting rights, advertising and sponsorship opportunities, merchandising, ticketing relating to esports events, and game publishing fees.

New Wave Esports was formed to capitalize on the growth of esports, specifically via the ability to make sector-specific investments not available to the general public, and also by bringing together experienced individuals from a variety of industry and functional backgrounds who can advise and consult other esports companies.

New Wave Esports carries on business with the primary objective of enhancing shareholder value over the long-term via revenue growth and investment portfolio returns. New Wave Esports aims to accomplish this objective by drawing upon the diverse and broad experience, expertise, network of business contacts, and opportunity flow of its management, board of directors, and consultants, thereby allowing New Wave Esports to identify and opportunistically invest in businesses that appear likely to succeed and eventually generate positive returns.

Investments may be made via the acquisition of equity, debt or other securities of publicly traded or private companies or other entities, and the acquisition of all or part of one or more businesses, portfolios of holdings, or other assets, in each case that New Wave Esports believes will appreciate in value for the benefit of New Wave Esports Shareholders over the long-term.

New Wave Esports currently has several equity investments in its portfolio and is also devoting time to building its advisory and consulting business. New Wave Esports' strategy is focused on investing in the esports industry throughout North America, but New Wave Esports also evaluates attractive esports and gaming investment opportunities globally. New Wave Esports' portfolio currently has investments in PlayLine, EMG, Tiidal Gaming, and Avatar. It also includes 100% ownership of its first acquisition target, Thunderbolt CDG.

#### *Business Objectives*

In the 12 months following the completion of the Transaction, the Resulting Issuer intends to accomplish the following business objectives:

<b>Objective</b>	<b>Milestone</b>	<b>Anticipated Cost/Value</b>	<b>Timeline from date of Listing Statement</b>
Make additional esports investments	2 additional investments	Value of approximately \$250,000 each	6 - 12 months

Objective	Milestone	Anticipated Cost/Value	Timeline from date of Listing Statement
	Acquire 1 additional esports business	Value of approximately \$1,000,000	6 - 12 months
Develop platform and/or tools	Develop 1 platform and develop 1 set of tools	Costs of approximately \$500,000	12 months
Increase consulting/advisory revenue	Secure additional consulting/advisory engagements	No incremental cost; value (compensation) varies by arrangement	6 - 12 months

To accomplish these objectives, the Resulting Issuer’s management will have to source and evaluate potential opportunities in the esports space. Further, once a deal has been sourced and evaluated, management must be able to pay for the investment or acquisition by way of issuing new shares from treasury and/or deploying cash from its cash reserve. Being public should make the New Wave Esports Shares more attractive as currency for acquisitions and investments.

It is anticipated that the Resulting Issuer will use the above funds within a period of 12 months. Notwithstanding the foregoing, there may be circumstances where, for sound business reasons, a reallocation of funds may be necessary for the Resulting Issuer to achieve its objectives. The Resulting Issuer may require additional funds in order to fulfill all of its expenditure requirements to meet its business objectives and may either issue additional securities or incur debt. There can be no assurance that additional funding that may be required by the Resulting Issuer would be available.

Total Funds Available

It is expected that the total funds to be available to the Resulting Issuer are approximately \$2,000,000. Working capital of New Wave Esports at September 30, 2019, being the month-end prior to Listing Statement date, was approximately \$1,000,000. There are no other funds currently available to New Wave Esports to achieve its business objectives, although from time to time New Wave Esports expects to conduct further financings by issuing equity securities to raise additional capital.

Use of Available Funds	Amount
Additional esports investments	\$500,000
Esports acquisition	\$1,000,000
Develop platform and/or tools	\$500,000
General and administrative expenses	\$545,000

**Total**

**\$2,545,000**

Despite the timelines set out above under *Business Objectives*, it is difficult to predict when New Wave Esports will make further investments into or acquisitions of esports companies, or when it will secure additional advisory arrangements, because the prospect generation process is fluid and organic.

New Wave Esports is currently identifying and evaluating new opportunities on an ongoing basis, and has been generating investment and advisory prospects from investment banks, industry contacts, and various industry conferences that management has been attending or sponsoring. New Wave Esports has also been very active speaking to the esports community and on social media outlets. This new brand awareness has increased the visibility of New Wave Esports, such that management is fielding increased requests for its services and for potential investments.

Once New Wave Esports has identified a potential investee or advisory service client, New Wave Esports conducts due diligence which includes meetings with the counterparty, checking of financials, speaking to other parties about the opportunity and discussions with the counterparty's executives regarding their current business and how it operates. If discussions advance sufficiently, New Wave Esports will seek to structure a deal, drawing on its transactional experience and the wide-ranging expertise of its executives and advisors. Historically, this has enabled New Wave Esports to develop creative transaction structures that facilitate unique investments in unique circumstances.

To fund new investments, New Wave Esports will need a combination of its existing cash balance, equity capital raised from new or existing shareholders, the issuance of New Wave Esports Shares in exchange for an equity or debt position in investees, and the provision of consulting or advisory services in exchange for ownership in investees. The actual or implied cost of each of these funding sources varies, but the cost of raising equity capital has been approximately 8% for New Wave Esports in the past. The optimal funding mix for acquisitions is a small amount of cash and the balance paid for via the issuance of New Wave Esports Shares.

The typical investment that New Wave Esports has made in the past has been equity and generally has been less than a \$1M investment amount which, depending on the investment, has resulted in equity stakes ranging from less than 2% to 18%. New Wave Esports aims to continue making similar investments and also to make full acquisitions.

With respect to New Wave Esports' advisory and consulting services, these are offered to investees as well as companies that New Wave Esports has not invested in. The scope of these services will vary from client to client but may include: monthly, weekly or daily interactions or phone calls to provide guidance and strategic insight; facilitating business development and networking opportunities; Board-level support; and the formation of and participation in internal committees. The fee or the pricing that New Wave Esports can charge for these services varies for each arrangement.

## **Investment Policy and Procedures**

New Wave Esports' investment objectives are to seek out, evaluate and execute on investment and advisory opportunities in the esports sector. Initially New Wave Esports had sought opportunities in North America, but with the network attached to New Wave Esports' management team and advisors, New Wave Esports has branched out and is looking at future opportunities on a global scale for the best investments. New Wave Esports seeks investments with strong risk-return profiles and that also meet most or all of the other criteria in its target investment profile, as described further below. Investments are made at the discretion of management with final approval by the Board, and once New Wave Esports becomes publicly-traded, with stock exchange approval where so required. This is to ensure that any investments made fit the target investment profile has set out herein.

New Wave Esports continuously generates investment and advisory prospects from investment banks, industry contacts, and various industry conferences that management has been attending or sponsoring. New Wave Esports has also been very active speaking to the esports community and on social media outlets. This new brand awareness has increased the visibility of New Wave Esports, such that management is fielding increased requests for its services and for potential investments.

The smallest investment New Wave Esports will consider is \$100,000 and in the form of equity or a fixed income product that has an equity component such as a convertible debenture. When New Wave Esports is making these investments, the ideal scenario is one where New Wave Esports has a control position, or at least an influential stake of larger than 5%. An ideal investment would be one where New Wave Esports invests approximately \$350,000 for an approximately 20% equity ownership of a company, with further equity options to acquire over 50% of the company or a controlling stake over the next year as the business progresses. New Wave Esports will not be holding debt or making traditional debt investments into esports companies.

### Employees

Following the Closing, the Resulting Issuer is expected to have two full-time employees/consultants in officer positions, and several consultants providing specialized services including capital markets and strategic advisory, transaction sourcing and execution, and accounting. For more information on the Resulting Issuer's executive officers see Section 13 "Directors and Officers of the Resulting Issuer".

The Resulting Issuer's management, Board, and advisors will have extensive knowledge and skills in the fields of marketing, capital markets, technology, and esports/gaming. The combination of these skill sets within New Wave Esports, as well as its valuable network of professional contacts, is what creates the value-add proposition for potential investees and advisory clients looking to partner with New Wave Esports.

### Marketing and Branding

New Wave Esports is working towards becoming a recognizable brand affiliated with esports, through discussions with its network of contacts in the industry, attending speaking engagements, sponsoring gaming events and broadcasting via social media channels. Market awareness is very important for New Wave Esports to gain access to a diverse array of investment and consulting

prospects. New Wave Esports also owns Thunderbolt branding and related intellectual property within its technology development subsidiary, Thunderbolt CDG.

To enhance market awareness, New Wave Esports has also created a social media platform which includes a corporate website with sector information, information on investees and general corporate information. This platform also spans various social media outlets including Facebook, Twitter, Instagram, and YouTube.

New Wave Esports has also been building a proprietary, confidential distribution list of potential partners in the esports space, which will be used for business development purposes as New Wave Esports expands its activities

### Competition

New Wave Esports faces competition when pursuing investments, from other esports organizations seeking full acquisitions as well as from esports-focused ETFs and institutional investors. Several competitors include Bitkraft which is an active esports investment fund, Trust Esport which is an venture capital fund for esports technologies, and Vaneck which is a gaming and esports ETF. If they pursue lead order on an investment, it may limit our ability to provide the most significant investment and/or advisory and consultancy roles.

New Wave Esports is fortunate to have employees and consultants located in various locations around the world, with bases in Los Angeles, California, USA and Toronto, Ontario, Canada. New Wave Esports' CEO is in Los Angeles, which makes for a competitive advantage by virtue of the west coast of North America being a core hub for esports and gaming. More broadly, this geographical coverage by New Wave Esports personnel is a competitive advantage in terms of seeing deal flow and investment opportunities from all over the world, particularly when considering that New Wave Esports focuses on esports and is not a generalist investor.

## **5. SELECTED CONSOLIDATED FINANCIAL INFORMATION**

### Annual Information

#### ***Trueclaim***

The following table summarizes financial information of Trueclaim for the last three completed financial years ended December 31, 2018, 2017 and 2016 and for the six-month period ended June 30, 2019. This summary financial information should only be read in conjunction with the Trueclaim Audited Annual Financial Statements and the Trueclaim Unaudited Interim Financial Statements, including the notes thereto. See Schedule "A".

	For the six month period ended June 30, 2019 (unaudited) (\$)	For the Year Ended December 31, (audited) (CDN\$)		
		2018	2017	2016
Operating Data:				

Total revenues	nil	nil	\$nil	nil
Total G&A expenses	29,866	61,928	84,306	50,775
Net income (loss) for the period	(157,396)	(625,578)	136,356	(5,137,005)
Basic and diluted loss per share	(0.01)	(0.04)	0.04	(0.21)
Dividends	N/A	N/A	N/A	N/A
Balance Sheet Data:				
Total assets	1,484,645	1,653,636	294,942	268,362
Total liabilities	283,736	298,331	1,294,209	1,403,985

### *New Wave Esports*

The following table summarizes financial information of New Wave Esports for the period from incorporation on April 17, 2018 to March 31, 2019 and for the three-month period ended June 30, 2019. This summary financial information should only be read in conjunction with the New Wave Esports Financial Statements, including the notes thereto. See Schedule “C”.

	<b>For the three month period ended June 30, 2019 (unaudited) (\$)</b>	<b>For the period from incorporation on April 17, 2018 to March 31, 2019(\$)</b>
Total revenues	11,828	\$2,648
Total G&A expenses	22,873	8,854
Net loss for the period	(565,800)	(618,520)
Basic and diluted loss per share	(0.01)	(0.12)
Dividends	-	-
Total assets	2,805,521	1,229,866
Total long-term liabilities	-	-

### *Quarterly Information*

#### *Trueclaim*

The following is a summary of Trueclaim’s quarterly results for each of the eight most recently completed quarters preceding the date of this Listing Statement:

<b>Summary of quarterly results</b>	<b>Q2 2019 \$</b>	<b>Q1 2019 \$</b>	<b>Q4 2018 \$</b>	<b>Q3 2018 \$</b>	<b>Q2 2018 \$</b>	<b>Q1 2018 \$</b>	<b>Q4 2017 \$</b>	<b>Q3 2017 \$</b>
Total assets	1,481,654	1,600,093	1,653,636	1,779,824	2,227,945	546,778	294,942	321,414
Revenues	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Net income (loss) and comprehensive	(157,396)	(45,934)	(146,925)	(196,339)	(205,251)	(77,064)	284,074	(45,526)

Summary of quarterly results	Q2 2019 \$	Q1 2019 \$	Q4 2018 \$	Q3 2018 \$	Q2 2018 \$	Q1 2018 \$	Q4 2017 \$	Q3 2017 \$
income (loss)								
Net income (loss) per share	(0.01)	(0.00)	(0.00)	(0.01)	(0.01)	(0.02)	0.09	(0.00)

Copies of the respective unaudited interim financial statements for the periods listed above for Trueclaim are available on Trueclaim’s SEDAR profile at [www.sedar.com](http://www.sedar.com).

### ***Financial Information***

See attached Schedule “E” for the pro forma consolidated statement of financial position of the Resulting Issuer as at June 30, 2019.

## **6. MANAGEMENT’S DISCUSSION AND ANALYSIS**

Trueclaim’s annual MD&A for the year ended December 31, 2018 and interim MD&A for the six-month period ended June 30, 2019 are attached to this Listing Statement as Schedule “B”.

New Wave Esports’ annual MD&A for the period from incorporation on April 17, 2018 to March 31, 2019 and interim MD&A for the three-month period ended June 30, 2019 are attached to this Listing Statement as Schedule “D”.

## **7. MARKET FOR SECURITIES**

Trueclaim Shares are presently listed on the TSX-V under the stock symbol “TRM” and on the OTCQX under “TRMF”. See Section 10.4 “*Description of Securities – Stock Exchange Price - Trueclaim*” below.

The securities of New Wave Esports are not listed on any securities exchange. The Resulting Issuer Shares are expected to be listed for trading on the CSE under the symbol “NWES”.

## **8. CONSOLIDATED CAPITALIZATION**

### ***Pro Forma Consolidated Capitalization***

The following table summarizes the Resulting Issuer’s pro forma common shares, on a consolidated basis, after giving effect to the Transaction as described in the pro forma financial statements of the Resulting Issuer, a copy of which is attached at Schedule “E” hereto.

Designation of Security	Amount Authorized or to be Authorized	Amount Outstanding as of the date of this Listing Statement	Amount Outstanding post-Consolidation	Amount Outstanding upon closing of the Transaction
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Resulting Issuer Shares	Unlimited	35,937,753	23,958,501	77,692,033
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***Fully Diluted Share Capital***

In addition to the information set out in the capitalization table above, the following table sets out the diluted share capital of the Resulting Issuer after giving effect to the Transaction:

	<b>Anticipated Resulting Issuer Shares Outstanding (as of the effective date of the Transaction)</b>
Trueclaim Shares issued and outstanding prior to completion of Transaction	23,958,501
Resulting Issuer Shares issued to New Wave Esports Shareholders pursuant to the Amalgamation	48,848,666
Total Number of Finder Fee Shares	4,884,866
<b>Total Number of Resulting Issuer Shares (non-diluted) upon completion of the Amalgamation</b>	<b>77,692,033</b>
Reserved for issuance pursuant to the Trueclaim Warrants	21,737,865
Reserved for issuance pursuant to Trueclaim Broker Warrants	1,579,333
Reserved for issuance pursuant to Resulting Issuer Replacement Warrants	36,507,666
Reserved for issuance pursuant to Resulting Issuer Options	66,666
Reserved for issuance pursuant to Resulting Issuer Options to be granted on Closing	7,400,000
Reserved for issuance pursuant to RSUs to be granted on Closing	7,400,000
<b>Total Number of Resulting Issuer Shares Reserved for Issuance</b>	<b>74,691,530</b>
<b>Total Number of Resulting Issuer Shares (fully-diluted)</b>	<b>152,383,563</b>

**9. OPTIONS TO PURCHASE SECURITIES**

*Options Outstanding*

As of the date of this Listing Statement, Trueclaim has a total of 66,666 stock options outstanding on a post-Consolidation basis.

The Resulting Issuer is expected to grant 7,400,000 Resulting Issuer Options immediately after the completion of the Transaction to certain directors, officer and consultants. Each option shall be exercisable for one Resulting Issuer Share at a price of \$0.15 for a period of five years from the Closing Date.

### Description of Stock Option Plan

On December 18, 2014, the Trueclaim Board adopted a stock option plan (the “**Plan**”). The Plan is a “rolling” stock option plan, whereby the aggregate number of Trueclaim Shares reserved for issuance under the Plan, together with any other Trueclaim Shares reserved for issuance under any other plan or agreement of Trueclaim, shall not exceed ten (10%) percent of the total number of issued Trueclaim Shares (calculated on a non-diluted basis) at the time an option is granted. The Plan provides that the Trueclaim Board may, from time to time, in its discretion, grant to directors, officers, employees, consultants and other personnel of Trueclaim and its subsidiaries or affiliates, options to purchase Trueclaim Shares. As at the date hereof, there are 66,666 stock options outstanding under the Plan on a post-Consolidation basis. Trueclaim Shareholders approved the Plan at its Trueclaim’s annual general and special meeting on February 15, 2018 and ratified the Plan.

The following information is intended as a brief description of the Plan and is qualified in its entirety by the full text of the Plan, a copy of which is attached as Schedule “A” to Trueclaim’s information circular for its annual general meeting held on January 30, 2015, which is available on SEDAR at [www.sedar.com](http://www.sedar.com).

The Trueclaim Board shall establish the exercise price at the time each option is granted, subject to the following conditions, among others:

- (a) if the Trueclaim Shares are listed on the TSX-V, the exercise price will not be less than the minimum prevailing price permitted by TSX-V policies;
- (b) if the Trueclaim Shares are not listed, posted and trading on any stock exchange or bulletin board, then the exercise price will be determined by the Trueclaim Board at the time of granting; and
- (c) in all other cases, the exercise price shall be determined in accordance with the rules and regulations of any applicable regulatory bodies.

Upon expiry of an option, or in the event an option is otherwise terminated for any reason, without having been exercised in full, the number of Trueclaim Shares in respect of the expired or terminated option shall again be available for a grant under the Plan. No option granted under the Plan may have an expiry date exceeding ten years from the date on which the option is granted (unless automatically extended as a result of a blackout period as described below).

The expiry date of each option will be automatically extended if the expiry date falls within a period during which Trueclaim prohibits optionees from exercising their options, provided that:

- (a) the blackout period has been formally imposed by Trueclaim pursuant to its internal trading policies as a result of the bona fide existence of undisclosed Material Information (as defined in the policies of the TSX-V). For greater certainty, in the absence of Trueclaim formally imposing a blackout period, the expiry date of any options will not be automatically extended in any circumstances;

(b) the blackout period expires upon the general disclosure of the undisclosed Material Information and the expiry date of the affected options is extended to no later than ten (10) business days after the expiry of the blackout period; and

(c) the automatic extension will not be permitted where the optionee or Trueclaim is subject to a cease trade order (or similar order under applicable securities laws) in respect of Trueclaim's securities.

Options granted to any one individual in any 12 month period cannot exceed more than 5% of the issued Trueclaim Shares, unless Trueclaim has obtained disinterested shareholder approval. Options granted to any one consultant in any 12 month period cannot exceed more than 2% of the issued Trueclaim Shares, without the prior consent of the TSX-V. Options granted to all persons, in aggregate, conducting investor relations activities in any 12 month period cannot exceed more than 2% of the issued Trueclaim Shares, without the prior consent of the TSX-V. Options issued to optionees performing investor relations activities will vest in stages over 12 months with no more than one quarter of the options vesting in any three month period.

If a director, employee or consultant of Trueclaim is terminated for cause, then any option granted to the option holder will terminate immediately upon the option holder ceasing to be a director, employee, or consultant of Trueclaim by reason of termination for cause. If an option holder ceases to be a director, employee or consultant of Trueclaim (other than by reason of death, disability or termination of services for cause), or if an optionee resigns, as the case may be, then any option granted to the holder that had vested and was exercisable on the date of termination will expire on the earlier of the expiry date and the date that is 90 days following the date that the holder ceases to be a director, employee or service provider of Trueclaim. If the engagement of an option holder engaged in investor relations activities as a consultant is terminated for any reason other than cause, disability or death, any option granted to such holder that was exercisable and had vested on the date of termination will be exercisable until the earlier of the expiry date and the date that is 30 days after the effective date of the holder ceasing to be a consultant.

If an option holder dies, the holder's lawful personal representatives, heirs or executors may exercise any option granted to the holder that had vested and was exercisable on the date of death until the earlier of the expiry date and one year after the date of death of the holder. If an option holder ceases to be a director, employee or consultant of Trueclaim as a result of a disability, the holder may exercise any option granted to the holder that had vested and was exercisable on the date of disability until the earlier of the expiry date and one year after the date of disability. Options granted to directors, employees or consultants will vest when granted unless determined by the Trueclaim Board on a case by case basis.

The Plan will be administered by the Trueclaim Board who will have the full authority and sole discretion to grant options under the Plan to any eligible party, including themselves. Options granted under the Plan shall not be assignable or transferable by an option holder. The Trueclaim Board may from time to time, subject to regulatory or shareholder approval, amend or revise the terms of the Plan. The Plan provides that other terms and conditions may be attached to a particular option at the discretion of the Trueclaim Board.

#### Restricted Share Units

The Resulting Issuer is expected to enter into agreements with certain directors, officers and consultants immediately after the completion of the Transaction providing for the grant of 7,400,000 restricted share units of the Resulting Issuer (the “Restricted Share Units”). On their date of grant, one-quarter of the Restricted Share Units will vest immediately, with one-quarter vesting quarterly every four months thereafter until the first anniversary of their date of grant. It is expected that the Resulting Issuer will implement a restricted share unit plan after the completion of the Transaction which will include similar terms and conditions as the Restricted Share Units (the “RSU Plan”).

## **10. DESCRIPTION OF SECURITIES**

### **10.1 General Securities**

Trueclaim is authorized to issue an unlimited number of common shares, without par value, of which as of the date hereof 23,958,501 Trueclaim Shares are issued and outstanding on a post-Consolidation basis.

#### a) Dividend rights

The Trueclaim Shareholders, subject to the prior rights, if any, of any other class of shares, are entitled to receive such dividends in any financial year as the Trueclaim Board may by resolution determine.

#### b) Voting rights

Trueclaim Shareholders are entitled to receive notice of and to attend and vote at all meetings of the Trueclaim Shareholders. Trueclaim Shares shall confer the right to one vote in person or by proxy at all meetings of the Shareholders.

#### c) Rights upon dissolution and winding up

In the event of the liquidation, dissolution or winding-up of Trueclaim, whether voluntary or involuntary, the Trueclaim Shareholders are entitled to receive, subject to the prior rights, if any, of the holders of any other class of shares of Trueclaim, the remaining property and assets of Trueclaim.

### **10.2 Modification of Terms**

- a) Provisions as to the modification, amendment or variation of the rights attached to the capital of the Resulting Issuer are contained in the Resulting Issuer’s articles and the BCBCA. Generally speaking, substantive changes to the share capital require the approval of the shareholders by either an ordinary (50% +1 of the votes cast) or special resolution (at least 66 2/3% of the votes cast). However, in certain cases, the directors of the Resulting Issuer may, subject to the BCBCA, be able to alter the Resulting Issuer’s authorized and issued share capital to, inter alia, create one or more classes of shares or, if none of the shares of a class are allotted or issued, eliminate that class of shares; increase, reduce or eliminate the maximum number of shares that the Resulting Issuer is authorized to issue

out of any class of shares; subdivide or consolidate all or any of its unissued, or fully paid issued, shares; or alter the identifying name of any of its shares.

- b) The rights of holders of securities may not be modified otherwise than in accordance with the provisions attached to the securities or the provisions of the governing statute relating to the securities.

As at the date of this Listing Statement, there are a total of 23,958,501 Trueclaim Shares on a post-Consolidation basis and 66,666 Trueclaim stock options on a post-Consolidation basis issued and outstanding. See Section 8 “*Consolidated Capitalization*” and Section 9 “*Options to Purchase Securities*” above.

### 10.3 Prior Sales of Trueclaim

Trueclaim has not issued any securities within the 12 months prior to the date of this Listing Statement.

### 10.4 Stock Exchange Price

The Trueclaim Shares were previously listed on the TSX-V under the symbol “TRM”. The following table sets out the high and low trading price and volume of trading of Trueclaim Shares on the TSX-V for the 12-month period prior to the date of this Listing Statement.

Period	High (\$)	Low (\$)	Volume
April, 2019 – October 23, 2019	Trading Halted pending completion of Amalgamation		
March 15, 2019 – March 31, 2019	Trading Halted pending completion of Amalgamation		
March 1, 2019 to March 15, 2019	0.10	0.085	985,000
February, 2019	0.10	0.075	2,551,700
January, 2019	0.11	0.07	1,907,000
December, 2018	0.085	0.075	287,250
November, 2018	0.13	0.07	2,813,910
October, 2018	0.125	0.07	1,444,610
September, 2018	0.145	0.08	2,815,530
August, 2018	0.16	0.135	27,509
July, 2018	0.195	0.135	79,310

## 11. ESCROWED SECURITIES

As required under the policies of the CSE, Principals (as defined below) of the Resulting Issuer will enter into an escrow agreement (the “**Escrow Agreement**”) as if it was subject to the requirements of National Policy 46-201 *Escrow for Initial Public Offerings* (“**NP 46-201**”).

“**Principals**” include all persons or companies that fall into one of the following categories:

- a) directors and senior officers of the Resulting Issuer or a material operating subsidiary of the Resulting Issuer, at the time of the initial public offering;
- b) promoters of the Resulting Issuer during the two years preceding the initial public offering;
- c) those who own and/or control, directly or indirectly, more than 10% of the Resulting Issuer’s voting securities (on a fully diluted basis) immediately before and immediately after completion of the initial public offering and if they also have elected or appointed or have the right to elect or appoint a director or senior officer of the Resulting Issuer or of a material operating subsidiary of the Resulting Issuer;
- d) those who own and/or control more than 20% of the Resulting Issuer’s voting securities (on a fully diluted basis) immediately before and immediately after completion of the initial public offering; and
- e) the spouse(s) and relative(s) that live at the same address as any of the above.

Escrow releases of Resulting Issuer Shares will be scheduled at periods specified in NP 46-201 for emerging issuers, that is, 10% will be released upon the Listing Date followed by six subsequent releases of 15% each, every six months thereafter for 36 months. The form of the escrow agreement must be as provided in NP 46-201. This escrow release schedule is subject to acceleration in accordance with NP 46-201.

The table below includes the details of escrowed securities that will be held by Principals of the Resulting Issuer upon the completion of the Transaction:

<b>Name of Securityholder</b>	<b>Designation of class</b>	<b>Number of Resulting Issuer Shares held in escrow</b>	<b>Percentage of class (%)</b>
Tiffany Lee	Common Shares	250,000	0.32
Byron Coulthard	Common Shares	172,460	0.22
Trumbull Fisher (held through Lincoln Hold Co. Ltd.)	Common Shares	150,000	0.19
Daniel Mitre	Common Shares	2,000,000	2.57
Jeffrey J. Stevens (held through S4 Management Group Inc.)	Common Shares	500,000	0.64
<b>TOTAL</b>		<b>3,072,460</b>	<b>3.94</b>

As the Resulting Issuer anticipates being an “emerging issuer” as defined in NP 46-201, the following automatic timed releases will apply to the securities held by its Principals who are subject to escrow:

Number of Common Shares	% of Outstanding Common Shares	Release Schedule
3,072,460	3.95%	10% released on the Listing Date 15% released 6 months from the Listing Date 15% released 12 months from the Listing Date 15% released 18 months from the Listing Date 15% released 24 months from the Listing Date 15% released 30 months from the Listing Date 15% released 36 months from the Listing Date

Assuming there are no changes to the escrow securities initially deposited and no additional escrow securities are deposited, this will result in a 10% release on the listing date (as defined by NP 46-201), with the remaining escrow securities being released in 15% tranches every 6 months thereafter.

In addition to the above securities, an aggregate of 10,500,000 Resulting Issuer Shares held by former New Wave Esports Shareholders will be subject to the same terms as the Escrow Agreement.

The Escrow Agreement will provide for transferability of escrowed securities within escrow to an individual who is a director or senior officer of the Resulting Issuer or of a material operating subsidiary of the Resulting Issuer, subject to the approval of the Resulting Issuer's board of directors, or to a person or company that before the proposed transfer holds more than 20% of the voting rights attached to the Resulting Issuer's outstanding securities, or to a person or company that after the proposed transfer will hold more than 10% of the voting rights attached to the Resulting Issuer's outstanding securities and that has the right to elect or appoint one or more directors or senior officers of the Company or of any of its material operating subsidiaries.

The Escrow Agreement will provide that upon the bankruptcy of a holder of escrowed securities, the escrowed securities may be transferred within escrow to the trustee in bankruptcy or other person legally entitled to such securities, as well as to a financial institution where the escrowed securities are being realized upon as collateral for a loan. Escrowed securities may also be transferred within escrow to a registered retirement savings plan, registered retirement income fund or other similar registered plan or fund with a trustee where the annuitant or beneficiaries, as the case may be, are limited to the Principal or his or her spouse, children or parents, or where the Principal is the trustee of such a registered plan or fund, to the annuitant or beneficiary, as the case may be, or his or her spouse, children or parents. Upon the death of a holder of escrowed securities, all securities of the deceased holder will be released from escrow to the deceased holder's legal representative.

## 12. PRINCIPAL SHAREHOLDERS

To the knowledge of the directors and officers of each of Trueclaim and New Wave Esports, following the Transaction, no Persons will beneficially own, directly or indirectly, or exercise

control or direction over voting securities carrying more than 10% of the voting rights attached to the securities of the Resulting Issuer.

### 13. DIRECTORS AND OFFICERS OF THE RESULTING ISSUER

#### 13.1 Particulars of Directors and Officers

The following table sets out information regarding each of the Resulting Issuer’s proposed directors and executive officers, including the name, province and country of residence, position or office held with the Resulting Issuer and principal occupation, as well as the number of voting securities beneficially owned, directly or indirectly, or over which each exercises control or direction, excluding Resulting Issuer Shares issued on the exercise of convertible securities, are as follows:

Name, place of residence and proposed position with Resulting Issuer	Principal occupation during the last five years	Date of appointment as director or officer	Resulting Issuer Shares Beneficially Owned, Directly or Indirectly, or Controlled or Directed upon completion of the Transaction <sup>(1)</sup>
Jeffrey J. Stevens <sup>(2)</sup> Ontario, Canada Director	President and COO of Datametrex AI Limited October 21 2016 - Present – Artificial Intelligence company focused on Social Data Discovery. CEO and Chairman of Graph Blockchain Inc. (CSE: GBLC) Feb 2019 – Present – Blockchain company designing private blockchain solutions for large enterprize and government agencies. Exploring using Blockchain in the gaming space for payment and player security. Officer of Greatbanks Resources (TSXV:GTB) – (“Greatbanks”) – Oct 2014 – April 2017 – Resource exploration company. Advisor – Westridge Management International Limited – Oct 2014 – Feb 2018 – deal origination, structuring and advising.	Proposed	500,000 (0.64%)
Trumbull Fisher <sup>(2)</sup> Ontario, Canada President and Director	Head of trading, of Forge First Asset Management, hedge fund – money management, Nov 2017 – Oct 2018 Co-Founder, Head of Trading, COO – Sui Generis Investment Partners, hedge fund, money manager, Oct 2014 – Nov 2017	Proposed	150,000 (0.19%)
Tiffany Lee Ontario, Canada Chief Financial Officer, Corporate Secretary and Director	Corporate Controller at Mojave Jane Brands (formerly High Hampton Holdings) (cannabis) 2018 – Present Senior Staff Accountant at Constellation Software (software) 2016 – 2018 Staff Accountant & Junior Analyst at Hub International	Proposed	250,000 (0.32%)



Name, place of residence and proposed position with Resulting Issuer	Principal occupation during the last five years	Date of appointment as director or officer	Resulting Issuer Shares Beneficially Owned, Directly or Indirectly, or Controlled or Directed upon completion of the Transaction <sup>(1)</sup>
Byron Coulthard <sup>(2)</sup> British Columbia, Canada Director	President and CEO of Trueclaim since January 3, 2013 and director of Trueclaim since July 26, 2012; director of BRS Resources Ltd., an oil and gas company listed on the TSX-V, since January 2003, President and CEO from March 3, 2003 to February 24, 2011 and CFO from May 20, 2008 to March 3, 2010; Chairman of White Bear Resources Inc. (now Tinkerine Studios Inc.), formerly a mining company listed on the TSXV, from November 3, 2011 to April 4, 2014, director from May 25, 2006 to April 4, 2014, and President and CEO from May 25, 2006 to November 9, 2011 and from July 15, 2013 to April 4, 2014; and director of First Americas Gold Corporation, a mineral exploration company listed on the TSXV, from April 13, 2008 to July 23, 2012.	July 26, 2012	172,460 (0.22%)
Daniel Mitre California, USA Chief Executive Officer	Global Community Manager of Electronic Arts (video game publisher and developer), 2014 – 2019. Sr. Community Manager of SEGA of America (video game publisher and developer), 2013 – 2014.	Proposed	2,000,000 (2.57%)

Notes:

- (1) Based on 77,692,033 Resulting Issuer Shares issued and outstanding upon completion of the Transaction.
- (2) Denotes member of Audit Committee. Jeffrey J. Stevens will serve as Chair.

### 13.2 Expiry of Term

The term of office for each of the directors listed above will expire at the first annual general meeting of Resulting Issuer Shareholders following the date of this Listing Statement.

### 13.3 Beneficial Ownership of Issuer Securities

The number and percentage of securities of each class of voting securities of the Resulting Issuer or any of its subsidiaries beneficially owned, directly or indirectly, or over which control or direction is exercised by all directors and executive officers as a group is set out in the chart above under Section 13.1 “Particulars of Directors and Officers”.

### 13.4 Board Committees

Pursuant to the provisions of the BCBCA, the Resulting Issuer will be required to have an audit committee whose proposed members are indicated above. Of the members of the Audit

Committee, Jeffrey J. Stevens is independent within the meaning of that term as defined in section 1.4 of National Instrument 52-110 Audit Committees (“**NI 52-110**”). Trumbull Fisher (President of the Resulting Issuer) and Byron Coulthard (former President and Chief Executive Officer of Trueclaim) are non-independent members of the Audit Committee. The Resulting Issuer is relying on the exemptions provided for “venture issuers” in section 6.1 of NI 52-110 with respect to Part 3 – *Composition of the Audit Committee* and Part 5 – *Reporting Obligations*. In accordance with section 6.1.1(3) of NI 52-110 relating to the composition of the audit committee for venture issuers, a majority of the members of the Audit Committee are not executive officers, employees or control persons of the Resulting Issuer.

All members of the Audit Committee are financially literate as required by section 1.6 of NI 52-110.

The mandate of the Audit Committee is to ensure the Resulting Issuer effectively maintains the necessary management systems and controls to allow for timely and accurate reporting of financial information to safeguard shareholder value, to meet all relevant regulatory requirements and to provide recommendations to the Board in the areas of management systems and controls. The Audit Committee is generally responsible for assisting the Board in discharging its responsibilities with respect to the integrity of the Resulting Issuer’s financial statements and the financial reporting process, external and internal audits, compliance with legal and regulatory requirements, internal controls, financial risk management and disclosure.

### **13.5 Principal Occupation**

The principal occupation of each of the Resulting Issuer’s directors and officers is set out in the respective director or officer’s biography in Section 13.1 “*Particulars of Directors and Officers*”.

### **13.6 Corporate Cease Trade Orders or Bankruptcies**

Except as set out below, no director or officer of the Resulting Issuer or a shareholder holding a sufficient number of securities of the Resulting Issuer to affect materially the control of the Resulting Issuer, is, or within 10 years before the date of the Listing Statement has been, a director or officer of any other issuer that, while that person was acting in that capacity:

- (a) was the subject of a cease trade or similar order, or an order that denied the other issuer access to any exemptions under applicable securities law, for a period of more than 30 consecutive days;
- (b) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the issuer being the subject of a cease trade or similar order or an order that denied the relevant issuer access to any exemption under securities legislation, for a period of more than 30 consecutive days;
- (c) became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

- (d) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

On December 11, 2015, the British Columbia Securities Commission issued a cease trade order against Greatbank for failure to file audited financial statements and management discussion and analysis for the year ended July 31, 2015. During all relevant times, Jeffrey J. Stevens was an officer of Greatbanks. Greatbanks subsequently filed such filings and the cease trade order was revoked effective March 21, 2016.

### **13.7 Penalties or Sanctions**

No director or executive officer of the Resulting Issuer, or a shareholder holding a sufficient number of the Resulting Issuer's securities to affect materially the control of the Resulting Issuer, has been subject to:

- (e) any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority; or
- (f) any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor making an investment decision.

### **13.8 Personal Bankruptcies**

No director or executive officer of the Resulting Issuer or a shareholder holding a sufficient number of securities of the Resulting Issuer to affect materially the control of the Resulting Issuer, or a personal holding company of any such persons has, within the 10 years before the date of the Listing Statement, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director or officer.

### **13.9 Conflicts of Interest**

Certain of the directors and officers of the Resulting Issuer are currently, or may in the future become, involved in managerial or director positions with other issuers, both reporting and non-reporting, whose operations may, from time to time, be in direct competition with those of the Resulting Issuer or with entities which may, from time to time, provide financing to, or make equity investments in, competitors of the Resulting Issuer.

In such event, the directors and officers of the Resulting Issuer will be required by law to act honestly and in good faith with a view to the best interests of the Resulting Issuer and to disclose any interests that they may have in any project or opportunity of the Resulting Issuer and abstain from voting thereon. In determining whether or not the Resulting Issuer will participate in any project or opportunity, the directors will primarily consider the degree of risk to which the Resulting Issuer may be exposed and its financial position at that time.

The directors and officers of the Resulting Issuer also have either other employment or other business or time restrictions placed on them and accordingly, these directors and officers will only be able to devote part of their time to the affairs of the Resulting Issuer, unless otherwise specified above.

Conflicts, if any, will be subject to the procedures and remedies prescribed by the BCBCA, the CSE and applicable securities law, regulations and policies.

See Section 17 “*Risk Factors*”.

### **13.10 Management**

The following are brief profiles of the Resulting Issuer’s executive officers and directors.

#### **Trumbull Fisher, *President and Director* (Age 36)**

Trumbull Fisher is President of New Wave Esports. His expertise lies within managing capital markets and the financial growth of New Wave Esports. As the President, he is responsible for financial movement, execution and deployment of capital and investments, as well as ensuring profitability of the organization. He also oversees business relationships, capital raises, acquisitions, and investments strategy. Trumbull holds a B.A. in Law from Carleton University and is qualified with over 15 years of capital markets experience. He has contributed to some of the largest financial institutions in Canada by raising over \$3 billion in capital and has co-founded financial companies and investment funds. In previous positions, Trumbull was Co-Founder, COO, and Head of Trading for a hedge fund.

Mr. Fisher will serve as a member of the Audit Committee.

Mr. Fisher will be a full-time consultant with the Resulting Issuer. Mr. Fisher will sign a non-competition and non-disclosure agreement with the Resulting Issuer.

#### **Tiffany Lee, *Chief Financial Officer, Corporate Secretary and Director* (Age 26)**

Tiffany Lee is the Chief Financial Officer of New Wave Esports. In this role, Tiffany provides New Wave Esports with expertise in financial tracking, accounting, statement preparation, MD&A preparation, budgeting, forecasting, performance measurement, and financial analysis. She holds a B.B.A. Honours from Wilfrid Laurier University. She currently holds a position as a Controller at Mojave Jane Brands Inc. (formerly High Hampton Holdings Corp.) (CSE: JANE). In previous roles, she was Senior Staff Accountant at Constellation Software Inc. and Intermediate Staff Accountant at Hub International.

Ms. Lee will be a part-time consultant and will devote approximately 15-20% of her time to the affairs of the Resulting Issuer. Ms. Lee will sign a non-disclosure agreement with the Resulting Issuer but is not expected to sign a non-competition agreement with the Resulting Issuer.

**Jeffrey J. Stevens, Director** (Age 46)

Mr. Stevens is the CEO Graph Blockchain (CSE:GBLC), a private blockchain solutions company. He is COO and President of Datametrex AI Ltd. (TSXV:DM), an Artificial Intelligence and Machine Learning company, and a Director at New Wave Esports.

In addition to Mr. Stevens' experience as an operator, he also brings 20 + years of professional experience in the Canadian Capital Markets. Through the course of his career he was the head of two Sales and Trading desks and was instrumental in building the Canadian operations for a US based Investment Bank in Toronto. Jeff's experience was largely focused on capital raising for micro-cap and small-cap companies in Canada. His client base included Institutional Money Managers, Hedge Funds, Mutual Funds and Family Offices in Canada, US and Europe. Mr. Stevens is a graduate from the University of Toronto.

Mr. Stevens will serve as Chair of the Audit Committee.

Mr. Stevens will devote the required time needed to act in his capacity as a director of the Resulting Issuer. Mr. Stevens will not sign a non-competition and will sign a non-disclosure agreement with the Resulting Issuer.

**Byron Coulthard, Director** (Age 56)

Byron Coulthard is an independent financial advisor and a consultant to various public and private companies. Mr. Coulthard has over 25 years of experience in the financial markets and has experience in understanding accounting principles for reporting companies and analyzing or evaluating financial statements similar to those of the Resulting Issuer. Mr. Coulthard has served as a director or officer of several publically-listed companies in the mining and oil and gas sectors, including Trueclaim, BRS Resources Ltd., White Bear Resources Inc. (now Tinkerine Studios Inc.) and First Americas Gold Corporation.

Mr. Coulthard will serve as a member of the Audit Committee. Mr. Coulthard will not sign a non-competition or a non-disclosure agreement with the Resulting Issuer.

**Daniel Mitre, Chief Executive Officer** (Age 34)

Daniel Mitre is the CEO for New Wave Esports. As CEO, Daniel is responsible for New Wave Esports' and its portfolio companies' marketing initiatives within capital markets, esports, and gaming industries. His responsibilities also lie with the growth of existing revenue streams and new opportunities to increase New Wave Esports' profitability. His expertise and contributions to the organization facilitates global brand awareness, public and professional exposure within relevant industries, expansion of marketable audiences and communities, and global growth across onsite and digital mediums. Daniel has over 17 years' experience in video game marketing, developer and player communications, and building large-scale communities for AAA franchises, including esports and competitive gaming experiences. He has led large-scale marketing campaigns and community programs for Electronic Arts, Sega of America, THQ, Music Mastermind, Spin Master Studios, and Sierra Online. Notable gaming franchises he has worked on include Battlefield, Madden, NBA Live, The Sims, Unravel, Sonic the Hedgehog, MX vs ATV,

Bakugan, Tech Deck, Air Hogs, Freestyle Street Basketball, and Battlestar Galactica. Daniel is also an Advisor to Tiidal Gaming, and Co-Founder of Thunderbolt CDG.

Mr. Mitre will be employed on a full-time basis with the Resulting Issuer. Mr. Mitre will sign a non-competition and non-disclosure agreement with the Resulting Issuer.

## 14. CAPITALIZATION OF THE RESULTING ISSUER

### 14.1 Issued Capital

Issued Capital	Number of Securities (non-diluted)	Number of Securities (fully-diluted)	%of Issued (non-diluted)	% of Issued (fully diluted)
<u>Public Float</u>				
Total outstanding (A)	77,692,033	152,383,563	100%	100%
Held by Related Persons or employees of the Resulting Issuer or Related Person of the Resulting Issuer, or by persons or companies who beneficially own or control, directly or indirectly, more than a 5% voting position in the Resulting Issuer (or who would beneficially own or control, directly or indirectly, more than a 5% voting position in the Resulting Issuer upon exercise or conversion of other securities held) (B)	3,072,460	10,222,460	3.95%	6.71%
Total Public Float (A-B)	74,619,573	142,161,103	96.05%	93.29%
<u>Freely-Tradeable Float</u>				
Number of outstanding securities subject to resale restrictions, including restrictions imposed by pooling or other arrangements or in a shareholder agreement and securities held by control block holders (C)	13,572,460	22,301,793	17.47%	14.64%
Total Tradeable Float (A-C)	64,119,573	130,081,770	82.53%	82.53%

Public Securityholders (Registered)

**Common Shares**

<b>Size of Holding</b>	<b>Number of holders</b>		<b>Total number of securities</b>
1 – 99 securities	3		156
100 – 499 securities	14		3,668
500 – 999 securities	8		4,286
1,000 – 1,999 securities	14		17,605
2,000 – 2,999 securities	17		17,332
3,000 – 3,999 securities	13		42,206
4,000 – 4,999 securities	4		16,888
5,000 or more securities	128		47,045,351
<b>TOTAL</b>	<b>201</b>		<b>47,147,492</b>

Public Securityholders (Beneficial)

**Common Shares**

<b>Size of Holding</b>	<b>Number of holders</b>		<b>Total number of securities</b>
1 – 99 securities	162		6,483
100 – 499 securities	196		40,038
500 – 999 securities	39		25,541
1,000 – 1,999 securities	43		116,393
2,000 – 2,999 securities	24		52,177
3,000 – 3,999 securities	17		54,774
4,000 – 4,999 securities	12		52,840
5,000 or more securities	205		33,813,845
<b>TOTAL</b>	<b>618</b>		<b>34,162,091</b>

Non-Public Securityholders  
(Registered)

**Common Shares**

<b>Size of Holding</b>	<b>Number of holders</b>		<b>Total number of securities</b>
1 – 99 securities	Nil		Nil
100 – 499 securities	Nil		Nil
500 – 999 securities	Nil		Nil
1,000 – 1,999 securities	Nil		Nil

2,000 – 2,999 securities	Nil		Nil
3,000 – 3,999 securities	Nil		Nil
4,000 – 4,999 securities	Nil		Nil
5,000 or more securities	5		3,072,460
<b>TOTAL</b>	<b>5</b>		<b>3,072,460</b>

## 14.2 Convertible Securities

The following are details for any securities convertible or exchangeable into Resulting Issuer Shares:

Description of Security (include conversion/exercise terms, including conversion/exercise price)			Number of convertible/exchangeable securities outstanding	Number of listed securities issuable upon conversion/exercise
Exercise Price	Expiry Date	Type of Security		
\$0.50	March 31, 2021	Options	66,666	66,666
\$0.20	February 8, 2021	Warrants	7,194,000	7,194,000
\$0.20	February 15, 2021	Warrants	4,903,000	4,903,000
\$0.20	February 22, 2021	Warrants	3,404,000	3,404,000
\$0.20	April 17, 2021	Warrants	7,222,000	7,222,000
\$0.30	May 29, 2021	Warrants	12,284,666	12,284,666
\$0.18	May 3, 2023	Warrants	21,737,865	21,737,865
\$0.18	May 3, 2023	Broker Warrants	1,579,333	1,579,333
\$0.02	March 6, 2024	Warrants	1,000,000	1,000,000
\$0.02	March 20, 2024	Warrants	500,000	500,000
\$0.15	Closing Date	Options	7,400,000	7,400,000
\$0.15	Closing Date	Restricted Share Units	7,400,000	7,400,000

See also Section 9 “*Options to Purchase Securities*” above for details of the proposed outstanding stock options and RSUs to purchase Resulting Issuer Shares.

## 14.3 Other Listed Securities

Other than as set out above in Section 14.2, the Resulting Issuer will have no listed securities reserved for issuance.

## 15. EXECUTIVE COMPENSATION

### 15.1 Form 51-102F6

#### Compensation Discussion and Analysis



The Resulting Issuer's policies on compensation for its executive officers are intended to provide appropriate compensation for executives that is internally equitable, externally competitive and reflects individual achievements in the context of the Resulting Issuer's business performance and success. The overriding principles in establishing executive compensation provide that compensation should:

- (a) reflect fair and competitive compensation commensurate with an individual's experience and expertise, in order to attract and retain highly qualified executives;
- (b) reflect recognition and encouragement of leadership, entrepreneurial spirit and teamwork;
- (c) reflect an alignment of the financial interests of the executives with the financial interest of the Resulting Issuer's shareholders;
- (d) in certain circumstances, include bonuses to reward individual performance and contribution to the achievement of corporate performance and objectives;
- (e) include stock options and, in certain circumstances, other equity-linked compensation to reflect an individual's contribution to enhancement of shareholder value; and
- (f) provide incentive to the executives to continuously improve operations and execute on corporate strategy.

#### Goals and Objectives

The Resulting Issuer is not expected to have in place any formal objectives, criteria or analysis for determining or assessing the compensation of its executive officers and directors, nor will it have a compensation committee upon completion of the Transaction.

New Wave Esports is aware of the challenges faced in its present stage of development and the financial limitations of being a start-up investment company. Corporate performance and level of activity has been a consideration in determining compensation. As the Resulting Issuer's business and operations grow in size and complexity, it may consider establishing a compensation committee with formal objectives and policies, including specific performance goals or benchmarks as such relate to executive compensation, that will review compensation practices of companies of similar size and stage of development to ensure the compensation paid is competitive within the esports industry and other junior investment issuers.

The compensation of the Resulting Issuer's officers and directors will be based on an incentive philosophy with the intent that all efforts will be directed toward a common objective of creating shareholder value. The compensation strategy is designed to attract talent and experience with focused leadership in the operations, financing, and management of the Resulting Issuer, with the objective of maximizing the value of the company. The officers and directors each have defined skills and experience that are essential to a start-up investment issuer in the e-sports and gaming sector.

#### Trueclaim Summary Compensation Table

The following table (presented in accordance with National Instrument Form 51-102F6 – Statement of Executive Compensation) sets forth all annual and long term compensation for services paid by Trueclaim to each individual who was a Chief Executive Officer (“CEO”), Chief Financial Officer (“CFO”) or one of the three most highly compensated executive officers (in addition to the CEO and CFO) of Trueclaim whose total compensation exceeded \$150,000 (collectively the “Named Executive Officers” or “NEOs”) during Resulting Issuer’s three most recently completed financial years ended December 31, 2018, 2017 and 2016, as applicable:

SUMMARY COMPENSATION TABLE								
Name and Principal Position of Named Executive Officer	Year Ended December 31 (as applicable)	Salary (\$)	Share-Based Awards (\$)	Option-Based Awards (\$)	Non-Equity Incentive Plan Compensation	Pension Value	All Other Compensation (\$)	Total Compensation(\$)
					Annual Incentive Plans (\$)	Long-Term Incentive Plans (\$)		
Byron Coulthard, President, Chief Executive Officer and Director	2018	\$29,450	Nil	Nil	Nil	Nil	Nil	\$29,450
	2017	\$85,714	Nil	Nil	Nil	Nil	Nil	\$85,714
	2016	\$85,714	Nil	\$13,446	Nil	Nil	Nil	\$99,160
Dan Fuoco, Chief Financial Officer	2018	\$33,000	Nil	Nil	Nil	Nil	Nil	\$33,000
	2017	\$45,000	Nil	Nil	Nil	Nil	Nil	\$45,000
	2016	\$27,000	Nil	Nil	Nil	Nil	Nil	\$27,000
Gerry LeFevre Former VP Corporate Development and former interim CEO	2018	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	2017	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	2016	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Troy Nikolai Former CFO and director	2018	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	2017	\$31,500	Nil	Nil	Nil	Nil	Nil	\$31,500
	2016	\$51,000	Nil	Nil	Nil	Nil	Nil	\$51,000

*Incentive Plan Awards*

***Outstanding Share-Based Awards and Option-Based Awards***

As of December 31, 2018, there were no option-based or share-based awards outstanding to the Named Executive Officers.

***Incentive Plan Awards – Value Vested or Earned During the Year***

No option-based awards or share-based awards were vested in, and no non-equity incentive plan compensation was earned by, the Named Executive Officers during the year ended December 31, 2018.

*Pension Plan Benefits*

Trueclaim does not have any pension, retirement or deferred compensation plans, including defined contribution plans.

*Termination and Change of Control Benefits*

Trueclaim has not entered into any compensatory plans, contracts or arrangements with any of its Named Executive Officers whereby such officers are entitled to receive compensation as a result of the resignation, retirement or any other termination of employment of the Named Executive Officer with Trueclaim, or from a change in control of Trueclaim or a change in the Named Executive Officer's responsibilities following a change in control.

*Management / Employment Contracts*

Trueclaim has not entered into any management or employment agreement with its executive officers.

*Trueclaim Director Compensation Table*

No compensation was paid to Trueclaim's directors, other than directors who are also Named Executive Officers listed in Section 15.1 "*Summary Compensation Table*" above, during the fiscal year ended December 31, 2018.

*Share-based awards, option-based awards and non-equity incentive plan compensation*

***Outstanding Share-Based Awards and Option-Based Awards***

As of December 31, 2018, there were no option-based or share-based awards outstanding to the non-executive directors of Trueclaim.

***Incentive Plan Awards – Value Vested or Earned During the Year***

No option-based awards or share-based awards were vested in, and no non-equity incentive plan compensation was earned by, the non-executive directors of Trueclaim during the year ended December 31, 2018.

*Compensation Discussion and Analysis of the Resulting Issuer*

It is anticipated that the objectives, criteria and analysis of the compensation of the executive officers of the Resulting Issuer will be as set out under Section 15 "*Executive Compensation – Form 51-102F6*" above. Notwithstanding the foregoing, there may be circumstances where, for sound business reasons, the Resulting Issuer Board determines that another compensation strategy is in the best interests of the Resulting Issuer.

***Compensation of Proposed NEOs***

The following summarizes the compensation paid to the proposed CEO and CFO of the Resulting Issuer, and each other proposed executive officer of the Resulting Issuer whose total compensation is anticipated to exceed \$150,000 (collectively, the "**Proposed NEOs**") during the 12-month period following the Listing Date.

### Employment Agreement with Daniel Mitre

New Wave Esports retained Daniel Mitre to act as its Chief Marketing Officer, and subsequently as its Chief Executive Officer, pursuant to an employment agreement dated January 30, 2019 and amended as of May 21, 2019 and July 23, 2019 (the “**Mitre Employment Agreement**”). The Mitre Employment Agreement has a term of three (3) years.

Mr. Mitre receives a base salary of US\$120,000. In addition, Mr. Mitre is entitled to receive a grant of one million (1,000,000) stock options and one million (1,000,000) Restricted Share Units following completion of the Transaction.

### Consulting Agreement with Lincoln Hold Co. Ltd.

Pursuant to a consulting agreement dated March 6, 2019 and amended as of May 21, 2019, New Wave Esports engaged Lincoln Hold Co Ltd. (“**Lincoln**”) to provide consulting services and for the principal of Lincoln, Trumbull Fisher, to be appointed as President of New Wave (the “**Lincoln Consulting Agreement**”). The Lincoln Consulting Agreement has a term of two (2) years, with the term thereafter automatically extending for successive one month periods until terminated by either party upon ninety (90) days’ written notice or, in the case of termination by New Wave, payment in lieu thereof.

In consideration of the services provided, Lincoln receives: (i) a monthly cash fee equal to \$10,000 per month; (ii) a grant of two million (2,000,000) stock options and two million (2,000,000) Restricted Share Units following completion of the Transaction; and (iii) a right to receive warrants to acquire an aggregate of one million (1,000,000) Resulting Issuer Shares at a price of \$0.02 each, such warrants to vest over a two year period.

### Consulting Fees Paid to Tiffany Lee

Tiffany Lee is paid a consulting fee of \$1,250 per month by New Wave Esports which is expected to continue after the completion of the Transaction.

### ***Incentive Plan awards***

Any future grants of incentive stock options and/or RSUs will be as determined by the Resulting Issuer Board from time to time. See also Section 9 “*Options to Purchase Securities*” for stock options and Restricted Share Units to be granted by the Resulting Issuer immediately after the completion of the Transaction.

### ***Pension Plan Benefits***

As of the date of this Listing Statement, the Resulting Issuer does not expect to establish any pension, retirement or deferred compensation plans, including defined contribution plans, for its Proposed NEOs in the first year following the Listing Date.

### ***Termination and Change of Control Benefits***

In the event of a termination of the Mitre Employment Agreement by New Wave without cause, Mr. Mitre will be entitled to ninety (90) days' written notice of termination or payment in lieu thereof.

Either party may terminate the Lincoln Consulting Agreement by providing the other party with ninety (90) days' prior written notice, or, in the case of termination by New Wave Esports, payment in lieu thereof.

### ***Compensation of Directors***

Following the Listing Date, it is anticipated that the non-executive directors of the Resulting Issuer will not receive cash compensation in their capacities as directors of the Resulting Issuer. The directors of the Resulting Issuer will be entitled to reimbursement for out-of-pocket expenses incurred for attendance at Resulting Issuer Board meetings and in connection with discharging their director functions.

Non-executive directors of the Resulting Issuer will also be entitled to receive incentive stock options and/or RSUs as determined by the Resulting Issuer Board from time to time. Other than as disclosed in this Listing Statement, the Resulting Issuer does not intend to grant any stock options or RSUs to non-executive directors in the first year following the Listing Date.

See also Section 9 "*Options to Purchase Securities*" above.

## **16. INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS**

No director or officer of the Resulting Issuer or person who acted in such capacity in the last financial year of Trueclaim, or proposed director or officer of the Resulting Issuer, or any Associate of any such director or officer is, or has been, at any time since the beginning of the most recently completed financial year of Trueclaim, indebted to Trueclaim, nor is any indebtedness of any such person to another entity the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by Trueclaim or the Resulting Issuer.

## **17. RISK FACTORS**

The Resulting Issuer's business and stated business objectives are the business and stated business objectives of New Wave Esports (see Section 4.1 "*Narrative Description of the Business*"). To the extent that the Resulting Issuer's business and stated business objectives differ from that of New Wave Esports, further information is provided.

An investment in the Resulting Issuer Shares involves a high degree of risk and should be considered highly speculative due to the nature of the Resulting Issuer's business and its present stage of development. An investment in the Resulting Issuer's securities is suitable only for those knowledgeable and sophisticated investors who are willing to risk loss of their entire investment. Readers should consult with their professional advisors to assess an investment in the Resulting Issuer's securities. In evaluating the Resulting Issuer and its business, investors should carefully consider, in addition to the other information contained in this Listing Statement, the following risk factors. These risk factors are not a definitive list of all risk factors associated with an

investment in the Resulting Issuer or in connection with the Resulting Issuer's investments and operations.

### *Risks Relating to the Resulting Issuer's Business*

#### ***Limited Operating History***

The Resulting Issuer has a very limited history of operations and is considered a start-up company. As such, it is subject to many risks common to such enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial and other resources and lack of revenues. There is no assurance that the Resulting Issuer will be successful in achieving a return on shareholders' investments and the likelihood of its success must be considered in light of its early stage of operations.

#### ***Difficulty Projecting Financial Position and Results of Operations***

The Resulting Issuer's actual financial position and results of operations may differ materially from management's expectations. The Resulting Issuer has experienced some changes and delays in its operating and investment plans since inception. As a result, the Resulting Issuer's revenue, net income and cash flow may differ materially from the Resulting Issuer's projected revenue, net income and cash flow. The process for estimating the Resulting Issuer's revenue, net income and cash flow requires the use of judgment in determining the appropriate assumptions and estimates. These estimates and assumptions may be revised as additional information becomes available and as additional analyses are performed. In addition, the assumptions used in planning may not prove to be accurate, and other factors may affect the Resulting Issuer's financial condition or results of operations.

Although Resulting Issuer expects to become profitable, there is no guarantee that will happen, and the Resulting Issuer may never become profitable. The Resulting Issuer's ability to generate additional revenues and potential to become profitable will depend largely on the Resulting Issuer's ability to market its services. There can be no assurance that any such events will occur or that the Resulting Issuer will ever become profitable. Even if the Resulting Issuer does achieve profitability, the Resulting Issuer cannot predict the level of such profitability. If the Resulting Issuer sustain losses over an extended period of time, the Resulting Issuer may be unable to continue its business.

For the year ended 2016, Trueclaim had a net loss of \$5,137,005. For the year ended 2017, Trueclaim had a net income of \$136,356. For the year ended 2018, Trueclaim had a net loss of \$625,578.

As at June 30, 2019, New Wave Esports had an accumulated deficit of \$1,184,320.

#### ***Available Opportunities and Competition for Investments***

The Resulting Issuer's business plan as an investment issuer depends upon, among other things: (i) the availability of appropriate investment opportunities; (ii) its ability to identify, select and acquire successful investments; and (iii) its ability to generate or obtain funds for future investments. The Resulting Issuer expects to encounter competition from other entities having

similar investment objectives, including institutional investors and strategic investors. These groups may compete for the same investments as the Resulting Issuer, and will likely have a longer operating history and may be better capitalized, have more personnel and have different return targets. As a result, the Resulting Issuer may not be able to compete successfully for investments.

There can be no assurance that the Resulting Issuer will have access to a sufficient number of suitable investment opportunities or that such investments can be made within a reasonable period of time. There can also be no assurance that the Resulting Issuer will be able to complete investments at acceptable prices or on acceptable terms. Identifying attractive opportunities is difficult, highly competitive and involves a high degree of uncertainty. Potential returns will be diminished to the extent that the Resulting Issuer is unable to find and make a sufficient number of investments.

### ***Ability to Secure Adequate Financing***

The Resulting Issuer will have ongoing requirements for capital to support its growth and may seek to obtain additional funds for these purposes through public or private equity, or through the incurrence of indebtedness. There are no assurances that the Resulting Issuer will be able to secure additional funding on acceptable terms or at an acceptable level. The Resulting Issuer's liquidity and operating results, and its ability to make additional investments, may be adversely affected if its access to capital markets or other sources of financing is hindered, whether as a result of a downturn in market conditions generally or to matters specific to the Resulting Issuer.

### ***Substantial Capital Requirements***

The Resulting Issuer has limited financial resources and may require substantial additional equity or debt financing in order to carry out its business objectives, including making further investments in esports and gaming companies. There can be no assurance that debt or equity financing or cash generated by operations would be available or sufficient to meet these requirements or for other corporate purposes or, if debt or equity financing is available, that it would be on terms acceptable to the Resulting Issuer. Failure to obtain sufficient financing may result in the delay or indefinite postponement of investment opportunities and other corporate developments, which could have a material adverse effect on the Resulting Issuer's business, financial condition and results of operations.

### ***Economic Risks***

The Resulting Issuer's business is vulnerable to changing economic conditions, financial market volatility, and to other factors that adversely affect the industries in which it will operate. The demand for entertainment and leisure activities tends to be highly sensitive to changes in consumers' disposable income, and thus can be affected by changes in the economy and consumer tastes, both of which are difficult to predict and beyond the Resulting Issuer's control. Unfavorable changes in general economic conditions, including recessions, economic slowdown, sustained high levels of unemployment, and increasing fuel or transportation costs, may reduce customers' disposable income or result in fewer individuals engaging in entertainment and leisure activities. As a result, the Resulting Issuer cannot ensure that demand for the products or services of its investees or its subsidiary, Thunderbolt CDG, will remain constant. Continued or renewed adverse

developments affecting economies throughout the world, including a general tightening of availability of credit, decreased liquidity in many financial markets, increasing interest rates, increasing energy costs, acts of war or terrorism, transportation disruptions, natural disasters, declining consumer confidence, sustained high levels of unemployment or significant declines in stock markets, could lead to a further reduction in discretionary spending on leisure activities, such as gaming. Any significant or prolonged decrease in consumer spending on entertainment or leisure activities could adversely affect the Resulting Issuer's investment returns, cash flows and revenues.

### ***Regulatory Risks***

The Resulting Issuer is subject to general business regulations and laws as well as regulations and laws specifically governing electronic commerce and the internet. Existing and future laws and regulations may impede the Resulting Issuer's growth strategies. These regulations and laws may cover taxation, privacy, data protection, pricing, content, copyrights, distribution, consumer protection, web services, websites, and the characteristics and quality of products and services. Unfavourable changes in regulations and laws could decrease demand for the Resulting Issuer's platform and increase its cost of doing business or otherwise have a material adverse effect on the Resulting Issuer's reputation, popularity, results of operations, and financial condition.

### ***Management of Growth***

The Resulting Issuer may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The Resulting Issuer's ability to manage its growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its roster of employees and consultants.

There can be no assurance that the Resulting Issuer will be able to manage such growth effectively, that its management, personnel or systems will be adequate to support the Resulting Issuer's operations or that the Resulting Issuer will be able to achieve the increased levels of investment returns commensurate with the increased levels of operating expenses associated with this growth. The inability of the Resulting Issuer to deal with this growth could have a material adverse impact on its business, operations and prospects.

### ***Dependence on Management and Directors***

The Resulting Issuer is dependent upon the efforts, skill and business contacts of key members of management and the Resulting Issuer Board for, among other things, the information and investment opportunities they are able to generate. Accordingly, the Resulting Issuer's success may depend upon the continued service of these individuals to the Resulting Issuer. The loss of the services of any of these individuals could have a material adverse effect on the Resulting Issuer's revenues, net income and cash flows and could harm its ability to secure investments, maintain or grow its assets and raise funds.

From time to time, the Resulting Issuer will also need to identify and retain additional skilled management and consultants to efficiently operate its business. Recruiting and retaining qualified personnel is critical to the Resulting Issuer's success and there can be no assurance of its ability to attract and retain such personnel. If the Resulting Issuer is not successful in attracting and training



qualified personnel, the Resulting Issuer's ability to execute its business strategy could be affected, which could have a material and adverse impact on its profitability, results of operations and financial condition.

### ***Investment Evaluation***

The due diligence process undertaken by the Resulting Issuer in connection with investments may not reveal all facts that may be relevant in connection with an investment. Before making investments, the Resulting Issuer will conduct due diligence that it deems reasonable and appropriate based on the facts and circumstances applicable to each investment and will be required to rely upon the accuracy and completeness of information supplied by potential investees. When conducting due diligence, the Resulting Issuer may be required to evaluate important and complex business, financial, tax, accounting, and legal issues. Outside consultants, legal advisors, accountants and investment banks may be involved in the due diligence process in varying degrees depending on the type of investment, and the Resulting Issuer will be required to rely in part on such advisors' assessment of potential liabilities and risks associated with each investment.

The due diligence investigation that is carried out by the Resulting Issuer and its advisors with respect to any investment opportunity may not reveal or highlight all relevant risks or liabilities associated with the investment. Unforeseen risks or liabilities may have a material and adverse impact on the Resulting Issuer's liabilities, profitability, results of operations and financial condition.

### ***Transaction and Legal Risks***

The Resulting Issuer may be exposed to transaction and legal risks, including potential liability under securities laws or other laws and disputes over the terms and conditions of investment arrangements. The Resulting issuer may face legal challenges with seeking remedies under investment agreements, or in administering investments without dispute. These risks are often difficult to assess or quantify and their existence and magnitude often remains unknown for substantial periods of time. The Resulting Issuer may incur significant legal and other expenses in defending against litigation involved with any of these risks and may be required to pay substantial damages for settlements and/or adverse judgments. Substantial legal liability against the Resulting issuer could have a material adverse effect on its results of operations and financial condition.

### ***Shares Sensitive to Market Fluctuations***

The market price of the Resulting Issuer Shares may be subject to wide fluctuations in response to factors such as actual or anticipated variations in its results of operations, prospective investments and investee performance, general market conditions and other factors. Market fluctuations, as well as general economic, political and market conditions such as recessions, interest rate changes or international currency fluctuations, may adversely affect the market price of the Resulting Issuer Shares, even if the Resulting Issuer is successful in maintaining revenues, cash flows or earnings. This fluctuation in market price may adversely affect the Resulting Issuer's ability to raise additional funds through the issuance of Resulting Issuer Shares, which could have a material and adverse impact on its profitability, results of operations and financial condition. There is also a

risk that no liquid market will develop for the Resulting Issuer Shares, which illiquidity would exacerbate any such price fluctuations.

### ***Dividend Policy***

The Resulting Issuer currently intends to retain future earnings, if any, for future operation and expansion and has no current plans to pay any dividends for the foreseeable future. Any decision to declare and pay dividends in the future will be made at the discretion of the Resulting Issuer Board and will depend on, among other things, the Resulting Issuer's financial results, cash requirements, contractual restrictions and other factors that the Resulting Issuer Board may deem relevant. In addition, the Resulting Issuer's ability to pay dividends may be limited by covenants of any existing and future outstanding indebtedness the Resulting Issuer incurs. As a result, investors may not receive any return on an investment in their Resulting Issuer Shares unless they sell them for a price greater than that which they paid for it.

### ***Trading Price of the Resulting Issuer Shares Relative to NAV***

The Resulting Issuer is neither a mutual fund nor an investment fund and, due to the nature of its investment issuer business and investment strategy and the composition of its investment portfolio, the market price of the Resulting issuer Shares, at any time, may vary significantly from the NAV of the Resulting Issuer Shares. This risk is separate and distinct from the risk that the market price of the Resulting issuer Shares may decrease. The extent to which the Resulting Issuer Shares trade at a value different from the NAV of the Resulting Issuer Shares may adversely affect the Resulting Issuer's ability to raise additional funds through the issuance of Resulting Issuer Shares, which could have a material and adverse impact on its profitability, results of operations and financial condition.

### ***Potential Conflicts of Interest***

Certain of the directors and officers of the Resulting Issuer are or may, from time to time, be involved in other financial investments and professional activities that may on occasion cause a conflict of interest with their duties to the Resulting Issuer. These include serving as directors, officers, advisors or agents of other public and private companies, including companies that may be involved in similar businesses to the Resulting Issuer or companies in which the Resulting Issuer may invest. Such conflicts of the Resulting Issuer's directors and officers may result in an adverse effect on the Resulting Issuer's results of operations and financial condition. Also see Section 13.9 "*Directors and Officers of the Resulting Issuer – Conflicts of Interest*" above.

### ***Risks Relating to the Resulting Issuer's Investments***

#### ***Esports Industry Developments***

Given the rapidly evolving esports industry in which the Resulting Issuer operates, its historical operating results may not be useful in predicting future operating results. In addition, metrics developed by the Resulting Issuer or that are available from third parties regarding the esports industry may not be indicative of the actual status of the industry or of the Resulting Issuer's investees.

### ***New and Rapidly Changing Industry***

The esports and gaming industries in which the Resulting issuer invests are new and rapidly evolving industries, which presents significant uncertainty and business risks. The growth of the esports industry is subject to a high degree of uncertainty. In addition to factors affecting esports in general, the future operating results of the Resulting Issuer will depend on certain factors specific to the esports and online gaming industry, many of which are beyond the control of the Resulting Issuer, including the continued worldwide growth in the adoption and use of social networks, mobile platforms, legal and regulatory developments, data privacy laws and regulation and other factors that the Resulting Issuer is unable to predict. Given the dynamic evolution of these industries, it can be difficult to plan strategically, and it is possible that competitors will be more successful than the Resulting Issuer at adapting to change and pursuing business opportunities.

### ***Exposure to Investment Portfolio Risks***

Given the nature of the Resulting Issuer's investment activities, the results of operations and financial condition of the Resulting Issuer is dependent upon the financial condition and performance of the businesses comprising its investments. The performance of these businesses, such as Thunderbolt CDG, EMG, Tiidal Gaming, PlayLine and Avatar can be affected by the general market conditions that affect a particular sector and by specific factors which impact the underlying businesses.

### ***Private Issuers and Illiquid Securities***

The Resulting Issuer invests in securities of private issuers. The value of these investments may be affected by factors such as investor demand, resale restrictions, general market trends and regulatory restrictions. Fluctuation in the market value of such investments may occur for a number of reasons beyond the control of the Resulting Issuer and there is no assurance that an adequate market will exist for investments made by the Resulting Issuer, such that the Resulting Issuer may experience difficulty in exiting investment positions on favourable terms or at all. Many of the investments made by the Resulting Issuer will be relatively illiquid and may decline in price if a significant number of such investments are offered for sale by the Resulting Issuer or other investors.

### ***Reliance on Collaborative Partners***

The Resulting Issuer expects to rely on collaborative arrangements to provide services and to develop and commercialize some of its offerings in the future. There can be no assurance that the Resulting Issuer will be able to negotiate acceptable collaborative arrangements, that such collaborative arrangements will be successful or that the Resulting Issuer would not be required to relinquish certain material rights to its technology or services. In addition, there can be no assurance that the Resulting Issuer's collaborative partners will not pursue alternative technologies or develop alternative offerings either on their own or in collaboration with others, including the Resulting Issuer's competitors. To the extent that the Resulting Issuer succeeds in entering into collaborative arrangements, those will be dependent on the efforts of third parties for continued development, success, revenues, and profits.

### ***No Guaranteed Return***

The Resulting Issuer's investments are not currently structured to secure the Resulting Issuer a guaranteed return, or any return in the short-term or long-term.

### **18. PROMOTERS**

No person or company is or has been a promoter of the Resulting Issuer within the two years prior to the date of this Listing Statement.

### **19. LEGAL PROCEEDINGS**

As of the date of this Listing Statement, there are no legal proceedings to which Trueclaim, New Wave Esports or the Resulting Issuer is a party or of which any of their property is the subject matter. Additionally, to the knowledge of the management of the Resulting Issuer, there are no such proceedings contemplated.

As of the date of this Listing Statement, there are no penalties or sanctions that have been imposed by a court or regulatory body against the Issuer and no settlement agreements have been entered into by the Issuer.

### **20. INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS**

Other than as provided below, none of the proposed directors or executive officers of the Resulting Issuer, principal shareholders, or any Associate or Affiliate of such persons, has or has had any material interest, direct or indirect, in any material transaction within the three years before the date of this Listing Statement or in any proposed transaction that has materially affected or may affect the Resulting Issuer.

At the time of New Wave Esports' acquisition of 100% of Thunderbolt CDG, Daniel Mitre, the current CEO of New Wave Esports, was a director and 50% shareholder of Thunderbolt CDG. Mr. Mitre was not a director, officer or shareholder of New Wave Esports prior to such acquisition.

### **21. AUDITORS, TRANSFER AGENTS AND REGISTRARS**

The current auditors of Trueclaim are MNP LLP Chartered Professional Accountants ("MNP"), located at 111 Richmond Street West, Suite 300, Toronto, ON M5H 2G4. The Resulting Issuer will maintain MNP as its auditor following the Transaction.

Trueclaim's registrar and transfer agent, Computershare Trust Company of Canada of 510 Burrard Street, Vancouver, BC V6C 3B9, will be the registrar and transfer agent of the Resulting Issuer.

### **22. MATERIAL CONTRACTS**

Except for contracts entered into in the ordinary course of business, the only material contracts entered into by Resulting Issuer in the previous two years are the following:

1. Amalgamation Agreement dated June 7, 2019; and
2. Escrow Agreement dated October 23, 2019.

The Resulting Issuer has not entered into any co-tenancy, unitholders' or limited partnership agreement.

### **23. INTEREST OF EXPERTS**

The auditor of Trueclaim, MNP, audited the financial statements of the Issuer for the years ended December 31, 2018 and 2017 and is independent within the meaning of the Rules of Professional Conduct of the Institute of Chartered Professional Accountants of British Columbia (the “**BC Rules**”). Based on information provided by MNP, MNP has not received nor will receive any direct or indirect interests in the property of the Resulting Issuer. Neither MNP nor any of the directors, officers, employees and partners thereof, beneficially own, directly or indirectly, any securities of Trueclaim or the Resulting Issuer or its Associates and Affiliates.

The auditor of Trueclaim, A Chan and Company LLP, Chartered Professional Accountants (“**A Chan**”), located at Unit 114B – 888 Fraser Court, Burnaby, BC, V5J 5H8 audited the financial statements of the Issuer for the year ended December 31, 2016 and is independent within the meaning of the BC Rules. Based on information provided by A Chan, it has not received nor will receive any direct or indirect interests in the property of the Resulting Issuer. Neither A Chan nor any of the directors, officers, employees and partners thereof beneficially own, directly or indirectly, any securities of Trueclaim or the Resulting Issuer or its Associates and Affiliates.

The current auditor of New Wave Esports, Morgan & Company LLP Chartered Professional Accountants (“**Morgan**”), P.O. Box 10007, Pacific Centre, Suite 1630 – 609 Granville Street, Vancouver, BC, V7Y 1A1, audited the financial statements of New Wave Esports for the period from incorporation on April 17, 2018 to March 31, 2019 and is independent within the meaning of the BC Rules. Based on information provided by Morgan, it has not received nor will receive any direct or indirect interests in the property of the Resulting Issuer. Neither Morgan nor any of the directors, officers, employees and partners thereof beneficially own, directly or indirectly, any securities of Trueclaim or the Resulting Issuer or its Associates and Affiliates.

### **24. OTHER MATERIAL FACTS**

The Resulting Issuer is not aware of any other material facts relating to the Resulting Issuer that are not disclosed under the preceding items and that are necessary in order for this Listing Statement to contain full, true and plain disclosure of all material facts relating to the Resulting Issuer.

### **25. FINANCIAL STATEMENTS**

#### **25.1 Financial Statements of the Issuer**

Enclosed as Schedule “A” are the: (i) audited financial statements of the Issuer for the years ended December 31, 2018, 2017 and 2016, and (ii) the unaudited financial statements of the Issuer for the three and six month periods ended June 30, 2019.

Enclosed as Schedule “E” is a copy of the unaudited pro forma statement of financial position for the Resulting Issuer as at June 30, 2019, to give effect to the Amalgamation as if it had taken place as of June 30, 2019.

## **25.2 Financial Statements of New Wave Esports**

Selected financial information for New Wave Esports is set out under Sections 5.1 to 5.3 above.

Enclosed as Schedule “C” are the: (i) audited financial statements of New Wave Esports for the period from incorporation on April 17, 2018 to March 31, 2019, and (ii) the unaudited financial statements of New Wave Esports for the three month period ended June 30, 2019.

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### CERTIFICATE OF THE ISSUER

Pursuant to a resolution duly passed by its Board of Directors, Trueclaim Exploration Inc., hereby applies for the listing of the above mentioned securities on the Canadian Securities Exchange. The foregoing contains full, true and plain disclosure of all material information relating to Trueclaim Exploration Inc. It contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in light of the circumstances in which it was made.

Dated this 24<sup>th</sup> day of October, 2019.

*“Byron Coulthard”*

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Byron Coulthard  
Chief Executive Officer

*“Dan Fuoco”*

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Dan Fuoco  
Chief Financial Officer

### CERTIFICATE OF THE TARGET

The foregoing contains full, true and plain disclosure of all material information relating to New Wave Esports Corp. It contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in light of the circumstances in which it was made.

Dated this 24<sup>th</sup> day of October, 2019.

*“Daniel Mitre”*

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Daniel Mitre  
Chief Executive Officer

*“Tiffany Lee”*

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Tiffany Lee  
Chief Financial Officer and Corporate  
Secretary

*“Trumbull Fisher”*

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Trumbull Fisher  
President and Director

*“Jeffrey J. Stevens”*

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Jeffrey J. Stevens  
Director



**SCHEDULE "A" – TRUECLAIM FINANCIAL STATEMENTS**

[Please see attached]



## **CONSOLIDATED FINANCIAL STATEMENTS**

**December 31, 2018 and 2017**

**(Expressed in Canadian Dollars)**

## Independent Auditor's Report

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To the Shareholders of Trueclaim Exploration Inc.:

### Opinion

We have audited the consolidated financial statements of Trueclaim Exploration Inc. and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2018 and December 31, 2017, and the consolidated statements of net income (loss) and comprehensive income (loss), changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2018 and December 31, 2017, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

### Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

## Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Brock Stroud.

Toronto, Ontario  
April 29, 2019

*MNP* LLP

Chartered Professional Accountants  
Licensed Public Accountants

**MNP**

# Trueclaim Exploration Inc.

## Consolidated Statements of Financial Position

(Expressed in Canadian dollars)

As at December 31, 2018 and December 31, 2017

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
	\$	\$
<b>Assets</b>		
<i>Current assets</i>		
Cash	1,593,545	2,634
Receivables	52,057	845
Prepays	8,034	-
	<hr/> 1,653,636	<hr/> 3,479
<i>Non-current assets</i>		
Intangible assets (Note 3)	-	291,463
<b>Total Assets</b>	<hr/> <b>1,653,636</b>	<hr/> <b>294,942</b>
<b>Liabilities</b>		
<i>Current liabilities</i>		
Trade payables and accrued liabilities (Note 10)	298,331	1,294,209
<b>Total Liabilities</b>	<hr/> 298,331	<hr/> 1,294,209
<b>Shareholders' Equity</b>		
Share capital (Note 4)	9,939,107	8,861,507
Contributed surplus (Note 5(b))	2,061,805	2,061,805
Warrants (Note 4)	1,902,550	-
Accumulated deficit	(12,548,157)	(11,922,579)
<b>Total Shareholders' Equity</b>	<hr/> 1,355,305	<hr/> (999,267)
<b>Total Liabilities and Shareholders' Equity</b>	<hr/> <b>1,653,636</b>	<hr/> <b>294,942</b>

Commitments (Note 11)

Contingent liabilities (Note 13)

Subsequent events (Note 14)

### Approved by the Board of Directors

“Byron Coulthard”

Director

“Matthew Fish”

Director

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

# Trueclaim Exploration Inc.

## Consolidated Statements of Net Income (Loss) and Comprehensive Income (Loss)

(Expressed in Canadian dollars)

For the years ended December 31, 2018 and 2017

	December 31, <u>2018</u>	December 31, <u>2017</u>
	\$	\$
<b>Operating Expenses</b>		
Administrative expenses	61,928	94,306
Management and consulting fees (Note 10)	455,450	151,659
Professional fees	136,453	52,759
	<u>653,831</u>	<u>298,724</u>
<b>Loss from operations</b>	653,831	298,724
<b>Gain on settlement of debt</b>	(111,675)	(435,080)
<b>Loss on sale of intangible assets (Note 3)</b>	26,445	-
<b>Impairment of intangible assets (Note 3)</b>	56,977	-
	<u>(625,578)</u>	<u>136,356</u>
<b>Net income (loss) and comprehensive income (loss) for the year</b>		
	<u>(625,578)</u>	<u>136,356</u>
<b>Net income (loss) per share (Note 2)</b>		
Basic	(0.04)	0.04
Diluted	(0.04)	0.04
<b>Weighted average number of common shares - Basic</b>	<u>14,318,998</u>	<u>3,330,953</u>
<b>Weighted average number of common shares - Diluted</b>	<u>14,318,998</u>	<u>3,330,953</u>

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

# Trueclaim Exploration Inc.

## Consolidated Statements of Changes in Equity

(Expressed in Canadian dollars)

For the years ended December 31, 2018 and 2017

	Share Capital	Contributed Surplus	Warrants	Accumulated Deficit	Total Equity
	\$	\$	\$	\$	\$
<b>Balance – January 1, 2017</b>	8,861,507	2,050,930	10,875	(12,058,035)	(1,135,623)
Net income (loss) per the year	-	-	-	136,356	136,356
Capital stock issued	-	-	-	-	-
Share issuance costs	-	-	-	-	-
Expired warrants	-	10,875	(10,875)	-	-
<b>Balance – December 31, 2017</b>	<b>8,861,507</b>	<b>2,061,805</b>	<b>-</b>	<b>(11,922,579)</b>	<b>(999,267)</b>
<b>Balance – January 1, 2018</b>	<b>8,861,507</b>	<b>2,061,805</b>	<b>-</b>	<b>(11,922,579)</b>	<b>(999,267)</b>
Net income (loss) for the year	-	-	-	(625,578)	(625,578)
Capital stock issued	3,260,680	-	-	-	3,260,680
Warrants issued	(1,555,018)	-	1,555,018	-	-
Finders' warrants issued	-	-	347,532	-	347,532
Shares issue costs	(628,062)	-	-	-	(628,062)
Expired warrants	-	-	-	-	-
<b>Balance – December 31, 2018</b>	<b>9,939,107</b>	<b>2,061,805</b>	<b>1,902,550</b>	<b>(12,548,157)</b>	<b>1,355,305</b>

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

# Trueclaim Exploration Inc.

## Consolidated Statements of Cash Flows

(Expressed in Canadian dollars)

For the years ended December 31, 2018 and 2017

	December 31, <u>2018</u>	December 31, <u>2017</u>
Cash provided by (used in):	\$	\$
<b>Operating activities</b>		
Net income (loss) and comprehensive income (loss) for the year	(625,578)	136,356
Share-based compensation	-	-
Gain on settlement of debt	(111,675)	(435,080)
Loss on sale of intangible assets	26,445	-
Impairment of intangible assets	56,977	-
Changes in items of non-cash working capital:		
Receivables	(51,212)	11,867
Prepays	(8,034)	-
Trade payables and accrued liabilities	(128,644)	325,304
	<u>(841,721)</u>	<u>38,447</u>
<b>Investing activities</b>		
Intangible assets	(15,838)	(37,137)
	<u>(15,838)</u>	<u>(37,137)</u>
<b>Financing activities</b>		
Capital stock issued	2,729,000	-
Warrants issued	-	-
Share issue costs	(280,530)	-
	<u>2,448,470</u>	<u>-</u>
<b>Increase in cash</b>	<u>1,590,911</u>	<u>1,310</u>
<b>Cash – Beginning of year</b>	<u>2,634</u>	<u>1,324</u>
<b>Cash – End of year</b>	<u>1,593,545</u>	<u>2,634</u>

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



# Trueclaim Exploration Inc.

## Notes to Consolidated Financial Statements

(Expressed in Canadian dollars)

For the years ended December 31, 2018 and 2017

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### 1. Nature of Operations

Trueclaim Exploration Inc. (the “Company”) is a Canadian company which was engaged in the acquisition, exploration and development of resource properties in Canada and the United States.

The Company is a public company which is listed on the TSX Venture Exchange (the “Exchange”) under the stock symbol “TRM”. The business address of its registered office is #575 – 510 Burrard Street, Vancouver, BC, V6C 3A8.

These consolidated financial statements including comparatives, have been prepared in accordance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”).

The consolidated financial statements were approved by the Board of Directors for issue on April 29, 2019.

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

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

#### *Basis of measurement*

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

Cash includes cash on hand, deposits held with banks and amounts held in trust with lawyers.

#### *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.

# Trueclaim Exploration Inc.

## Notes to Consolidated Financial Statements

(Expressed in Canadian dollars)

For the years ended December 31, 2018 and 2017

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

#### *Impairment (Continued)*

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 year ended December 31, 2018, a total of \$15,828 (December 31, 2017 – \$37,137) of costs were incurred for exploration, evaluation and acquisitions of mining properties. Management reviews the carrying values of intangible assets on a regular basis to determine whether any write downs are necessary. These costs will be amortized over the estimated useful life of the mining properties following commencement of production or written off if the mining properties or projects are sold or allowed to lapse. General exploration expenditures not related to specific mining properties are expensed as incurred.

#### *Flow-through shares*

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

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

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

# Trueclaim Exploration Inc.

## Notes to Consolidated Financial Statements

(Expressed in Canadian dollars)

For the years ended December 31, 2018 and 2017

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

#### *Income tax*

##### *Current income taxes*

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

##### *Deferred income taxes*

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

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

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

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

Deferred tax is recognized in the consolidated statements of comprehensive loss, unless it relates to items recognized directly in equity, in which case the deferred tax related to those items is also recognized directly in equity.

# **Trueclaim Exploration Inc.**

## **Notes to Consolidated Financial Statements**

(Expressed in Canadian dollars)

**For the years ended December 31, 2018 and 2017**

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

#### *Income (loss) per share*

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

#### *Share capital*

##### *Share-based compensation*

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

##### *Share issuance costs*

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

#### *Significant accounting judgments and estimates*

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

#### *Financial instruments*

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.

# Trueclaim Exploration Inc.

## Notes to Consolidated Financial Statements

(Expressed in Canadian dollars)

For the years ended December 31, 2018 and 2017

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

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.

The following table summarizes the classification and measurement changes under IFRS 9 for each financial instrument:

Classification	IAS 39	IFRS 9
Cash	FVTPL	FVTPL
Receivables	Loans and receivables (amortized cost)	Amortized Cost
Trade payables and accrued liabilities	Other financial liabilities	Amortized Cost

As a result of the adoption of IFRS 9, the accounting policy for financial instruments as disclosed in the Company's December 31, 2018 consolidated financial statements has been updated as follows:

#### Financial assets

Financial assets are classified as either financial assets at FVTPL, amortized cost, or FVTOCI. The Company determines the classification of its financial assets at initial recognition.

i. Financial assets recorded at FVTPL

Financial assets are classified as FVTPL if they do not meet the criteria of amortized cost or FVTOCI. Gains or losses on these items are recognized in profit or loss. The Company's cash is classified as financial assets measured at FVTPL.

ii. Amortized cost

Financial assets are classified as measured at amortized cost if both of the following criteria are met and the financial assets are not designated as at FVTPL: 1) the object of the Company's business model for these financial assets is to collect their contractual cash flows; and 2) the asset's contractual cash flows represent "solely payments of principal and interest". The Company's receivable and other assets are classified as financial assets measured at amortized cost.

# Trueclaim Exploration Inc.

## Notes to Consolidated Financial Statements

(Expressed in Canadian dollars)

For the years ended December 31, 2018 and 2017

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

#### Financial liabilities

Financial liabilities are classified as either financial liabilities at FVTPL or at amortized cost. The Company determines the classification of its financial liabilities at initial recognition.

#### i. Amortized cost

Financial liabilities are classified as measured at amortized cost unless they fall into one of the following categories: financial liabilities at FVTPL, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition, financial guarantee contracts, commitments to provide a loan at a below-market interest rate, or contingent consideration recognized by an acquirer in a business combination.

The Company's trade and other payables do not fall into any of the exemptions and are therefore classified as measured at amortized cost.

#### ii. Financial liabilities recorded FVTPL

Financial liabilities are classified as FVTPL if they fall into one of the five exemptions detailed above.

#### Transaction costs

Transaction costs associated with financial instruments, carried at FVTPL, are expensed as incurred, while transaction costs associated with all other financial instruments are included in the initial carrying amount of the asset or the liability.

#### Subsequent measurement

Instruments classified as FVTPL are measured at fair value with unrealized gains and losses recognized in profit or loss. Instruments classified as amortized cost are measured at amortized cost using the effective interest rate method. Instruments classified as FVTOCI are measured at fair value with unrealized gains and losses recognized in other comprehensive income.

#### Derecognition

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled, or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

#### Expected credit loss impairment model

IFRS 9 introduced a single expected credit loss impairment model, which is based on changes in credit quality since initial application. The adoption of the expected credit loss impairment model had no impact on the Company's consolidated financial statements.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The Company considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Company in full or when the financial asset is more than 90 days past due.

# Trueclaim Exploration Inc.

## Notes to Consolidated Financial Statements

(Expressed in Canadian dollars)

For the years ended December 31, 2018 and 2017

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

The carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

#### Adoption of New and Revised Standards and Interpretations

IFRS 15 – Revenue from Contracts with Customers: The IASB issued IFRS 15 in May 2014. The new standard provides a comprehensive framework for recognition, measurement and disclosure of revenue from contracts with customers, excluding contracts within the scope of the standards on leases, insurance contracts and financial instruments. IFRS 15 is effective for annual periods beginning on or after January 1, 2018 and is to be applied retrospectively with early adoption permitted. Management is currently evaluating the impact the final standard is expected to have on the Company's consolidated financial statements. The Company adopted this standard on January 1, 2018 and it did not have a material impact on the financial statements as the Company is currently not generating operating revenues.

#### *Accounting standards issued but not yet effective*

##### 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 will have no impact on its consolidated financial statements.

# Trueclaim Exploration Inc.

## Notes to Consolidated Financial Statements

(Expressed in Canadian dollars)

For the years ended December 31, 2018 and 2017

### 3. Intangible Assets

	<b>Mineral Properties</b>
<b>Cost</b>	<b>\$</b>
As at January 1, 2017	6,296,417
Additions	37,137
Disposals	-
As at December 31, 2017	<u>6,333,554</u>
Additions	15,838
Disposals	(250,324)
As at December 31, 2018	<u><b>6,099,068</b></u>
<b>Impairment</b>	
As at January 1, 2017	(6,042,091)
Impairment for the year	-
As at December 31, 2017	<u>(6,042,091)</u>
Impairment in the year	(56,977)
As at December 31, 2018	<u><b>(6,099,068)</b></u>
<b>Net book value</b>	
As at December 31, 2017	<u><b>291,463</b></u>
As at December 31, 2018	<u><b>-</b></u>

### Mineral Properties

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
	<b>\$</b>	<b>\$</b>
Scadding Area mining properties	-	205,324
Black Diamond mining property	-	45,000
Berry Desboues Township mining property	-	26,733
Hebecourt Township mining property	-	14,406
	<u>-</u>	<u><b>291,463</b></u>



# Trueclaim Exploration Inc.

## Notes to Consolidated Financial Statements

(Expressed in Canadian dollars)

For the years ended December 31, 2018 and 2017

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### 3. Intangible Assets (Continued)

#### Scadding Area Mining Properties

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

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

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

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

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

1. The Company must issue an additional 300,000 common shares in the following installments: 100,000 common shares at or before January 16, 2011, which were issued during the year ended December 31, 2011 and 200,000 common shares at or before January 16, 2012, which were issued on February 9, 2012.

# Trueclaim Exploration Inc.

## Notes to Consolidated Financial Statements

(Expressed in Canadian dollars)

For the years ended December 31, 2018 and 2017

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### 3. Intangible Assets (Continued)

#### Scadding Area Mining Properties (Continued)

The Company issued 10,000 common shares for an option on approximately 17,000 acres of unpatented mineral claims. In order to maintain its interest in good standing the Company is required to comply with the following requirements:

1. The Company must issue an additional 70,000 common shares in the following installments; 20,000 common shares at or before July 23, 2011, 20,000 common shares at or before July 23, 2012 and 30,000 common shares at or before July 23, 2013. Only the first installment of shares was issued during the year ended December 31, 2011. The second and final installments of shares were issued during the year ended December 31, 2013.
2. The Company must make cash payments of \$100,000 in the following installments: \$20,000 on or before July 23, 2011, \$30,000 on or before July 23, 2012 and \$50,000 on or before July 23, 2013. Only the first installment of cash payment was made during the year ended December 31, 2011.
3. The Company determined that this option agreement was technically in default. The Company has obtained confirmation from the Optionor that they will continue to keep the Company's optioned interest on the property in good standing until the Company has raised sufficient funds to continue with the exploration program of the property.

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

#### Sale of Scadding Area Mining Properties

On September 13, 2018, the Company entered into a purchase and sale agreement with Northern Sphere Mining Corp. with the Company's Scadding property. Under the terms of the agreement, Northern Sphere acquired the remaining 20% and 10.2% interests in the Scadding Property held by the Company for \$nil proceeds. Included in the terms of the agreement, Northern Sphere agreed to indemnify the Company of an amount of up to 50% of the amount of potential liabilities related to the Company's issuance of flow-through shares in the year 2011, to a maximum amount of \$200,000. As result of disposing its interest the Scadding property, the Company recognized a gain of \$18,555 on the remaining 20% and 10.2% interests of the property during the period. Trueclaim will no longer be subject to any current liabilities or commitments going forward with respect to the Scadding mineral properties.

# Trueclaim Exploration Inc.

## Notes to Consolidated Financial Statements

(Expressed in Canadian dollars)

For the years ended December 31, 2018 and 2017

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### 3. Intangible Assets (Continued)

#### Black Diamond Mining Property

The Company had an option to acquire 100% working interest in a mineral property option in the area of Gila County, Arizona. These claims were acquired for silver exploration purposes.

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

1. The Company must issue an additional 60,000 common shares in the following installments: 20,000 on or before May 19, 2011, 20,000 on or before May 19, 2012 and 20,000 on or before May 19, 2013. Only the first installment of shares was issued during the year ended December 31, 2011. The second and final installments of shares were issued during the year ended December 31, 2013.
2. The Company must make additional cash payment of \$825,000 USD in the following installments; \$25,000 USD is due on or before May 19, 2011, \$100,000 USD is due on or before November 19, 2011, \$200,000 USD on or before May 19, 2012 and \$500,000 USD on or before May 19, 2013. The first two installments were made for a total of \$125,000 USD during the year ended December 31, 2011. During the year ended December 31, 2012, a further \$56,000 USD cash payment was made. During the year ended December 31, 2013, cash payments of \$99,000 USD and \$22,500 CAD was made.
3. The Company must incur an aggregate of \$1,500,000 USD in cash exploration costs; \$1,000,000 USD of which must be incurred on or before May 19, 2012 and a further \$500,000 must be incurred on or before May 19, 2013. As at December 31, 2013, the Company has incurred exploration costs of \$536,589.
4. As of December 31, 2013, the Company was in default of this option agreement. On January 24, 2014, the Company entered into an addendum to the option agreement to waive the default and to confirm that the provisions of the option agreement remains in full force and effect by issuing 100,000 common shares of the Company to the Optionor. The addendum also extends the deadline for certain payments and the incurrence of certain exploration expenditures under the option agreement to May 19, 2015.

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

# Trueclaim Exploration Inc.

## Notes to Consolidated Financial Statements

(Expressed in Canadian dollars)

For the years ended December 31, 2018 and 2017

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### 3. Intangible Assets (Continued)

#### Sale of Black Diamond Property

On September 13, 2018, the Company entered into a purchase and sale agreement with Northern Sphere Mining Corp. with the Company's Black Diamond 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. As result of disposing its interest in the Black Diamond property, the Company recognized a loss of \$45,000 on the remaining 20% interest of the property during the year. Trueclaim will no longer be subject to any commitments going forward with respect to the Black Diamond mineral properties.

#### Berry Desboues and Hebecourt Mining Properties

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

#### 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 an impairment loss on the disposition of these mineral properties of \$56,977 during the year.

# Trueclaim Exploration Inc.

## Notes to Consolidated Financial Statements

(Expressed in Canadian dollars)

For the years ended December 31, 2018 and 2017

### 4. Share Capital

#### Authorized

Unlimited number of common shares without par value

#### Issued

Common Shares	Note	December 31, 2018		December 31, 2017	
		<u>Number</u>	<u>Amount (\$)</u>	<u>Number</u>	<u>Amount (\$)</u>
Beginning of year		3,330,953	8,861,507	3,330,953	8,861,507
Common shares issued	4a	32,606,800	3,260,680	-	-
Less: Fair value of warrants	4a	-	(1,555,018)	-	-
Share issue costs	4c	-	(628,062)	-	-
<b>Balance</b>		<b>35,937,753</b>	<b>9,939,107</b>	<b>3,330,953</b>	<b>8,861,507</b>

Warrants	Note	December 31, 2018		December 31, 2017	
		<u>Number</u>	<u>Amount (\$)</u>	<u>Number</u>	<u>Amount (\$)</u>
Beginning of year		-	-	500,000	10,875
Warrants expired	4b	-	-	(500,000)	(10,875)
Warrants issued	4b	32,606,280	1,555,018	-	-
Finders' warrants issued	4b	2,369,000	347,532	-	-
<b>Balance</b>		<b>34,975,280</b>	<b>1,902,550</b>	<b>-</b>	<b>-</b>

# Trueclaim Exploration Inc.

## Notes to Consolidated Financial Statements

(Expressed in Canadian dollars)

For the years ended December 31, 2018 and 2017

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### 4. Share Capital (Continued)

#### a) Common Shares

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

(ii) On May 4, 2018, the Company completed a non-brokered private placement (the "Financing") by issuing 32,606,800 units ("Units") at a price of \$0.10 per Unit for gross proceeds of \$3,260,680. Included in the gross proceeds is a total of 4,566,800 common shares with a gross value of \$456,680 raised in the private placement financing were issued to settle certain debt of the Company included in accounts payable and accrued liabilities. 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.

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

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

#### b) Warrants

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

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

(iii) In connection with the Financing, the Company issued 2,369,000 finder's warrants ("Finders' Warrants") to eligible finders. Each Finders' Warrant entitles the holder thereof to acquire one common share of the Company at a price of \$0.12 per share until May 3, 2023, subject to a hold period expiring on September 4, 2018. The fair value of the finders' warrants was \$347,532 calculated using the Black Scholes pricing model pricing model with the following assumptions: (i) dividend yield of 0%; (ii) expected volatility of 208.8865%; (iii) risk free rate of 1.87%; and (iv) with an expected life of 2.5 years; (v) share price of \$0.16.

#### c) Share issue costs

The Company incurred share issue costs totaling \$280,530 with respect to the issuance of the Units and \$347,532 with respect to the issuance of the Finders' Warrants for the aggregate proceeds of \$3,260,680 of the private placement financing completed on May 4, 2018.

# Trueclaim Exploration Inc.

## Notes to Consolidated Financial Statements

(Expressed in Canadian dollars)

For the years ended December 31, 2018 and 2017

### 5. Stock Options

#### a) *Stock Option Plan*

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

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

There were no stock option transactions during the year ended December 31, 2018.

	<u>December 31, 2018</u>		<u>December 31, 2017</u>	
	<u>Number of options</u>	<u>Weighted average exercise price</u>	<u>Number of options</u>	<u>Weighted average exercise price</u>
Beginning of year	100,000	\$ 0.50	230,000	\$ 0.50
Issued	-	-	-	-
Exercised	-	-	-	-
Expired	-	-	(130,000)	-
Balance - end of year	<u>100,000</u>	<u>0.50</u>	<u>100,000</u>	<u>0.50</u>

#### b) *Contributed surplus*

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

# Trueclaim Exploration Inc.

## Notes to Consolidated Financial Statements

(Expressed in Canadian dollars)

For the years ended December 31, 2018 and 2017

### 5. Stock Options (Continued)

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

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

### 6. Financial Instruments

#### *Fair values*

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

	December 31, <u>2018</u>	December 31, <u>2017</u>
	\$	\$
Cash (Level 1)	1,593,545	2,634
Receivables	52,057	845
Trade payables and accrued liabilities	(298,331)	(1,294,209)

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

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

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

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



# Trueclaim Exploration Inc.

## Notes to Consolidated Financial Statements

(Expressed in Canadian dollars)

For the years ended December 31, 2018 and 2017

### 7. Financial Risk Factors

#### *Foreign exchange risk*

The Company had no revenue, operating expenses, monetary assets or liabilities that were denominated in a foreign currency. Certain expenditures in respect of the Black Diamond mining property were 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 December 31, 2018, the Company had current assets of \$1,653,636 (December 31, 2017 - \$3,479) and current liabilities of \$298,331 (December 31, 2017 - \$1,294,209). During the year, the Company raised gross aggregate proceeds, net of issue costs of \$2,729,000 in capital financing to sustain its operations (See Note 4).

### 8. Income Taxes

The reconciliation of the combined Canadian federal and provincial statutory income tax rate of 27% (2017 - 26%) to the effective tax rate is as follows:

	2018	2017
Statutory income tax rate	27%	26%
	\$	\$
Income (loss) before income taxes for the year	(625,578)	136,356
Expected income tax provision (recovery)	(168,906)	35,452
Book to filing adjustments	409,167	-
Permanent differences	-	1,566
Share issuance costs booked in equity	(169,577)	-
Other	-	110
Change in tax benefits not recognized	(70,684)	(37,128)
Income tax (recovery) expense	-	-

# Trueclaim Exploration Inc.

## Notes to Consolidated Financial Statements

(Expressed in Canadian dollars)

For the years ended December 31, 2018 and 2017

### 8. Income Taxes (Continued)

Deferred taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities. Deferred tax assets have not been recognized in respect of the following deductible temporary differences:

Details of deferred tax assets are as follows:

	2018	2017
Non-capital loss carry-forwards	5,299,483	6,056,562
Mining properties	2,167,432	2,215,149
Share issuance costs	502,450	-
Intangibles	79,546	-
Equipment and others	1,048	130,041
Other temporary differences	-	-
	<u>8,049,959</u>	<u>8,401,752</u>

The Canadian non-capital loss carry forwards expire as noted in the table below.

2026	\$ 54,141
2027	125,640
2028	51,981
2029	1,023,961
2030	1,036,105
2031	379,016
2032	617,339
2033	478,704
2034	363,724
2035	266,463
2036	237,141
2037	5,394
2038	659,874
	<u>\$ 5,299,483</u>

The remaining deductible temporary differences may be carried forward indefinitely.

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the group can utilize the benefits therefrom.

# Trueclaim Exploration Inc.

## Notes to Consolidated Financial Statements

(Expressed in Canadian dollars)

For the years ended December 31, 2018 and 2017

### 9. Segment Reporting

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

#### Total assets by geography:

	December 31, 2018		
	Canada	USA	Total
	\$	\$	\$
Total assets	1,653,636	-	1,653,636

#### Total assets by geography:

	December 31, 2017		
	Canada	USA	Total
	\$	\$	\$
Total assets	249,362	45,000	294,942

### 10. Related Party Transactions

During the year ended December 31, 2018, the Company incurred key management compensation expenses in the amount of \$62,450 (December 31, 2017 - \$162,214). Key management comprises executive and non-executive directors and senior officers of the company.

During the year ended December 31, 2018, the Company incurred legal services provided by a Director in the amount of \$20,000 (December 31, 2017 - \$nil).

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

As at December 31, 2018, the Company's trade payable and accrued payable balances included \$25,625 (December 31, 2017 - \$619,254) 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 (Note 4a).

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 (Note 4a).

# Trueclaim Exploration Inc.

## Notes to Consolidated Financial Statements

(Expressed in Canadian dollars)

For the years ended December 31, 2018 and 2017

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### 10. Related Party Transactions (Continued)

During the year, certain related parties participated in the private placement completed by the Company, and in certain cases the funds received were used to pay for the consulting fees to these individuals. The proceeds of the private placement from related parties was \$490,000 and the amounts paid/repaid was \$385,000 for the May 2018 private placement.

### 11. Commitments

#### *Issuance of flow-through shares*

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

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 December 31, 2018, the Company had accrued \$418,749 for penalties, interest and shareholder indemnities relating to the unspent flow through amounts (December 31, 2017 – \$402,640) and recorded interest of \$16,106 (December 31, 2017 - \$32,211) during the year ended December 31, 2018. In accordance in the terms of the Scadding Property Purchase Agreement with Northern Sphere (see Note 3), 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 amount of \$200,000.

### 12. Capital Management

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

The Company considers the items included in share capital as capital. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares, through short-form prospectuses, private placements, sell assets, incur debt, or return capital to shareholders. As at December 31, 2018, the Company is not subject to externally imposed capital requirements.

# Trueclaim Exploration Inc.

## Notes to Consolidated Financial Statements

(Expressed in Canadian dollars)

For the years ended December 31, 2018 and 2017

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### 13. Contingent Liabilities

#### *Mineral Properties*

The Company had certain commitments with respect to its mineral properties located in Canada and in the USA, which are described in detail in Note 3 Intangible Assets. However, as at December 31, 2018, as a result of the sale and disposition of all of its mineral properties in Canada and the USA, the Company is no longer subject to the terms, conditions and commitments associated with those mineral properties for the issuance of common shares, the payment of the cash amounts, and the incurrence of any of the mineral exploration costs obligations going forward for any of the mineral properties.

#### *Leases*

As at December 31, 2018, the Company is not committed to any other operating leases or long-term lease obligations related to its business operations at this time except as disclosed herein.

### 14. 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.



(“an Exploration Stage Entity”)

**CONSOLIDATED FINANCIAL STATEMENTS**

**December 31, 2017 and 2016**

**(Expressed in Canadian Dollars)**

## Independent Auditors' Report

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To the Shareholders of Trueclaim Exploration Inc.:

We have audited the accompanying consolidated financial statements of Trueclaim Exploration Inc., which comprise the consolidated statement of financial position as at December 31, 2017, and the consolidated statements of income and comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Trueclaim Exploration Inc. as at December 31, 2017, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

### *Emphasis of Matter*

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which discloses matters and conditions that indicate the existence of material uncertainty that may cast significant doubt about Trueclaim Exploration Inc.'s ability to continue as a going concern.

### *Other Matters*

The consolidated financial statements of Trueclaim Exploration Inc. for the year ended December 31, 2016 and 2015 (prior to the restatement of the comparative information described in Note 3 to the consolidation financial statements) were audited by another auditor who expressed an unmodified opinion on those consolidated statements on May 2, 2017.

As part of the audit of the restated consolidated financial statements of Trueclaim Exploration Inc. for the year ended December 31, 2017, we also audited the adjustments described in Note 3 that were applied to restate the consolidated statement of financial position as at December 31, 2016 and January 1, 2016. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review or apply any procedures to the consolidated statement of financial position of the Trueclaim Exploration Inc. as at December 31, 2016 and January 1, 2016 other than with respect to the adjustments and accordingly we do not express an opinion or any other form of assurance on the restated consolidated statement of financial position as at December 31, 2016 and January 1, 2016 taken as a whole.

*MNP LLP*

Toronto, Ontario  
April 30, 2018

Chartered Professional Accountants  
Licensed Public Accountants

**MNP**

# Trueclaim Exploration Inc.

## Consolidated Statements of Financial Position

(Expressed in Canadian dollars)

As at December 31, 2017 and December 31, 2016

	<u>December 31, 2017</u>	<u>December 31, 2016</u>	<u>January 01, 2016</u>
	\$	(Note 3 Restated) \$	(Note 3 Restated) \$
<b>Assets</b>			
<i>Current assets</i>			
Cash and cash equivalents	2,634	1,324	8,323
Receivables	845	12,712	1,855
	<u>3,479</u>	<u>14,036</u>	<u>10,178</u>
<i>Non-current assets</i>			
Intangible assets (Note 4)	291,463	254,326	4,834,807
<b>Total Assets</b>	<b><u>294,942</u></b>	<b><u>268,362</u></b>	<b><u>4,844,985</u></b>
<b>Liabilities</b>			
<i>Current liabilities</i>			
Trade payables and accrued liabilities (Note 11)	1,294,209	1,403,985	1,325,279
<b>Total Liabilities</b>	<b><u>1,294,209</u></b>	<b><u>1,403,985</u></b>	<b><u>1,325,279</u></b>
<b>Shareholders' Equity</b>			
Share capital (Note 5)	8,861,507	8,861,507	8,410,757
Contributed surplus (Note 6(b))	2,061,805	2,050,930	1,797,719
Warrants (Note 5)	-	10,875	233,160
Accumulated deficit	(11,922,579)	(12,058,935)	(6,921,930)
<b>Total Shareholders' Equity</b>	<b><u>(999,267)</u></b>	<b><u>(1,135,623)</u></b>	<b><u>3,519,706</u></b>
<b>Total Liabilities and Shareholders' Equity</b>	<b><u>294,942</u></b>	<b><u>268,362</u></b>	<b><u>4,844,985</u></b>

Going concern (Note 1)

Commitments (Note 13)

Contingent liabilities (Note 15)

### Approved by the Board of Directors

“Byron Coulthard”

Director

“Larry Bleau”

Director

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



# Trueclaim Exploration Inc.

## Consolidated Statements of Income and Comprehensive Income

(Expressed in Canadian dollars)

For the years ended December 31, 2017 and 2016

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	<u>2017</u>	<u>2016</u>
	\$	\$
<b>Operating Expenses</b>		
Administrative expenses	94,306	50,775
Management fees (Note 11)	151,659	127,939
Professional fees (Note 11)	52,759	52,536
Shares-based compensation (Note 6)	-	30,926
	<u>298,724</u>	<u>262,176</u>
<b>Loss from operations</b>	298,724	262,176
<b>Gain on debt settlement</b>	(435,080)	(226,292)
<b>Impairment of intangible assets</b>	-	5,101,121
	<u>136,356</u>	<u>(5,137,005)</u>
<b>Net income (loss) and comprehensive income (loss) for the year</b>		
<b>Net income (loss) per share (Note 2)</b>		
Basic	0.04	(2.12)
Diluted	0.04	(2.12)
	<u>3,330,953</u>	<u>2,428,337</u>
Weighted average number of common shares - Basic	3,330,953	2,428,337
	<u>3,330,953</u>	<u>2,428,337</u>
Weighted average number of common shares - Diluted	3,330,953	2,428,337

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# Trueclaim Exploration Inc. (“an Exploration Stage entity”)

## Consolidated Statements of Changes in Equity

(Expressed in Canadian dollars)

For the years ended December 31, 2017 and 2016

	Share Capital	Contributed Surplus	Warrants	Shares Subscribed but Not Issued	Accumulated Deficit	Total Equity
	\$	\$	\$	\$	\$	\$
<b>Balance – January 1, 2016, as previously reported</b>	8,410,757	1,797,719	233,160	-	(6,613,205)	3,828,431
Prior period adjustment (Note 3)	-	-	-	-	(308,725)	(308,725)
<b>Balance – January 1, 2016, restated</b>	<b>8,410,757</b>	<b>1,797,719</b>	<b>233,160</b>	<b>-</b>	<b>(6,921,030)</b>	<b>3,519,706</b>
Net loss for the year	-	-	-	-	(5,137,005)	(5,137,005)
Share based compensation	-	30,926	-	-	-	30,926
Expired warrants	-	222,285	(222,285)	-	-	-
Shares issued as option payment on property	4,000	-	-	-	-	4,000
Shares issued for mining properties	268,831	-	-	-	-	268,831
Shares issued for debt settlement	177,919	-	-	-	-	177,919
<b>Balance – December 31, 2016, restated</b>	<b>8,861,507</b>	<b>2,050,930</b>	<b>10,875</b>	<b>-</b>	<b>(12,058,035)</b>	<b>(1,135,623)</b>
Net income for the year	-	-	-	-	136,356	136,356
Expired warrants	-	10,875	(10,875)	-	-	-
<b>Balance – December 31, 2017</b>	<b>8,861,507</b>	<b>2,061,805</b>	<b>-</b>	<b>-</b>	<b>(11,922,579)</b>	<b>(999,267)</b>

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

# Trueclaim Exploration Inc.

## Consolidated Statements of Cash Flows

(Expressed in Canadian dollars)

For the years ended December 31, 2017 and 2016

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	<b>December 31, <u>2017</u></b>	<b>December 31, <u>2016</u></b>
	\$	\$
<b>Cash provided by (used in):</b>		
<b>Operating activities</b>		
Net income (loss) and comprehensive income (loss) for the year	136,356	(5,137,005)
Share-based compensation	-	30,926
Gain on settlement of debt	(435,080)	(226,292)
Impairment of intangible assets	-	5,101,121
Changes in items of non-cash working capital:		
Receivables	11,867	(10,857)
Trade payables and accrued liabilities	325,304	234,185
	<hr/> 38,447	<hr/> (7,922)
<b>Investing activities</b>		
Cash acquired from subsidiary	-	923
Intangible assets	(37,137)	-
	<hr/> (37,137)	<hr/> 923
<b>Increase (decrease) in cash and cash equivalents</b>	<hr/> 1,310	<hr/> (6,999)
<b>Cash and cash equivalents – Beginning of year</b>	<hr/> 1,324	<hr/> 8,323
<b>Cash and cash equivalents – End of year</b>	<hr/> <b>2,634</b>	<hr/> <b>1,324</b>
<b>Income taxes paid</b>	-	-
<b>Interest paid</b>	-	-

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

# **Trueclaim Exploration Inc.** (“an Exploration Stage entity”)

## **Notes to Consolidated Financial Statements**

(Expressed in Canadian dollars)

**For the years ended December 31, 2017 and 2016**

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### **1. Nature of Operations and Going Concern**

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

The consolidated financial statements of the Company have been prepared using International Financial Reporting Standards (“IFRS”) applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due. The financial statements do not reflect the adjustments to the carrying values of assets and liabilities, the reported revenues and expenses and balance sheet classification that would be necessary were the going concern assumption inappropriate. These adjustments could be material. During the years ended December 31, 2017, the Company had a comprehensive income of \$136,356 (comprehensive loss 2016: \$5,137,005) and as at December 31, 2017, reported a deficit of \$11,922,579 (2016: \$12,058,935) since its inception. These circumstances may cast significant doubt as to the ability of the Company to continue operations into the foreseeable future as a going concern and, accordingly, the ultimate appropriateness of the use of reporting standards applicable to a going concern. Management has continued to obtain financing through the issuance of new equity instruments from third parties for the Company to continue its operations and, while it has been successful in raising funds in the past, there can be no assurance that the Company will be able to do so in the future should additional funding be needed. Without such additional funding being available, the Company may be unable to continue its operations, and amounts realized for assets may be less than amounts reflected in these consolidated financial statements.

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

The Company is a public company which is listed on the TSX Venture Exchange (the “Exchange”). The business address of its registered office is #575 – 510 Burrard Street, Vancouver, BC, V6C 3A8.

These consolidated financial statements including comparatives, have been prepared in accordance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”). Accordingly, certain information and footnote disclosure normally included in the annual financial statements prepared

The consolidated financial statements were approved by the Board of Directors for issue on April 30, 2018.

# **Trueclaim Exploration Inc.** (“an Exploration Stage entity”)

## **Notes to Consolidated Financial Statements**

(Expressed in Canadian dollars)

**For the years ended December 31, 2017 and 2016**

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

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

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

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

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

#### ***Consolidation***

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

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

#### ***Cash and cash equivalents***

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

#### ***Impairment***

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

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

# **Trueclaim Exploration Inc.** (“an Exploration Stage entity”)

## **Notes to Consolidated Financial Statements**

(Expressed in Canadian dollars)

**For the years ended December 31, 2017 and 2016**

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

#### *Impairment (Continued)*

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

#### *Intangible assets*

The Company records its interests in mining properties and areas of geological interest at cost as intangible assets in the consolidated statements of financial position. Each individual mining property is defined as a cash generating unit. Exploration and evaluation costs relating to these interests and projects are capitalized until the properties to which they relate are placed into production, sold or allowed to lapse. During the year ended December 31, 2017, \$37,137 (2016 – \$520,641) 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.

# **Trueclaim Exploration Inc.** (“an Exploration Stage entity”)

## **Notes to Consolidated Financial Statements**

(Expressed in Canadian dollars)

**For the years ended December 31, 2017 and 2016**

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

#### *Income tax*

##### *Current income taxes*

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

##### *Deferred income taxes*

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

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

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

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

Deferred tax is recognized in the consolidated statements of comprehensive loss, unless it relates to items recognized directly in equity, in which case the deferred tax related to those items is also recognized directly in equity.

# **Trueclaim Exploration Inc.** (“an Exploration Stage entity”)

## **Notes to Consolidated Financial Statements**

(Expressed in Canadian dollars)

**For the years ended December 31, 2017 and 2016**

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

#### *Income (loss) per share*

The basic income (loss) per share is computed by dividing the net income (loss) by the weighted average number of common shares outstanding during the period. The diluted income (loss) per share reflects the potential dilution of common share equivalents, such as outstanding stock options and share purchase warrants, in the weighted average number of common shares outstanding during the period, if dilutive. During the year ended December 31, 2016, all of the outstanding stock options and warrants were anti-dilutive. During the year ended December 31, 2017, the stock options were not in the money and therefore were not dilutive.

#### *Share capital*

##### *Share-based compensation*

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

##### *Share issuance costs*

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

#### *Significant accounting judgments and estimates*

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

#### *Financial instruments*

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

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

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



# **Trueclaim Exploration Inc.** (“an Exploration Stage entity”)

## **Notes to Consolidated Financial Statements**

(Expressed in Canadian dollars)

**For the years ended December 31, 2017 and 2016**

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

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

Financial assets classified as loans and receivables are initially recognized at the amount expected to be received, less, when material, a discount to reduce the loans and receivables to fair value. Subsequently, loans and receivables are measured at amortized cost using the effective interest rate method less a provision for impairment. The Company’s receivables are classified as loans and receivables.

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

#### ***Accounting standards issued but not yet effective***

##### Financial instruments

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

The standard becomes effective for annual periods beginning on or after January 1, 2018 and is to be 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.

# Trueclaim Exploration Inc. (“an Exploration Stage entity”)

## Notes to Consolidated Financial Statements

(Expressed in Canadian dollars)

For the years ended December 31, 2017 and 2016

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### 3. Restatement

During the year ended December 31, 2017, the Company identified a prior period adjustment relating to the underspent amount of flow through shares issued in 2012. The underspent amount of flow through funds raised generated a potential obligation to indemnify the shareholders of the Company which was not accrued previously. Such non-accrual has necessitated a restatement of previously issued financial statements.

The impact of this change on the consolidated statement of financial position as at January 1, 2016 is as follows:

	As previously reported	Adjustment	As restated
	\$	\$	\$
<b>STATEMENT OF FINANCIAL POSITION</b>			
Current assets	10,178	-	10,178
Non-current assets	4,834,807	-	4,834,807
Current liabilities	1,016,554	308,725	1,325,279
Accumulated deficit	(6,613,205)	(308,725)	(6,921,930)

The impact of this change on the consolidated statement of financial position as at December 31, 2016 is as follows:

	As previously reported	Adjustment	As restated
	\$	\$	\$
<b>STATEMENT OF FINANCIAL POSITION</b>			
Current assets	14,036	-	14,036
Non-current assets	254,326	-	254,326
Current liabilities	1,095,260	308,725	1,403,985
Accumulated deficit	(11,750,210)	(308,725)	(12,058,935)

# Trueclaim Exploration Inc. (“an Exploration Stage entity”)

## Notes to Consolidated Financial Statements

(Expressed in Canadian dollars)

For the years ended December 31, 2017 and 2016

### 4. Intangible Assets

	<b>Mineral Properties</b>	
	<b>\$</b>	
<b>Cost</b>		
As at January 1, 2016		5,775,776
Additions		520,641
Disposals		-
As at December 31, 2016		<u>6,296,417</u>
Additions		37,137
Disposals		-
As at December 31, 2017		<u><b>6,333,554</b></u>
<b>Impairment</b>		
As at January 1, 2016		(940,970)
Impairment for the year		(5,101,121)
As at December 31, 2016		<u>(6,042,091)</u>
Impairment for the year		-
As at December 31, 2017		<u><b>(6,042,091)</b></u>
<b>Net book value</b>		
As at December 31, 2016		<u><b>254,326</b></u>
As at December 31, 2017		<u><b>291,463</b></u>
<b>Mineral Properties</b>	<b>December 31, 2017</b>	<b>December 31, 2016</b>
	<b>\$</b>	<b>\$</b>
Scadding Area mining properties	205,324	205,324
Black Diamond mining property	45,000	45,000
Berry-Desboues Township mining property	26,733	2,001
Hebecourt Township mining property	14,406	2,001
	<u><b>291,463</b></u>	<u><b>254,326</b></u>

# **Trueclaim Exploration Inc.** (“an Exploration Stage entity”)

## **Notes to Consolidated Financial Statements**

(Expressed in Canadian dollars)

**For the years ended December 31, 2017 and 2016**

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### **4. Intangible Assets (Continued)**

#### *Scadding Area Mining Properties*

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

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

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

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

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

1. The Company must issue an additional 300,000 common shares in the following installments: 100,000 common shares at or before January 16, 2011, which were issued during the year ended December 31, 2011 and 200,000 common shares at or before January 16, 2012, which were issued on February 9, 2012.

# **Trueclaim Exploration Inc.** (“an Exploration Stage entity”)

## **Notes to Consolidated Financial Statements**

(Expressed in Canadian dollars)

**For the years ended December 31, 2017 and 2016**

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### **4. Intangible Assets (Continued)**

#### *Scadding Area Mining Properties (Continued)*

The Company issued 10,000 common shares for an option on approximately 17,000 acres of unpatented mineral claims. In order to maintain its interest in good standing the Company is required to comply with the following requirements:

1. The Company must issue an additional 70,000 common shares in the following installments; 20,000 common shares at or before July 23, 2011, 20,000 common shares at or before July 23, 2012 and 30,000 common shares at or before July 23, 2013. Only the first installment of shares was issued during the year ended December 31, 2011. The second and final installments of shares were issued during the year ended December 31, 2013.
2. The Company must make cash payments of \$100,000 in the following installments: \$20,000 on or before July 23, 2011, \$30,000 on or before July 23, 2012 and \$50,000 on or before July 23, 2013. Only the first installment of cash payment was made during the year ended December 31, 2011.
3. The Company determined that this option agreement was technically in default. The Company has obtained confirmation from the Optionor that they will continue to keep the Company’s optioned interest on the property in good standing until the Company has raised sufficient funds to continue with the exploration program of the property.

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

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

# **Trueclaim Exploration Inc.** (“an Exploration Stage entity”)

## **Notes to Consolidated Financial Statements**

(Expressed in Canadian dollars)

**For the years ended December 31, 2017 and 2016**

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### **4. Intangible Assets (Continued)**

#### *Black Diamond Mining Property*

The Company has an option to acquire 100% working interest in a mineral property option in the area of Gila County, Arizona. These claims were acquired for silver exploration purposes.

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

1. The Company must issue an additional 60,000 common shares in the following installments: 20,000 on or before May 19, 2011, 20,000 on or before May 19, 2012 and 20,000 on or before May 19, 2013. Only the first installment of shares was issued during the year ended December 31, 2011. The second and final installments of shares were issued during the year ended December 31, 2013.
2. The Company must make additional cash payment of \$825,000 USD in the following installments; \$25,000 USD is due on or before May 19, 2011, \$100,000 USD is due on or before November 19, 2011, \$200,000 USD on or before May 19, 2012 and \$500,000 USD on or before May 19, 2013. The first two installments were made for a total of \$125,000 USD during the year ended December 31, 2011. During the year ended December 31, 2012, a further \$56,000 USD cash payment was made. During the year ended December 31, 2013, cash payments of \$99,000 USD and \$22,500 CAD was made.
3. The Company must incur an aggregate of \$1,500,000 USD in cash exploration costs; \$1,000,000 USD of which must be incurred on or before May 19, 2012 and a further \$500,000 must be incurred on or before May 19, 2013. As at December 31, 2013, the Company has incurred exploration costs of \$536,589.
4. As of December 31, 2013, the Company was in default of this option agreement. On January 24, 2014, the Company entered into an addendum to the option agreement to waive the default and to confirm that the provisions of the option agreement remains in full force and effect by issuing 100,000 common shares of the Company to the Optionor. The addendum also extends the deadline for certain payments and the incurrence of certain exploration expenditures under the option agreement to May 19, 2015.

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

# **Trueclaim Exploration Inc.** (“an Exploration Stage entity”)

## **Notes to Consolidated Financial Statements**

(Expressed in Canadian dollars)

**For the years ended December 31, 2017 and 2016**

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### **4. Intangible Assets (Continued)**

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

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

#### Berry Desboues Mining Property

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

#### Hebecourt Mining Property

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

These option agreements for these two mining properties are in good standing as at December 31, 2017.

# Trueclaim Exploration Inc. (“an Exploration Stage entity”)

## Notes to Consolidated Financial Statements

(Expressed in Canadian dollars)

For the years ended December 31, 2017 and 2016

### 5. Capital Stock

#### *Authorized*

Unlimited number of common shares without par value

#### *Issued*

	Note	December 31, 2017		December 31, 2016	
		Number	Amount (\$)	Number	Amount (\$)
<b>Common Shares</b>					
Beginning of year		3,330,953	8,861,507	2,130,535	8,410,757
Shares issued as consideration	5a	-	-	1,200,418	450,750
- -		<b>3,330,953</b>	<b>8,861,507</b>	<b>3,330,953</b>	<b>8,861,507</b>

	Note	December 31, 2017		December 31, 2016	
		Number	Amount (\$)	Number	Amount (\$)
<b>Warrants</b>					
Beginning of year		500,000	10,875	10,720,000	233,160
Warrants expired	5b	(500,000)	(10,875)	(10,220,000)	(222,285)
<b>Balance</b>		<b>-</b>	<b>-</b>	<b>500,000</b>	<b>10,875</b>

#### *a) Shares issued as consideration*

On September 12, 2016, the Company issued 6,720,777 common shares to acquire 100% of the outstanding common shares of Northern Skye Resources Ltd. These shares were valued at \$268,831 on the date of issuance.

On September 30, 2016, the Company issued 5,083,400 common shares to settle its debt with certain creditors. These shares were valued at \$177,919 on the date of issuance.

On December 20, 2016, the Company issued 200,000 common shares to settle its debt with certain creditors. These shares were valued at \$4,000 on the date of issuance.

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

#### *b) Expired warrants*

During the year ended December 31, 2016, 10,220,000 warrants expired. The value of the expired warrants \$222,285 has been transferred to contributed surplus.

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



# Trueclaim Exploration Inc. (“an Exploration Stage entity”)

## Notes to Consolidated Financial Statements

(Expressed in Canadian dollars)

For the years ended December 31, 2017 and 2016

### 6. Stock Options

#### a) *Stock option plan*

The Company has a stock option plan, which allows the Company to issue options to certain directors, officers, employees and consultants of the Company. Options issued under the plan shall not exceed 10% of shares issued and outstanding at the time of granting of the options. Options granted under the plan may have a maximum term of five years. The exercise price of options granted under the plan will not be less than the market price of the shares (defined as the last closing market price of the Company’s shares on the last day shares are traded prior to the grant date), less the applicable discount permitted by the rules of the Exchange. Stock options granted under the plan vest immediately subject to vesting terms, which may be imposed at the discretion of the directors.

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

There were no stock option transactions during the year ended December 31, 2017.

	<u>December 31, 2017</u>		<u>December 31, 2016</u>	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Beginning of period/year	230,000	\$ 0.50	-	\$ -
Issued	-	-	230,000	0.50
Exercised	-	-	-	-
Expired	(130,000)	-	-	-
Balance - end of year	<u>100,000</u>	<u>0.50</u>	<u>230,000</u>	<u>0.50</u>

#### b) *Contributed surplus*

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

# Trueclaim Exploration Inc. (“an Exploration Stage entity”)

## Notes to Consolidated Financial Statements

(Expressed in Canadian dollars)

For the years ended December 31, 2017 and 2016

### 6. Stock Options (Continued)

#### b) Contributed surplus (Continued)

The following is the change in contributed surplus for the year ended December 31, 2017 and the year ended December 31, 2016:

	<b>December 31, 2017</b>	<b>December 31, 2016</b>
	\$	\$
Opening balance, January 1	2,050,930	1,797,719
Issuance of stock options	-	30,926
Issuance of finder’s options	-	-
Exercised finder’s options	-	-
Exercised stock options	-	-
Expired warrants	10,875	222,285
<b>Ending balance</b>	<b>2,061,805</b>	<b>2,050,930</b>

### 7. Financial Instruments

#### Fair values

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

	<b>December 31, 2017</b>	<b>December 31, 2016</b>
	\$	\$
Cash and cash equivalents (Level 1)	2,634	1,324
Receivables	845	12,712
Trade payables and accrued liabilities	(1,294,209)	(1,403,985)

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

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

# **Trueclaim Exploration Inc.** (“an Exploration Stage entity”)

## **Notes to Consolidated Financial Statements**

(Expressed in Canadian dollars)

**For the years ended December 31, 2017 and 2016**

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### **7. Financial Instruments (Continued)**

#### *Fair values (Continued)*

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

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

### **8. Financial Risk Factors**

#### *Foreign exchange risk*

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

#### *Credit risk*

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

#### *Interest rate risk*

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

#### *Liquidity risk*

The Company’s approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2017, the Company had current assets of \$3,479 (December 31, 2016 - \$14,036) and current liabilities of \$1,294,209 (December 31, 2016 (Note 3 – restated) - \$1,403,985). The Company is currently exploring opportunities to raise additional capital.

# Trueclaim Exploration Inc. (“an Exploration Stage entity”)

## Notes to Consolidated Financial Statements

(Expressed in Canadian dollars)

For the years ended December 31, 2017 and 2016

### 9. Income Taxes

The reconciliation of the combined Canadian federal and provincial statutory income tax rate of 26% (2016 - 26%) to the effective tax rate is as follows:

	2017	2016
Statutory income tax rate	<u>26%</u>	26%
Income (loss) before income taxes for the year	<b>136,356</b>	(5,137,005)
Expected income tax provision (recovery)	<b>35,452</b>	(1,335,621)
Permanent differences	<b>1,566</b>	132,673
Other	<b>110</b>	-
Change in tax benefits not recognized	<b>(37,128)</b>	1,202,948
Income tax (recovery) expenses	<u>-</u>	<u>-</u>

Deferred taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities. Deferred tax assets have not been recognized in respect of the following deductible temporary differences:

Details of deferred tax assets are as follows:

	2017	2016
Non-capital loss carry-forwards	<b>6,056,562</b>	6,216,000
Mining properties	<b>2,215,149</b>	2,125,149
Equipment and others	<b>130,041</b>	130,041
Other temporary differences	-	-
	<u><b>8,311,752</b></u>	<u>8,471,190</u>

The Canadian non-capital loss carry forwards expire as noted in the table below.

<b>2028</b>	100,163
<b>2029</b>	714,361
<b>2030</b>	1,209,630
<b>2031</b>	1,473,715
<b>2032</b>	764,605
<b>2033</b>	486,239
<b>2034</b>	425,173
<b>2035</b>	388,764
<b>2036</b>	69,860
<b>2037</b>	424,052
	<u>6,056,562</u>

# Trueclaim Exploration Inc. (“an Exploration Stage entity”)

## Notes to Consolidated Financial Statements

(Expressed in Canadian dollars)

For the years ended December 31, 2017 and 2016

The remaining deductible temporary differences may be carried forward indefinitely.

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the group can utilize the benefits therefrom.

### 10. Segment Reporting

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

#### Total assets by geography:

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

#### Total assets by geography:

	December 31, 2016		
	Canada	USA	Total
	\$	\$	\$
Total assets	223,362	45,000	268,362

### 11. Related Party Transactions

During the year ended December 31, 2017, the Company incurred key management compensation expenses in the amount of \$162,214 (2016 - \$136,714).

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 December 31, 2017, the Company’s trade payable and accrued payable balances included \$619,254 (2016 - \$262,073) payable.

### 12. Acquisition

On September 12, 2016, the Company completed the acquisition of Northern Skye Resources Ltd. (“Northern Skye”), a private Ontario company. This transaction does not constitute a business combination because Northern Skye does not meet the definition of a business under IFRS 3 *Business Combinations*. Northern Skye has not yet demonstrated the ability to continue on as a business for the purpose of providing economic benefit to its shareholders. As a result, under IFRS, the transaction is being measure at the fair value of equity consideration issued to Northern Skye.

# Trueclaim Exploration Inc. (“an Exploration Stage entity”)

## Notes to Consolidated Financial Statements

(Expressed in Canadian dollars)

For the years ended December 31, 2017 and 2016

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On the date of share issuance, 672,078 shares were issued at \$0.04 per share, valuing the transaction at \$268,831. The value of net identified assets of NSR acquired in the acquisition is set out as follows:

	\$
Cash	923
Accounts receivable	1,440
Mineral properties	446,641
Trade and other payables	(180,173)
	<u>268,831</u>

Prior to the acquisition date, the Company owned 300,000 shares which were carried at a nominal amount.

### 13. Commitment

#### *Issuance of flow-through shares*

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

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 December 31, 2017, the Company had accrued \$402,640 for penalties, interest and shareholder indemnities relating to the unspent flow through amounts and recorded interest of \$32,211 of interest during the year ended December 31, 2017.

### 14. Capital Management

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

The Company considers the items included in share capital as capital. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares, through short-form prospectuses, private placements, sell assets, incur debt, or return capital to shareholders. As at December 31, 2017, the Company is not subject to externally imposed capital requirements.

# **Trueclaim Exploration Inc.** (“an Exploration Stage entity”)

## **Notes to Consolidated Financial Statements**

(Expressed in Canadian dollars)

**For the years ended December 31, 2017 and 2016**

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### **15. Contingent Liabilities**

#### Mineral Properties

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

#### Leases

As at December 31, 2017, the Company is not committed to any operating leases or long-term lease obligations related to its business operations at this time.

#### Legal Case

As at December 31, 2017, the Company was involved with a litigation, which arose in the normal course of business. During fiscal 2013, a vendor filed a claim against the Company for breach of contract relating to drilling activities in Ontario in the amount of \$121,040 of which the Company accrued. The Company is defending this claim vigorously and has since filed a countersuit against the vendor.



("an Exploration Stage Entity")

**Consolidated Financial Statements**

**December 31, 2016**





T: 604.239.0868  
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**A CHAN AND COMPANY LLP**  
**CHARTERED PROFESSIONAL ACCOUNTANTS**

## **INDEPENDENT AUDITORS' REPORT**

To the Shareholders of:  
Trueclaim Exploration Inc.

We have audited the accompanying consolidated financial statements of Trueclaim Exploration Inc. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2016 and December 31, 2015, and the consolidated statements of loss and comprehensive loss, cash flows and consolidated statements of changes in equity for the years then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2016 and December 31, 2015, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

### **Matter of Emphasis**

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which indicates that the Company has incurred losses to date. This condition, along with other matters as set forth in Note 1, indicates the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

***"A Chan & Company LLP"***  
**Chartered Professional Accountants**

# Trueclaim Exploration Inc. (“an Exploration Stage entity”)

## Consolidated Statements of Financial Position

(Expressed in Canadian dollars)

As at December 31, 2016 and December 31, 2015

	December 31, 2016	December 31, 2015
	\$	\$
<b>Assets</b>		
<i>Current assets</i>		
Cash and cash equivalents	1,324	8,323
Receivables	12,712	1,855
	<hr/>	<hr/>
	14,036	10,178
<i>Non-current assets</i>		
Intangible assets (Note 3)	254,326	4,834,806
Investments (Note 4)	-	1
	<hr/>	<hr/>
<b>Total Assets</b>	<b>268,362</b>	<b>4,844,985</b>
<hr/>		
<b>Liabilities</b>		
<i>Current liabilities</i>		
Trade payable and accrued liabilities (Note 11)	1,095,260	1,016,554
	<hr/>	<hr/>
<b>Total Liabilities</b>	<b>1,095,260</b>	<b>1,016,554</b>
<hr/>		
<b>Shareholders' Equity (Deficiency)</b>		
Share capital (Note 5)	8,861,507	8,410,757
Contributed surplus (Note 6(b))	2,050,930	1,797,719
Warrants (Note 5)	10,875	233,160
Accumulated deficit	(11,750,210)	(6,613,205)
	<hr/>	<hr/>
<b>Total Shareholders' Equity (Deficiency)</b>	<b>(826,898)</b>	<b>3,828,431</b>
	<hr/>	<hr/>
<b>Total Liabilities and Shareholders' Equity (Deficiency)</b>	<b>268,362</b>	<b>4,844,985</b>
<hr/>		

Going Concern (Note 1)

Commitment (Note 13)

Subsequent Events (Note 14)

Contingent Liability (Note 15)

### Approved by the Board of Directors

“Byron Coulthard”

Director

“Troy Nikolai”

Director

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

**Trueclaim Exploration Inc.** (“an Exploration Stage entity”)**Consolidated Statements of Loss and Comprehensive Loss**

(Expressed in Canadian dollars)

**For the years ended December 31, 2016 and December 31, 2015**

	<b>2016</b>	<b>2015</b>
<b>Operating Expenses</b>		
Administrative expenses	50,775	33,184
Management fees (Note 11)	127,939	150,286
Professional fees (Note 11)	52,536	71,931
Shares-based compensation (Note 6)	30,926	-
	<u>262,176</u>	<u>255,401</u>
<b>Loss from operations</b>	262,176	255,401
<b>Gain on debt settlement</b>	(226,292)	-
<b>Impairment of intangible asset</b>	5,101,121	244,520
<b>Loss on sale of intangible asset</b>	-	823,463
<b>Net loss and comprehensive loss for the year</b>	<u>5,137,005</u>	<u>1,323,384</u>
<b>Net loss per share (Note 2)</b>		
Basic	(0.21)	(0.06)
Diluted	(0.21)	(0.06)
	<u>(0.21)</u>	<u>(0.06)</u>
Weighted average number of basic and diluted common shares	<u>24,283,371</u>	<u>21,230,245</u>

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

**Trueclaim Exploration Inc.** (“an Exploration Stage entity”)

**Consolidated Statements of Changes in Equity**

(Expressed in Canadian dollars)

**For the years ended December 31, 2016 and December 31, 2015**

	Share Capital	Contributed Surplus	Warrants	Shares Subscribed but Not Issued	Accumulated Deficit	Total
	\$	\$	\$	\$	\$	\$
<b>Balance – January 1, 2016</b>	8,410,757	1,797,719	233,160	-	(6,613,205)	3,828,431
Net loss and comprehensive loss for the year	-	-	-	-	(5,137,005)	(5,137,005)
Private placement	-	-	-	-	-	-
Shares based compensation	-	30,926	-	-	-	30,926
Expired warrants	-	222,285	(222,285)	-	-	-
Warrants exercised	-	-	-	-	-	-
Shares issued as option payment on property	4,000	-	-	-	-	4,000
Shares issued for mining properties	268,831	-	-	-	-	268,831
Shares issued for debt settlement	177,919	-	-	-	-	177,919
<b>Balance – December 31, 2016</b>	<b>8,861,507</b>	<b>2,050,930</b>	<b>10,875</b>	<b>-</b>	<b>(11,750,210)</b>	<b>(826,898)</b>
<b>Balance – January 1, 2015</b>	8,396,632	1,713,580	306,424	25,000	(5,289,821)	5,151,815
Net loss and comprehensive loss for the year	-	-	-	-	(1,323,384)	(1,323,384)
Private placement	14,125	-	10,875	(25,000)	-	-
Expired warrants	-	84,139	(84,139)	-	-	-
Warrants exercised	-	-	-	-	-	-
Shares issued for mining properties	-	-	-	-	-	-
<b>Balance – December 31, 2015</b>	<b>8,410,757</b>	<b>1,797,719</b>	<b>233,160</b>	<b>-</b>	<b>(6,613,205)</b>	<b>3,828,431</b>

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

# Trueclaim Exploration Inc. (“an Exploration Stage entity”)

## Consolidated Statements of Cash Flows

(Expressed in Canadian dollars)

For the years ended December 31, 2016 and December 31, 2015

	Year ended December 31, 2016	Year ended December 31, 2015
	\$	\$
<b>Cash provided by (used in):</b>		
<b>Operating activities</b>		
Net loss and comprehensive loss for the year	(5,137,005)	(1,323,384)
Shares-based compensation	30,926	-
Gain on debt settlement	(226,292)	-
Impairment of intangible asset	5,101,121	244,520
Loss on sale of intangible asset	-	823,463
Changes in items of non-cash working capital:		
Receivables	(10,857)	(8,677)
Trade payables and accrued liabilities	234,185	233,294
	<u>(7,922)</u>	<u>(30,784)</u>
<b>Investing activities</b>		
Cash acquired from subsidiary	923	-
Proceeds on sale of intangible asset	-	180,000
Intangible assets	-	(199,000)
	<u>-</u>	<u>(19,000)</u>
<b>Decrease in cash and cash equivalents</b>	<u>(6,999)</u>	<u>(49,784)</u>
<b>Cash and cash equivalents – Beginning of year</b>	<u>8,323</u>	<u>58,107</u>
<b>Cash and cash equivalents – End of year</b>	<u><u>1,324</u></u>	<u><u>8,323</u></u>
<b>Income taxes paid</b>	-	-
<b>Interest paid</b>	-	-
<b>See note 4, note 5(a) and 5(b) for other non-cash items</b>		

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

# **Trueclaim Exploration Inc.** (“an Exploration Stage entity”)

## **Notes to Consolidated Financial Statements**

(Expressed in Canadian dollars)

**For the year ended December 31, 2016**

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### **1. Nature of Operations and Going Concern**

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

The consolidated financial statements of the Company have been prepared using International Financial Reporting Standards (“IFRS”) applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due. The consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities, the reported revenues and expenses and balance sheet classification that would be necessary were the going concern assumption inappropriate. These adjustments could be material. During the year ended December 31, 2016, the Company had a net loss of \$5,137,005 (2015 – \$1,323,384) and reported a deficit of \$11,750,210 (2015 – \$6,613,205) since its inception and expects to incur further losses in the development of its business, all of which casts significant doubt about the Company’s ability to continue as a going concern and, accordingly, the ultimate appropriateness of the use of reporting standards applicable to a going concern. Management has obtained financing through the issuance of new equity instruments from third parties for the Company to continue its operations and, while it has been successful in raising funds in the past, there can be no assurance that the Company will be able to do so in the future should additional funding be needed. Without such additional funding being available, the Company may be unable to continue its operations, and amounts realized for assets may be less than amounts reflected in these consolidated financial statements.

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

The Company is a public company which is listed on the TSX Venture Exchange (the “Exchange”). The address of its registered office is #575 – 510 Burrard Street, Vancouver, BC V6C 3A8.

These consolidated financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board (“IASB”).

The consolidated financial statements were approved by the board of directors for issue on May 2, 2017.

# **Trueclaim Exploration Inc.** (“an Exploration Stage entity”)

## **Notes to Consolidated Financial Statements**

(Expressed in Canadian dollars)

**For the year ended December 31, 2016**

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

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

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

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

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

#### ***Consolidation***

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

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

#### ***Cash and cash equivalents***

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

#### ***Impairment***

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

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

# **Trueclaim Exploration Inc.** (“an Exploration Stage entity”)

## **Notes to Consolidated Financial Statements**

(Expressed in Canadian dollars)

**For the year ended December 31, 2016**

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

#### *Impairment*

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 year ended December 31, 2016, \$74,000 (2015 – \$199,000) 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.



# **Trueclaim Exploration Inc.** (“an Exploration Stage entity”)

## **Notes to Consolidated Financial Statements**

(Expressed in Canadian dollars)

**For the year ended December 31, 2016**

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

#### *Income tax*

##### *Current income taxes*

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

##### *Deferred income taxes*

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

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

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

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

Deferred tax is recognized in the consolidated statements of loss and 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.

# **Trueclaim Exploration Inc.** (“an Exploration Stage entity”)

## **Notes to Consolidated Financial Statements**

(Expressed in Canadian dollars)

**For the year ended December 31, 2016**

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

#### *Loss per share*

The basic loss per share is computed by dividing the net loss by the weighted average number of common shares outstanding during the period. The diluted loss per share reflects the potential dilution of common share equivalents, such as outstanding stock options and share purchase warrants, in the weighted average number of common shares outstanding during the period, if dilutive. During the years ended December 31, 2016 and 2015, all of the outstanding stock options and warrants were antidilutive.

#### *Share capital*

##### *Non-monetary consideration*

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

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

##### *Stock-based compensation*

Employees (including directors and senior executives) of the Company receive a portion of their remuneration in the form of stock-based payment transactions, whereby they render services as consideration for equity instruments. 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, fixed assets and investments. The most significant estimates relate to determining impairment testing of the Company’s intangible assets and investments.

# **Trueclaim Exploration Inc.** (“an Exploration Stage entity”)

## **Notes to Consolidated Financial Statements**

(Expressed in Canadian dollars)

**For the year ended December 31, 2016**

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### **2. Summary of Significant Accounting Policies and Significant Judgments and Estimates (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, 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 costs using the effective interest rate method. The Company does not have any held-to-maturity investments.

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 these investments is readily determinable.

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. Trade payables and accrued liabilities are initially recognized at the amount required to be paid, less, when material, a discount to reduce the payables to fair value. Subsequently, they are measured at amortized cost using the effective interest rate method.

#### *Accounting standards issued but not yet effective*

- IFRS 9 – “Financial Instruments”

This new standard is a partial replacement of IAS 39 – “Financial Instruments: Recognition and Measurement”. The IASB tentatively decided to defer the mandatory effective date until January 1, 2018 with earlier adoption still permitted. The Company is currently evaluating the impact the final standard is expected to have on its consolidated financial statements.

# Trueclaim Exploration Inc. (“an Exploration Stage entity”)

## Notes to Consolidated Financial Statements

(Expressed in Canadian dollars)

For the year ended December 31, 2016

### 3. Intangible Assets

	<b>Mineral Properties</b>
<b>Cost</b>	<b>\$</b>
As at January 1, 2015	6,502,835
Additions	199,000
Disposals	(926,059)
As at December 31, 2015	5,775,776
Additions	520,641
Disposals	-
As at December 31, 2016	6,296,417
<b>Impairment</b>	
As at January 1, 2015	(696,450)
Impairment for the year	(244,520)
As at December 31, 2015	(940,970)
Impairment for the year	(5,101,121)
As at December 31, 2016	(6,042,091)
<b>Net book value</b>	
As at December 31, 2015	4,834,806
As at December 31, 2016	254,326

<b>Mineral Properties</b>	<b>December 31,</b>	<b>December 31,</b>
	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Scadding area mining properties	205,324	4,789,806
Black diamond mining property	45,000	45,000
Berry-Desboues Township mining property	2,001	-
Hebecourt Township mining property	2,001	-
	254,326	4,834,806

# **Trueclaim Exploration Inc.** (“an Exploration Stage entity”)

## **Notes to Consolidated Financial Statements**

(Expressed in Canadian dollars)

**For the year ended December 31, 2016**

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### **3. Intangible Assets (Continued)**

#### *Scadding area mining properties*

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

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

1. The Company must issue an aggregate of 200,000 common shares in installments of 50,000 shares every six months over a period of two years with the first issuance due February 13, 2010. The first two installments of the shares were issued during 2010, and the third and fourth installments were issued during the year ended December 31, 2011.
2. The Company must issue an aggregate of 30,000 common shares in installments of 15,000 shares over a period of three years with the first issuance due May 5, 2010 and the second issuance on or before May 5, 2012. The first installment of these shares was issued during 2010 and the second installment was issued during the year ended December 31, 2011.
3. The Company must incur an aggregate of \$200,000 in cash exploration costs. This requirement was met during the year ended December 31, 2010.

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

The Company issued 5,000 common shares and paid \$12,500 for an option on approximately 4,000 acres of unpatented mineral claims. In order to maintain its interest in good standing the Company is required to comply with the following requirements:

1. The Company must issue an additional 30,000 common shares in the following installments: 10,000 common shares at or before January 16, 2011, which were issued during the year ended December 31, 2011 and 20,000 common shares at or before January 16, 2012, which were issued on February 9, 2012.

# **Trueclaim Exploration Inc.** (“an Exploration Stage entity”)

## **Notes to Consolidated Financial Statements**

(Expressed in Canadian dollars)

**For the year ended December 31, 2016**

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### **3. Intangible Assets (Continued)**

#### *Scadding area mining properties (Continued)*

The Company issued 10,000 common shares for an option on approximately 17,000 acres of unpatented mineral claims. In order to maintain its interest in good standing the Company is required to comply with the following requirements:

1. The Company must issue an additional 70,000 common shares in the following installments: 20,000 common shares at or before July 23, 2011, 20,000 common shares at or before July 23, 2012 and 30,000 common shares at or before July 23, 2013. The first installment of shares was issued during the year ended December 31, 2011. The second and final installments of shares were issued during the year ended December 31, 2013.
2. The Company must make cash payments of \$100,000 in the following installments: \$20,000 on or before July 23, 2011, \$30,000 on or before July 23, 2012 and \$50,000 on or before July 23, 2013. Only the first installment of cash payment was made during the year ended December 31, 2011.
3. The Company determined that this option agreement was technically in default. The Company has obtained confirmation from the optioner that they will continue to keep the Company’s optioned interest on the property in good standing until the Company has raised sufficient funds to continue with the exploration program of the property.

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

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

# **Trueclaim Exploration Inc.** (“an Exploration Stage entity”)

## **Notes to Consolidated Financial Statements**

(Expressed in Canadian dollars)

**For the year ended December 31, 2016**

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### **3. Intangible Assets (Continued)**

#### *Black diamond mining property*

The Company has an option to acquire 100% working interest in a mineral property option in the area of Gila County, Arizona. These claims were acquired for silver exploration purposes.

The Black Diamond property is subject to a 10% net smelter return royalty, which can be reduced to 1% subject to the Company completing a series of payment requirements to the claim holder. The Company issued 20,000 common shares and paid \$25,000 for the options and in order to maintain its interest in good standing the Company is required to comply with the following requirements:

1. The Company must issue an additional 60,000 common shares in the following installments: 20,000 on or before May 19, 2011, 20,000 on or before May 19, 2012 and 20,000 on or before May 19, 2013. The first installment of shares was issued during the year ended December 31, 2011. The second and final installments of shares were issued during the year ended December 31, 2013.
2. The Company must make additional cash payment of \$825,000 USD in the following installments; \$25,000 USD is due on or before May 19, 2011, \$100,000 USD is due on or before November 19, 2011, \$200,000 USD on or before May 19, 2012 and \$500,000 USD on or before May 19, 2013. The first two installments were made for a total of \$125,000 USD during the year ended December 31, 2011. During the year ended December 31, 2012, \$56,000 USD cash payments was made while a further \$99,000 USD and \$22,500 CAD cash payments were made during the year ended December 31, 2013.
3. The Company must incur an aggregate of \$1,500,000 USD in cash exploration costs; \$1,000,000 USD of which must be incurred on or before May 19, 2012 and a further \$500,000 must be incurred on or before May 19, 2013. As at December 31, 2013, the Company has incurred exploration costs of \$536,589.
4. As of December 31, 2013, the Company was in default of this option agreement. On January 24, 2014, the Company entered into an addendum to option agreement to waive the default and to confirm that the provisions of the option agreement remains in full force and effect by issuing 100,000 common shares of the Company to the optionor (See Note 15). The addendum also extends the deadline for certain payments and the incurrence of certain exploration expenditures under the option agreement to May 19, 2015.

On July 1, 2015, the Company entered into a joint venture agreement with Northern Sphere Mining Corp. (“NSM”). The Company received \$180,000 in consideration for an 80% interest in the Black Diamond Property. NSM will bring the mine into silver production and take over all commitments going forward on this property. As a result of the joint venture, the Company recognized a loss on the sale of the property of \$823,463 and an impairment loss of \$244,520 on the remaining 20% interest of the property.

# **Trueclaim Exploration Inc.** (“an Exploration Stage entity”)

## **Notes to Consolidated Financial Statements**

(Expressed in Canadian dollars)

**For the year ended December 31, 2016**

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### **3. Intangible Assets (Continued)**

#### *Berry-Desboues and Hebecourt mining properties*

On September 12, 2016, the Company acquired the Berry-Deboues and Hebecourt properties thru a three-cornered amalgamation. As part of the amalgamation, the Company has assumed all obligations and payments under the Berry-Desboues and Hebecourt option agreements. Under the terms of the option agreements, the Company is required to fulfill the following:

1. The Company must issue 200,000 common shares on or before August 28, 2017; This requirement was met on December 20, 2017.
2. The Company must make additional cash payments of \$590,000 CAD to the optionor on or before August 28, 2017; and
3. The Company must incur an aggregate of \$3,548,025 CAD in mineral exploration costs on or before August 28, 2017.

These option agreements are in good standing as at December 31, 2016.

All costs incurred prior to the acquisition of these two properties have been written off at year-end. During the year ended December 31, 2016, the Company incurred additional acquisition costs of \$4,000 by issuing 200,000 common shares of the Company at a value of \$0.02 per share as part of the option agreement (see Note 5).

### **4. Investments**

On February 9, 2012, as part of an assignment agreement, the Company received 3,000,000 shares in Northern Skye Resources, a Canadian private company, which shares has no readily market for trading and thus no other reliable measure to determine its fair value. As a non-monetary transaction, the investment was initially recognized at a fair value equal to the consideration of assets given up, or the remainder of expenditures spent by the Company that was not reimbursed by Northern Skye, as a more reliable measure of fair value received. The investment was thus initially valued at \$39,985; but as at December 31, 2012, the management determined that there was a permanent impairment on these investments and wrote down the investments to a nominal value of \$1. As at December 31, 2016, management believes that the impairment remains accurate (see Note 14). During 2016, the Company acquired 100% of the Northern Skye by issuing 6,720,776 common shares of the Company. As result from the acquisition, the Company has consolidated the accounts of Northern Skye since the acquisition and no longer discloses interest in Northern Skye as an investment (See Note 16).



# Trueclaim Exploration Inc. (“an Exploration Stage entity”)

## Notes to Consolidated Financial Statements

(Expressed in Canadian dollars)

For the year ended December 31, 2016

### 5. Capital Stock

#### *Authorized*

Unlimited number of common shares

#### *Issued*

	Note	December 31, 2016		December 31, 2015	
		Number	Amount (\$)	Number	Amount (\$)
<b>Common Shares</b>					
Beginning of year		21,305,587	8,410,757	20,805,587	8,396,632
Shares issued as consideration	5a	12,004,177	450,750	-	-
Private placement	5b	-	-	500,000	14,125
<b>Balance</b>		<b>33,309,764</b>	<b>8,861,507</b>	<b>21,305,587</b>	<b>8,410,757</b>

	Note	December 31, 2016		December 31, 2015	
		Number	Amount (\$)	Number	Amount (\$)
<b>Warrants</b>					
Beginning of year		10,720,000	233,160	10,680,000	306,424
Warrants expired	5c	(10,220,000)	(222,285)	(460,000)	(84,139)
Private placement	5b	-	-	500,000	10,875
<b>Balance</b>		<b>500,000</b>	<b>10,875</b>	<b>10,720,000</b>	<b>233,160</b>

#### *Notes*

##### *a) Shares issued as consideration*

In September 2016, the Company issued 6,720,777 common shares to acquire 100% of the outstanding common shares of Northern Skye Resources Ltd. These shares were valued at \$268,831 on the date of issuance.

In October 2016, the Company issued 5,083,400 common shares to settle its debt with certain creditors. These shares were valued at \$177,919 on the date of issuance.

In December 2016, the Company issued 200,000 common shares as an option payment on the Berry-Desboues and Hebecourt properties (see Note 3). These shares were valued at \$4,000 on the date of issuance.

##### *b) Private placement*

On March 3, 2015, 500,000 units were issued for total proceeds of \$25,000. Of this amount, \$14,125 was attributable to common shares and \$10,875 was attributable to warrants using the Black-Scholes pricing model. Each unit consists of one common share and one common share purchase warrant. Each warrant will entitle the holder to acquire one common share of the Company at an exercise price of \$0.10 per share until March 3, 2017. The following assumptions were used in the Black-Scholes pricing model: Risk-free interest rate: 1.02%;

# Trueclaim Exploration Inc. (“an Exploration Stage entity”)

## Notes to Consolidated Financial Statements

(Expressed in Canadian dollars)

For the year ended December 31, 2016

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### 5. Capital Stock (Continued)

#### *Notes (Continued)*

#### *b) Private placement (Continued)*

Expected dividend yield: 0%; Expected price volatility: 198%; and Expected life: 2 years. Volatility is calculated based on the changes in historical prices over the expected life of the warrants.

#### *c) Expired warrants*

During the year ended December 31, 2016, 10,220,000 (2015 - 460,000) warrants expired. The value of the expired warrants \$222,285 (2015 - \$84,139) has been transferred to contributed surplus.

### 6. 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 2016 year, 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 shall expire on March 31, 2021.

Stock option transactions for the year ended December 31, 2016 were as follows:

	December 31, 2016		December 31, 2015	
	Number of options	Weighted average exercise price \$	Number of options	Weighted average exercise price \$
Beginning of period/year	-	-	-	-
Issued	2,300,000	0.05	-	-
Exercised	-	-	-	-
Expired	-	-	-	-
Balance	2,300,000	0.05	-	-

# Trueclaim Exploration Inc. (“an Exploration Stage entity”)

## Notes to Consolidated Financial Statements

(Expressed in Canadian dollars)

For the year ended December 31, 2016

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### 6. Stock Options (Continued)

#### b) Contributed surplus

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

The following is the change in contributed surplus for the year ended December 31, 2016 and the year ended December 31, 2015:

	2016	2015
	\$	\$
Opening balance, January 1	1,797,719	1,713,580
Issuance of stock options	30,926	-
Issuance of finder’s options	-	-
Exercised finder’s options	-	-
Exercised stock options	-	-
Expired warrants	222,285	84,139
<b>Ending balance</b>	<b>2,050,930</b>	<b>1,797,719</b>

### 7. Financial Instruments

#### Fair values

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

	2016	2015
	\$	\$
Cash and cash equivalents (Level 1)	1,324	8,323
Receivables	12,712	1,855
Trade payables and accrued liabilities	(1,245,302)	(1,016,654)

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

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

# **Trueclaim Exploration Inc.** (“an Exploration Stage entity”)

## **Notes to Consolidated Financial Statements**

(Expressed in Canadian dollars)

**For the year ended December 31, 2016**

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### **7. Financial Instruments (Continued)**

#### *Fair values (Continued)*

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

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

### **8. Financial Risk Factors**

#### *Foreign exchange risk*

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

#### *Credit risk*

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

#### *Interest rate risk*

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

#### *Liquidity risk*

The Company’s approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2016, the Company had current assets of \$14,036 (2015 - \$10,178) and current liabilities of \$1,095,260 (2015 - \$1,016,654). The Company is currently exploring opportunities to raise additional capital.

# Trueclaim Exploration Inc. (“an Exploration Stage entity”)

## Notes to Consolidated Financial Statements

(Expressed in Canadian dollars)

For the year ended December 31, 2016

### 9. Income Taxes

The income taxes shown in the statements of loss and comprehensive loss differ from the amounts obtained by applying statutory rates to the loss before income taxes due to the following:

	2016	2015
	26%	26%
Loss before income taxes for the year	<b>(5,137,005)</b>	(1,323,384)
Expected income tax recovery	<b>(1,335,621)</b>	(344,080)
Items not deductible and deductible for income tax purposes	<b>132,673</b>	85,546
Current and prior tax attributes not recognized	<b>1,202,948</b>	257,534
Deferred income tax recovery	-	-

Details of deferred tax assets are as follows:

	2016	2015
Non-capital loss carry-forwards	<b>1,616,155</b>	1,595,298
Share issuance cost	-	8,834
Mining properties	<b>551,498</b>	(639,427)
Equipment and others	<b>33,812</b>	33,812
Unrecognized deferred tax assets	<b>(2,201,465)</b>	(998,517)

As at December 31, 2016, the Company had approximately \$6,216,000 of non-capital losses available, which begin to expire in 2026 through to 2036 and may be applied against future taxable income. The Company also had approximately \$2,375,000 of exploration and development costs which are available for deduction against future income for tax purposes.

At December 31, 2016, the net amount which would give rise to a deferred income tax asset has not been recognized as it is not probable that such benefit will be utilized in the future years.

### 10. Segment Reporting

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

Total assets by geography:

	December 31, 2016		
	Canada	USA	Total
	\$	\$	\$
Total assets	223,361	45,000	268,361

# Trueclaim Exploration Inc. (“an Exploration Stage entity”)

## Notes to Consolidated Financial Statements

(Expressed in Canadian dollars)

For the year ended December 31, 2016

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### 10. Segment Reporting (Continued)

	December 31, 2015		
	Canada	USA	Total
	\$	\$	\$
Total assets	4,799,985	45,000	4,844,985

### 11. Related Party Transactions

During the year ended December 31, 2016, the Company incurred key management compensation expenses in the amount of \$136,714 (2015 - \$132,786). The Company also incurred accounting fees of \$Nil (2015 - \$16,000) to an accounting firm of which one of the principals is also an officer and a director of the Company.

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 December 31, 2016, the Company’s trade payable and accrued payable balances included \$262,073 (2015 - \$196,063) payable to the above related parties.

### 12. Commitment

#### *Issuance of flow-through shares*

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 the qualified mining exploration expenses totaling \$769,547. As at December 31, 2016, the Company had incurred \$240,796 of qualifying expenditures.

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.

### 13. Capital Management

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

# Trueclaim Exploration Inc. (“an Exploration Stage entity”)

## Notes to Consolidated Financial Statements

(Expressed in Canadian dollars)

For the year ended December 31, 2016

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### 13. Capital Management (Continued)

The Company considers the items included in share capital as capital. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares, through short-form prospectuses, private placements, sell assets, incur debt, or return capital to shareholders. As at December 31, 2016, the Company is not subject to externally imposed capital requirements.

### 14. Subsequent Events

There are no significant subsequent events to report.

### 15. Contingent Liabilities

At December 31, 2016 the Company was involved the following litigations, which arose in the normal course of business as follows:

During fiscal 2013, a vendor filed a claim against the Company for breach of contract relating to drilling activities in Ontario in the amount of \$121,040. The Company is still defending this claim and as this matter is currently under review, the Company has included the full amount of the claim in accounts payable at December 31, 2016.

### 16. Acquisitions

On September 12, 2016, the Company completed the acquisition of Northern Skye Resources Ltd. (“NSR”), a private Ontario company. This transaction does not constitute a business combination because NSR does not meet the definition of a business under IFRS 3 *Business Combinations*. NSR has not yet demonstrated the ability to continue on as a business for the purpose of providing economic benefit to its shareholders. As a result, under IFRS, the transaction is being measure at the fair value of equity consideration issued to NSR.

On the date of share issuance, 6,720,777 shares were issued at \$0.04 per share, valuing the transaction at \$268,831.

The value of net identified assets of NSR acquired in the acquisition is set out as follows:

	\$
Cash	923
Accounts receivable	1,440
Mineral properties	446,641
Trade and other payables	(180,173)
	<u>268,831</u>



**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**For the Six Months Ended June 30, 2019 and 2018**

**(Expressed in Canadian Dollars)**

**(Unaudited)**



**NOTICE OF NO REVIEW OF CONDENSED INTERIM  
CONSOLIDATED FINANCIAL STATEMENTS**

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

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

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

# Trueclaim Exploration Inc.

## Condensed Interim Consolidated Statements of Financial Position

(Expressed in Canadian dollars)

(Unaudited)

As at June 30, 2019 and December 31, 2018

	<u>June 30, 2019</u>	<u>December 31, 2018</u>
	\$	\$
<b>Assets</b>		
<i>Current assets</i>		
Cash	1,465,993	1,593,545
Receivables	12,974	52,057
Prepays	2,678	8,034
	<hr/> 1,481,645	<hr/> 1,653,636
<i>Non-current assets</i>		
Intangible assets (Note 3)	-	-
<b>Total Assets</b>	<hr/> <b>1,481,645</b>	<hr/> <b>1,653,636</b>
<b>Liabilities</b>		
<i>Current liabilities</i>		
Trade payables and accrued liabilities (Note 9)	283,736	298,331
<b>Total Liabilities</b>	<hr/> 283,736	<hr/> 298,331
<b>Shareholders' Equity</b>		
Share capital (Note 4)	9,939,107	9,939,107
Contributed surplus (Note 5(b))	2,061,805	2,061,805
Warrants (Note 4)	1,902,550	1,902,550
Accumulated deficit	(12,705,553)	(12,548,157)
<b>Total Shareholders' Equity</b>	<hr/> 1,197,909	<hr/> 1,355,305
<b>Total Liabilities and Shareholders' Equity</b>	<hr/> <b>1,481,645</b>	<hr/> <b>1,653,636</b>

Commitments (Note 10)

Contingent liabilities (Note 12)

Subsequent event (Note 13)

### Approved by the Board of Directors

“Byron Coulthard”

Director

“Matthew Fish”

Director

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

# Trueclaim Exploration Inc.

## Condensed Interim Consolidated Statements of Net Income (Loss) and Comprehensive Income (Loss)

(Expressed in Canadian dollars)

(Unaudited)

For the six months ended June 30, 2019 and 2018

	Three months ended June 30, <u>2019</u>	Three months ended June 30, <u>2018</u>	Six months ended June 30, <u>2019</u>	Six months ended June 30, <u>2018</u>
	\$	\$	\$	\$
<b>Operating Expenses</b>				
Administrative expenses	17,932	11,589	29,866	26,311
Management and consulting fees (Note 9)	60,400	154,000	89,950	281,000
Professional fees	33,130	39,662	37,580	86,679
	<u>111,462</u>	<u>205,251</u>	<u>157,396</u>	<u>393,990</u>
<b>Loss from operations</b>	111,462	205,251	157,396	393,990
<b>Gain on settlement of debt</b>	-	-	-	(111,675)
<b>Impairment of intangible assets</b>	-	-	-	-
<b>Net income (loss) and comprehensive income (loss) for the period</b>	<u>(111,462)</u>	<u>(205,251)</u>	<u>(157,396)</u>	<u>(282,315)</u>
<b>Net income (loss) per share</b> (Note 2)				
Basic	(0.01)	(0.01)	(0.01)	(0.02)
Diluted	(0.01)	(0.01)	(0.01)	(0.02)
Weighted average number of common shares - Basic	<u>35,937,753</u>	<u>23,754,993</u>	<u>35,937,753</u>	<u>13,599,393</u>
Weighted average number of common shares - Diluted	<u>35,937,753</u>	<u>23,754,993</u>	<u>35,937,753</u>	<u>13,599,393</u>

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

# Trueclaim Exploration Inc.

## Condensed Interim Consolidated Statements of Changes in Equity

(Expressed in Canadian dollars)

(Unaudited)

For the six months ended June 30, 2019 and 2018

	Share Capital	Contributed Surplus	Warrants	Shares Subscribed but Not Issued	Accumulated Deficit	Total Equity
	\$	\$	\$	\$	\$	\$
<b>Balance – January 1, 2018</b>	<b>8,861,507</b>	<b>2,061,805</b>	-	-	<b>(11,922,579)</b>	<b>(999,267)</b>
Net income (loss) per the period	-	-	-	-	(282,315)	(282,315)
Capital stock issued	3,260,680	-	-	-	-	3,260,680
Warrants issued	(1,555,018)	-	1,555,018	-	-	-
Finders' warrants issued	-	-	297,773	-	-	297,773
Share issuance costs	(578,304)	-	-	-	-	(578,304)
Expired warrants	-	-	-	-	-	-
<b>Balance – June 30, 2018</b>	<b>9,988,865</b>	<b>2,061,805</b>	<b>1,852,791</b>	-	<b>(12,204,894)</b>	<b>1,698,569</b>
<b>Balance – January 1, 2019</b>	<b>9,939,107</b>	<b>2,061,805</b>	<b>1,902,550</b>	-	<b>(12,548,157)</b>	<b>1,355,305</b>
Net income (loss) for the period	-	-	-	-	(157,396)	(157,396)
Capital stock issued	-	-	-	-	-	-
Warrants issued	-	-	-	-	-	-
Finders' warrants issued	-	-	-	-	-	-
Shares issue costs	-	-	-	-	-	-
Expired warrants	-	-	-	-	-	-
<b>Balance – June 30, 2019</b>	<b>9,939,107</b>	<b>2,061,805</b>	<b>1,902,550</b>	-	<b>(12,705,553)</b>	<b>1,197,909</b>

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

# Trueclaim Exploration Inc.

## Condensed Interim Consolidated Statements of Cash Flows

(Expressed in Canadian dollars)

(Unaudited)

For the six months ended June 30, 2019 and 2018

	<b>June 30, <u>2019</u></b>	<b>June 30, <u>2018</u></b>
<b>Cash provided by (used in):</b>	<b>\$</b>	<b>\$</b>
<b>Operating activities</b>		
Net income (loss) and comprehensive income (loss) for the period	(157,396)	(282,315)
Share-based compensation	-	-
Gain on settlement of debt	-	(111,675)
Loss on sale of intangible assets	-	-
Impairment of intangible assets	-	-
Changes in items of non-cash working capital:		
Receivables	39,083	(43,634)
Prepays	5,356	(150,000)
Trade payables and accrued liabilities	(14,595)	103,524
	<u>(127,552)</u>	<u>(484,100)</u>
<b>Investing activities</b>		
Intangible assets	-	(5,547)
	<u>-</u>	<u>(5,547)</u>
<b>Financing activities</b>		
Capital stock issued	-	2,503,999
Warrants issued	-	-
Share issue costs	-	(280,530)
	<u>-</u>	<u>2,223,469</u>
<b>Increase (decrease) in cash</b>	<u>(127,552)</u>	<u>1,733,822</u>
<b>Cash – Beginning of period</b>	<u>1,593,545</u>	<u>2,634</u>
<b>Cash – End of period</b>	<u><b>1,465,993</b></u>	<u><b>1,736,456</b></u>

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

# **Trueclaim Exploration Inc.**

## **Notes to Condensed Interim Consolidated Financial Statements**

(Expressed in Canadian dollars)

(Unaudited)

**For the six months ended June 30, 2019 and 2018**

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### **1. Nature of Operations**

Trueclaim Exploration Inc. (the “Company”) is a Canadian company which was engaged in the acquisition, exploration and development of resource properties in Canada and the United States.

The Company is a public company which is listed on the TSX Venture Exchange (the “Exchange”) under the stock symbol “TRM”. The business address of its registered office is #575 – 510 Burrard Street, Vancouver, BC, V6C 3A8.

These condensed interim consolidated financial statements, as at and for the six months ended June 30, 2019, including comparatives, have been prepared in accordance with International Accounting Standards (“IAS”) 34 – “Interim Financial Reporting” using accounting policies consistent with the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”). Accordingly, certain information and footnote disclosure normally included in the annual financial statements prepared in accordance with IFRS, have been omitted or condensed. The consolidated financial statements were approved by the Board of Directors for issue on August 29, 2019.

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

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

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

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

Cash includes cash on hand, deposits held with banks and amounts held in trust with lawyers.

# **Trueclaim Exploration Inc.**

## **Notes to Condensed Interim Consolidated Financial Statements**

(Expressed in Canadian dollars)

(Unaudited)

**For the six months ended June 30, 2019 and 2018**

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

#### ***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 June 30, 2019, a total of \$nil (December 31, 2018 – \$15,828) 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.

# Trueclaim Exploration Inc.

## Notes to Condensed Interim Consolidated Financial Statements

(Expressed in Canadian dollars)

(Unaudited)

For the six months ended June 30, 2019 and 2018

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

#### *Income tax*

##### *Current income taxes*

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

##### *Deferred income taxes*

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

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

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

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

Deferred tax is recognized in the consolidated statements of comprehensive loss, unless it relates to items recognized directly in equity, in which case the deferred tax related to those items is also recognized directly in equity.



# Trueclaim Exploration Inc.

## Notes to Condensed Interim Consolidated Financial Statements

(Expressed in Canadian dollars)

(Unaudited)

For the six months ended June 30, 2019 and 2018

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

#### *Income (loss) per share*

The basic income (loss) per share is computed by dividing the net income (loss) by the weighted average number of common shares outstanding during the period. The diluted income (loss) per share reflects the potential dilution of common share equivalents, such as outstanding stock options and share purchase warrants, in the weighted average number of common shares outstanding during the period, if dilutive. During the year ended December 31, 2018, all of the outstanding stock options and warrants were anti-dilutive. During the period ended June 30, 2019, all of the stock options and warrants were anti-dilutive.

#### *Share capital*

##### *Share-based compensation*

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

##### *Share issuance costs*

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

#### *Significant accounting judgments and estimates*

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

#### *Financial instruments*

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").

# Trueclaim Exploration Inc.

## Notes to Condensed Interim Consolidated Financial Statements

(Expressed in Canadian dollars)

(Unaudited)

For the six months ended June 30, 2019 and 2018

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

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.

The following table summarizes the classification and measurement changes under IFRS 9 for each financial instrument:

Classification	IAS 39	IFRS 9
Cash	FVTPL	FVTPL
Receivables	Loans and receivables (amortized cost)	Amortized Cost
Trade payables and accrued liabilities	Other financial liabilities	Amortized Cost

As a result of the adoption of IFRS 9, the accounting policy for financial instruments as disclosed in the Company's June 30, 2019 consolidated financial statements has been updated as follows:

#### Financial assets

Financial assets are classified as either financial assets at FVTPL, amortized cost, or FVTOCI. The Company determines the classification of its financial assets at initial recognition.

##### i. Financial assets recorded at FVTPL

Financial assets are classified as FVTPL if they do not meet the criteria of amortized cost or FVTOCI. Gains or losses on these items are recognized in profit or loss. The Company's cash is classified as financial assets measured at FVTPL.

##### ii. Amortized cost

Financial assets are classified as measured at amortized cost if both of the following criteria are met and the financial assets are not designated as at FVTPL: 1) the object of the Company's business model for these financial assets is to collect their contractual cash flows; and 2) the asset's contractual cash flows represent "solely payments of principal and interest". The Company's receivable and other assets are classified as financial assets measured at amortized cost.

#### Financial liabilities

Financial liabilities are classified as either financial liabilities at FVTPL or at amortized cost. The Company determines the classification of its financial liabilities at initial recognition.

##### i. Amortized cost

Financial liabilities are classified as measured at amortized cost unless they fall into one of the following categories: financial liabilities at FVTPL, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition, financial guarantee contracts, commitments to provide a loan at a below-market interest rate, or contingent consideration recognized by an acquirer in a business combination.

# Trueclaim Exploration Inc.

## Notes to Condensed Interim Consolidated Financial Statements

(Expressed in Canadian dollars)

(Unaudited)

**For the six months ended June 30, 2019 and 2018**

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

The Company's trade and other payables do not fall into any of the exemptions and are therefore classified as measured at amortized cost.

ii. **Financial liabilities recorded FVTPL**

Financial liabilities are classified as FVTPL if they fall into one of the five exemptions detailed above.

Transaction costs

Transaction costs associated with financial instruments, carried at FVTPL, are expensed as incurred, while transaction costs associated with all other financial instruments are included in the initial carrying amount of the asset or the liability.

Subsequent measurement

Instruments classified as FVTPL are measured at fair value with unrealized gains and losses recognized in profit or loss. Instruments classified as amortized cost are measured at amortized cost using the effective interest rate method. Instruments classified as FVTOCI are measured at fair value with unrealized gains and losses recognized in other comprehensive income.

Derecognition

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled, or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

Expected credit loss impairment model

IFRS 9 introduced a single expected credit loss impairment model, which is based on changes in credit quality since initial application. The adoption of the expected credit loss impairment model had no impact on the Company's consolidated financial statements.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The Company considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Company in full or when the financial asset is more than 90 days past due.

The carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

# Trueclaim Exploration Inc.

## Notes to Condensed Interim Consolidated Financial Statements

(Expressed in Canadian dollars)

(Unaudited)

For the six months ended June 30, 2019 and 2018

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

#### Adoption of New and Revised Standards and Interpretations

IFRS 15 – Revenue from Contracts with Customers: The IASB issued IFRS 15 in May 2014. The new standard provides a comprehensive framework for recognition, measurement and disclosure of revenue from contracts with customers, excluding contracts within the scope of the standards on leases, insurance contracts and financial instruments. IFRS 15 is effective for annual periods beginning on or after January 1, 2018 and is to be applied retrospectively with early adoption permitted. Management is currently evaluating the impact the final standard is expected to have on the Company's consolidated financial statements. The Company adopted this standard on January 1, 2018 and it did not have a material impact on the financial statements as the Company is currently not generating operating revenues.

#### 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 did not have a material impact on its consolidated financial statements.

# Trueclaim Exploration Inc.

## Notes to Condensed Interim Consolidated Financial Statements

(Expressed in Canadian dollars)

(Unaudited)

For the six months ended June 30, 2019 and 2018

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### 3. Intangible Assets

	<b>Mineral Properties</b>
<b>Cost</b>	<b>\$</b>
As at January 1, 2018	6,333,554
Additions	15,838
Disposals	(250,324)
As at December 31, 2018	<u>6,099,068</u>
Additions	-
Disposals	-
As at June 30, 2019	<u><b>6,099,068</b></u>
<b>Impairment</b>	
As at January 1, 2018	(6,042,091)
Impairment for the year	(56,977)
As at December 31, 2018	<u>(6,099,068)</u>
Impairment in the year	-
As at June 30, 2019	<u><b>(6,099,068)</b></u>
<b>Net book value</b>	
As at December 31, 2018	<u>-</u>
As at June 30, 2019	<u><b>-</b></u>

### Mineral Properties

June 30, 2019      December 31, 2018

	<b>\$</b>	<b>\$</b>
Scadding Area mining properties	-	-
Black Diamond mining property	-	-
Berry Desboues Township mining property	-	-
Hebecourt Township mining property	-	-
	<u>-</u>	<u>-</u>

# Trueclaim Exploration Inc.

## Notes to Condensed Interim Consolidated Financial Statements

(Expressed in Canadian dollars)

(Unaudited)

For the six months ended June 30, 2019 and 2018

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### 3. Intangible Assets (Continued)

#### Scadding Area Mining Properties

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

The leased property consisted of an option to earn a 51% interest in certain provincial mining leases and mineral claims located in the district of Sudbury in the Province of Ontario. The Scadding claims were acquired by management for gold exploration purposes.

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

#### Sale of Scadding Area Mining Properties

On September 13, 2018, the Company entered into a purchase and sale agreement with Northern Sphere Mining Corp. with the Company’s Scadding property. Under the terms of the agreement, Northern Sphere acquired the remaining 20% and 10.2% interests in the Scadding Property held by the Company for \$nil proceeds. Included in the terms of the agreement, Northern Sphere agreed to indemnify the Company of an amount of up to 50% of the amount of potential liabilities related to the Company’s issuance of flow-through shares in the year 2011, to a maximum amount of \$200,000. As result of disposing its interest the Scadding property, the Company recognized a gain of \$18,555 on the remaining 20% and 10.2% interests of the property during the year ended December 31, 2018. Trueclaim will no longer be subject to any commitments going forward with respect to the Scadding mineral properties.

#### Black Diamond Mining Property

The Company had an option to acquire 100% working interest in a mineral property option in the area of Gila County, Arizona. These claims were acquired for silver exploration purposes. The Black Diamond property was subject to a 10% net smelter return royalty, which can be reduced to 1% subject to the Company completing a series of payment requirements to the claim holder.

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

# Trueclaim Exploration Inc.

## Notes to Condensed Interim Consolidated Financial Statements

(Expressed in Canadian dollars)

(Unaudited)

For the six months ended June 30, 2019 and 2018

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### 3. Intangible Assets (Continued)

#### Sale of Black Diamond Property

On September 13, 2018, the Company entered into a purchase and sale agreement with Northern Sphere Mining Corp. with the Company's Black Diamond 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. As result of disposing its interest in the Black Diamond property, the Company recognized a loss of \$45,000 on the remaining 20% interest of the property during the year ended December 31, 2018. Trueclaim will no longer be subject to any commitments going forward with respect to the Black Diamond mineral properties.

#### Berry Desboues and Hebecourt Mining Properties

The Company had renewed the option agreements in September 2017 for the Berry-Desboues and Hebecourt mining properties in 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 CDN to the Optionor on or before September 29, 2021; and
3. The Company must incur an aggregate of \$800,000 CDN in mineral exploration costs on or before September 29, 2021.

#### Hebecourt Mining Property

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

#### 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 an impairment loss on the disposition of these mineral properties of \$56,977 during the year ended December 31, 2018.

# Trueclaim Exploration Inc.

## Notes to Condensed Interim Consolidated Financial Statements

(Expressed in Canadian dollars)

(Unaudited)

For the six months ended June 30, 2019 and 2018

### 4. Share Capital

#### Authorized

Unlimited number of common shares without par value

#### Issued

		June 30, 2019		December 31, 2018	
<b>Common Shares</b>	<b>Note</b>	<b><u>Number</u></b>	<b><u>Amount (\$)</u></b>	<b><u>Number</u></b>	<b><u>Amount (\$)</u></b>
Beginning of period		35,937,753	9,939,107	3,330,953	8,861,507
Common shares issued	4a	-	-	32,606,800	3,260,680
Less: Fair value of warrants	4a	-	-	-	(1,555,018)
Share issue costs	4c	-	-	-	(628,062)
<b>Balance</b>		<b>35,937,753</b>	<b>9,939,107</b>	<b>35,937,753</b>	<b>9,939,107</b>

		June 30, 2019		December 31, 2018	
<b>Warrants</b>	<b>Note</b>	<b><u>Number</u></b>	<b><u>Amount (\$)</u></b>	<b><u>Number</u></b>	<b><u>Amount (\$)</u></b>
Beginning of period		34,975,280	1,902,550	-	-
Warrants expired	4b	-	-	-	-
Warrants issued	4b	-	-	32,606,280	1,555,018
Finders' warrants issued	4b	-	-	2,369,000	347,532
<b>Balance</b>		<b>34,975,280</b>	<b>1,902,550</b>	<b>34,975,280</b>	<b>1,902,550</b>



# Trueclaim Exploration Inc.

## Notes to Condensed Interim Consolidated Financial Statements

(Expressed in Canadian dollars)

(Unaudited)

For the six months ended June 30, 2019 and 2018

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### 4. Share Capital (Continued)

#### a) Common Shares

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

(ii) On May 4, 2018, the Company completed a non-brokered private placement (the "Financing") by issuing 32,606,800 units ("Units") at a price of \$0.10 per Unit for gross proceeds of \$3,260,680. Included in the gross proceeds is a total of 4,566,800 common shares with a gross value of \$456,680 raised in the private placement financing were issued to settle certain debt of the Company included in accounts payable and accrued liabilities. 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.

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

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

#### b) Warrants

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

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

(iii) In connection with the Financing, the Company issued 2,369,000 finder's warrants ("Finders' Warrants") to eligible finders. Each Finders' Warrant entitles the holder thereof to acquire one common share of the Company at a price of \$0.12 per share until May 3, 2023, subject to a hold period expiring on September 4, 2018. The fair value of the finders' warrants was \$347,532 calculated using the Black Scholes pricing model pricing model with the following assumptions: (i) dividend yield of 0%; (ii) expected volatility of 208.8865%; (iii) risk free rate of 1.87%; and (iv) with an expected life of 2.5 years; (v) share price of \$0.16.

#### c) Share issue costs

The Company incurred share issue costs totaling \$280,530 with respect to the issuance of the Units and 347,532 with respect to the issuance of the finders' Warrants for the aggregate proceeds of \$3,260,680 of the private placement financing completed on May 4, 2018.

# Trueclaim Exploration Inc.

## Notes to Condensed Interim Consolidated Financial Statements

(Expressed in Canadian dollars)

(Unaudited)

For the six months ended June 30, 2019 and 2018

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### 5. Stock Options

#### a) Stock Option Plan

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

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

There were no stock option transactions during the six months ended June 30, 2019.

	<u>June 30, 2019</u>		<u>December 31, 2018</u>	
	<u>Number of options</u>	<u>Weighted average exercise price</u>	<u>Number of options</u>	<u>Weighted average exercise price</u>
Beginning of year	100,000	\$ 0.50	100,000	\$ 0.50
Issued	-	-	-	-
Exercised	-	-	-	-
Expired	-	-	-	-
Balance - end of year	<u>100,000</u>	<u>0.50</u>	<u>100,000</u>	<u>0.50</u>

#### b) Contributed surplus

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

# Trueclaim Exploration Inc.

## Notes to Condensed Interim Consolidated Financial Statements

(Expressed in Canadian dollars)

(Unaudited)

For the six months ended June 30, 2019 and 2018

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### 5. Stock Options (Continued)

The following is the change in contributed surplus for the six months ended June 30, 2019 and the year ended December 31, 2018:

	<b>June 30, <u>2019</u></b>	<b>December 31, <u>2018</u></b>
	\$	\$
Opening balance, January 1	2,061,805	2,061,805
Issuance of stock 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>

### 6. Financial Instruments

#### *Fair values*

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

	<b>June 30, <u>2019</u></b>	<b>December 31, <u>2018</u></b>
	\$	\$
Cash (Level 1)	1,465,993	1,593,545
Receivables	12,974	52,057
Trade payables and accrued liabilities	(283,736)	(298,331)

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

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

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

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

# Trueclaim Exploration Inc.

## Notes to Condensed Interim Consolidated Financial Statements

(Expressed in Canadian dollars)

(Unaudited)

For the six months ended June 30, 2019 and 2018

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### 7. Financial Risk Factors

#### *Foreign exchange risk*

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

#### *Credit risk*

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

#### *Interest rate risk*

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

#### *Liquidity risk*

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at June 30, 2019, the Company had current assets of \$1,481,645 (December 31, 2018 - \$1,653,636) and current liabilities of \$283,736 (December 31, 2018 - \$298,331). During the year ended December 31, 2018, the Company raised gross aggregate proceeds, net of issue costs of \$2,729,000 in capital financing to sustain its operations during the year ended December 31, 2018 (See Note 4).

### 8. Segment Reporting

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

#### **Total assets by geography:**

	<b>June 30, 2019</b>		
	<b>Canada</b>	<b>USA</b>	<b>Total</b>
	\$	\$	\$
Total assets	1,481,645	-	1,481,645

#### **Total assets by geography:**

	<b>December 31, 2018</b>		
	<b>Canada</b>	<b>USA</b>	<b>Total</b>
	\$	\$	\$
Total assets	1,653,636	-	1,653,636

# Trueclaim Exploration Inc.

## Notes to Condensed Interim Consolidated Financial Statements

(Expressed in Canadian dollars)

(Unaudited)

**For the six months ended June 30, 2019 and 2018**

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### 9. Related Party Transactions

During the six months ended June 30, 2019, the Company incurred key management compensation expenses in the amount of \$89,950 (June 30, 2018 - \$38,000). Key management of the Company comprises the Chief Executive Officer and the Chief Financial Officer.

During the six months ended June 30, 2019, the Company incurred legal services provided by a Director in the amount of \$nil (June 30, 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.

During the six months ended June 30, 2019, the Company's trade payable and accrued payable balances included \$10,170 (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 of the Company at a price of \$0.10 per common share.

### 10. Commitments

#### *Issuance of flow-through shares*

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

During the year ended December 31, 2011, the Company received \$770,000 following an issuance of flow-through units and renounced \$769,547 of its tax deductions relating to flow-through expenditures. The Company had until December 31, 2012 to make qualified mining exploration expenses totaling \$769,547 and incurred \$240,796 of qualifying expenditures. As at June 30, 2019, the Company had accrued \$426,779 for penalties, interest and shareholder indemnities relating to the unspent flow through amounts (December 31, 2018 – \$418,749) and recorded interest of \$8,046 (December 31, 2018 - \$16,106) during the period ended June 30, 2019. In accordance in the terms of the Scadding Property Purchase Agreement with Northern Sphere (see Note 3), 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 amount of \$200,000.

# **Trueclaim Exploration Inc.**

## **Notes to Condensed Interim Consolidated Financial Statements**

(Expressed in Canadian dollars)

(Unaudited)

**For the six months ended June 30, 2019 and 2018**

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### **11. Capital Management**

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

The Company considers the items included in share capital as capital. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares, through short-form prospectuses, private placements, sell assets, incur debt, or return capital to shareholders. As at June 30, 2019, the Company is not subject to externally imposed capital requirements.

### **12. Contingent Liabilities**

#### *Mineral Properties*

The Company had certain commitments with respect to its mineral properties located in Canada and in the USA, which are described in detail in Note 3 Intangible Assets. However, as at June 30, 2019 and December 31, 2018, as a result of the sale and disposition of all of its mineral properties in Canada and the USA, the Company is no longer subject to the terms, conditions and commitments associated with those mineral properties for the issuance of common shares, the payment of the cash amounts, and the incurrence of any of the mineral exploration costs obligations going forward for any of the mineral properties.

#### *Leases*

As at June 30, 2019, the Company is not committed to any other operating leases or long-term lease obligations related to its business operations at this time except as disclosed herein.

### **13. Subsequent Event**

On June 18, 2019, the Company announced that, further to its news release of March 15, 2019, Trueclaim has entered into a definitive agreement dated June 7, 2019 (the "Agreement") among Trueclaim, 1205619 B.C. Ltd. ("Subco") (a wholly owned subsidiary of Trueclaim incorporated for the purposes of completing the Transaction (as defined below) and New Wave Esports Corp. (formerly New Wave Holdings Corp.) ("New Wave Esports"), an esports and competitive gaming investment company, incorporated under the laws of British Columbia. Pursuant to the Agreement, Trueclaim has agreed to acquire all the shares of New Wave Esports (the "New Wave Esports Shares") by way of a three-cornered amalgamation (the "Transaction") between Trueclaim, New Wave Esports and Subco under the Business Corporations Act (British Columbia).

# **Trueclaim Exploration Inc.**

## **Notes to Condensed Interim Consolidated Financial Statements**

(Expressed in Canadian dollars)

(Unaudited)

**For the six months ended June 30, 2019 and 2018**

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### **13. Subsequent Event (Continued)**

It is intended that in connection with the Transaction, Trueclaim will consolidate its common shares (the “Trueclaim Shares”) on a 1.5:1 basis (the “Consolidation”) and change its name to “New Wave Esports Corp.” or such other name as determined by the parties. Under the terms of the Transaction, the shareholders of New Wave Esports (the “New Wave Esports Shareholders”) will receive Trueclaim Shares in exchange for their New Wave Esports Shares on the basis of one post-Consolidation Trueclaim Share for each New Wave Esports Share. The Trueclaim Shares will be issued at a deemed post Consolidation price of \$0.15 per Trueclaim Share (the “Consideration Shares”) to the New Wave Esports Shareholders. All of the outstanding warrants to acquire New Wave Esports Shares (the “New Wave Esports Warrants”) will be exchanged for warrants of the Resulting Issuer (the “Resulting Issuer Warrants”) and the New Wave Esports Warrants will be subsequently cancelled. The Resulting Issuer Warrants will be on same terms and conditions as such original outstanding New Wave Esports Warrants.

Trueclaim is expected to delist the Trueclaim Shares from the TSX Venture Exchange (“TSXV”) and to list the common shares on the Canadian Securities Exchange (“CSE”) upon the completion of the Transaction. The closing of the Transaction is subject to a number of conditions and approvals, which include: the Transaction being completed by September 30, 2019; and the receipt of all applicable shareholder and regulatory approvals, including approval by the TSXV and CSE. There can be no assurance that the Transaction will be completed as proposed or at all. The Agreement provides for termination rights, including in the event the Transaction is not completed by September 30, 2019. The Transaction will be carried out by parties dealing at arm’s length to one another and therefore will not be considered to be a non-arm’s length transaction. Trading in the Trueclaim Shares will remain halted pending completion or termination of the Transaction. To the extent permitted by the CSE, Trueclaim will pay, to certain parties, an aggregated finder’s fee consisting of that number of Consideration Shares equivalent to 10% of the number of Consideration Shares issued to New Wave Esports Shareholders as part of completing the Transaction. Further details regarding New Wave Esports and the Transaction will be provided in a listing statement to be filed by Trueclaim in connection with the Transaction and which will be available under Trueclaim’s SEDAR profile at [www.sedar.com](http://www.sedar.com).

**SCHEDULE “B” – TRUECLAIM MANAGEMENT’S DISCUSSION & ANALYSIS**

[Please see attached]





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

**For The Year Ended**

**December 31, 2018**

**TRUECLAIM EXPLORATION INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED DECEMBER 31, 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 year ended December 31, 2018. It has been prepared as of April 29, 2019 and includes financial and other information up to the date of this report. The MD&A should be read in conjunction with the audited consolidated financial statements and notes thereto of the Company for year ended December 31, 2018. 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.

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 is continually exploring financing opportunities, including other potential joint venture partners, to initiate and fund drilling for all of the Company's properties.

## **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.

## **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.

#### 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.

#### 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.

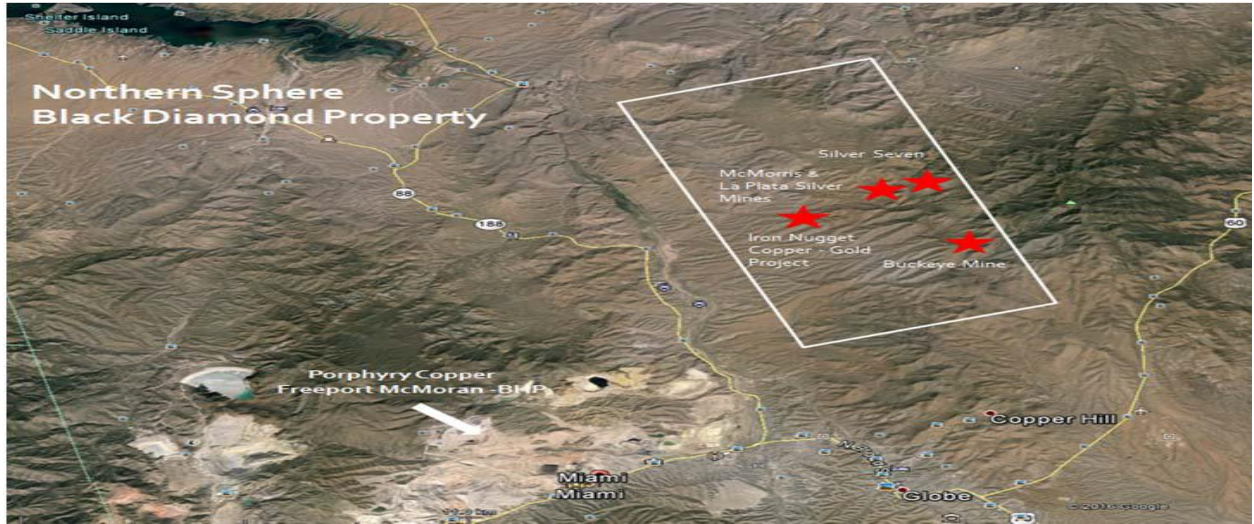
Systematic rock-chip channel samples were taken perpendicular to the strike at the "Square Nail Shaft" mineralized structure ("Buckeye Structure") in February 2017. Located at the western boundary of the patent, channel samples yielded silver grades of 38.2 ounces per tonne (opt) over 0.8 ft., 12.2 opt 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.

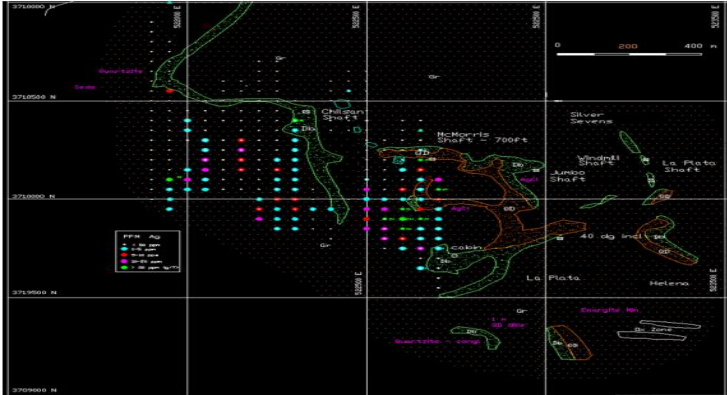
**Figure 2: Black Diamond Property - Satellite View**



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.

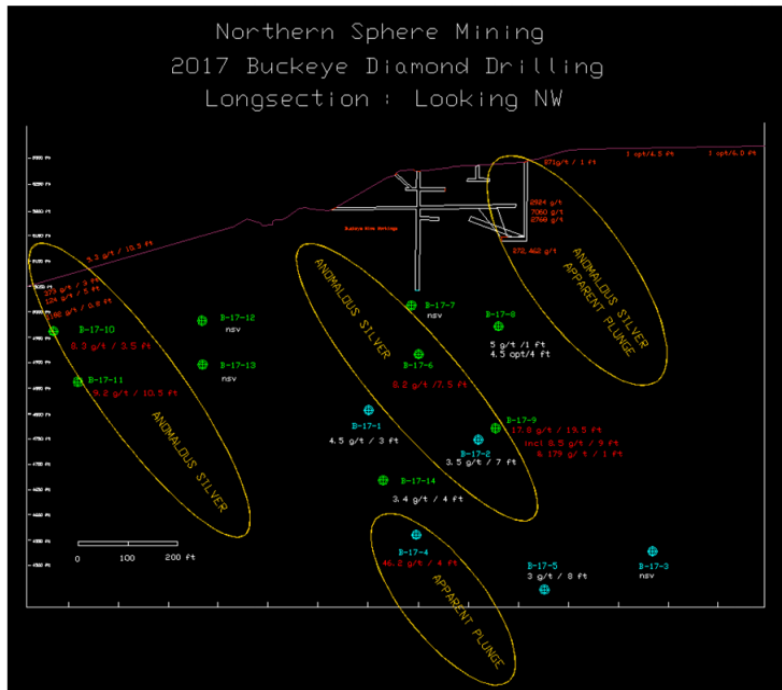
Thirteen of the fourteen holes drilled intercepted the perceived host structure up to 250 metres below the underground workings for a strike length of 400 metres. The width of the structure, and its corresponding alteration, varied between two and six metres. Of the 14 holes drilled, 10 of such holes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

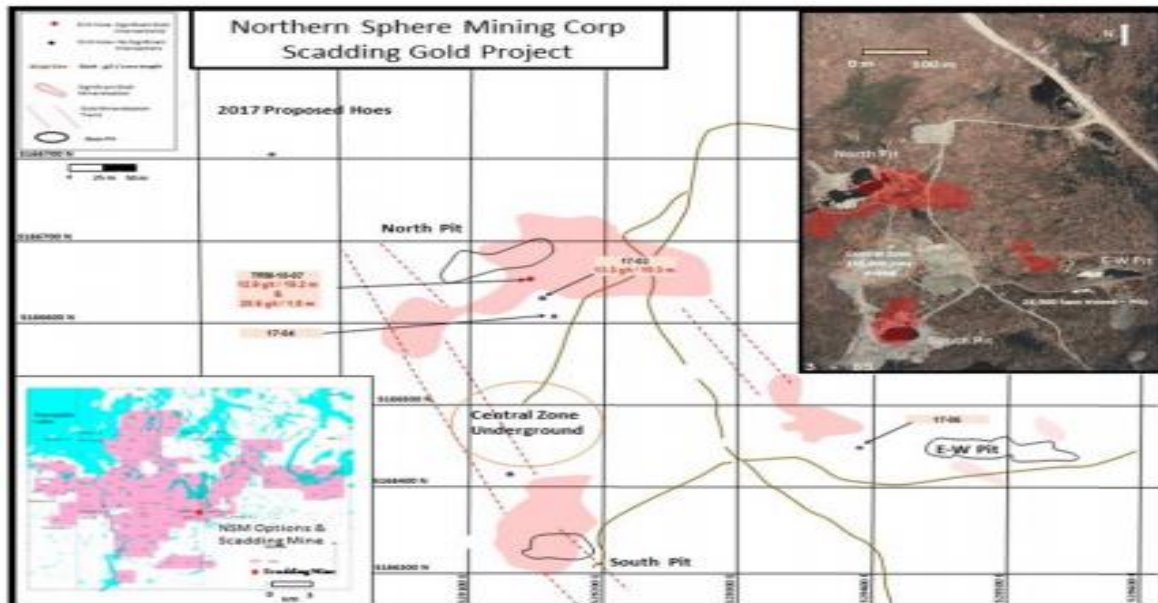
Sample ID	Ag g/t
NEWT A	261
NEWT B	291
NEWT C	496



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.



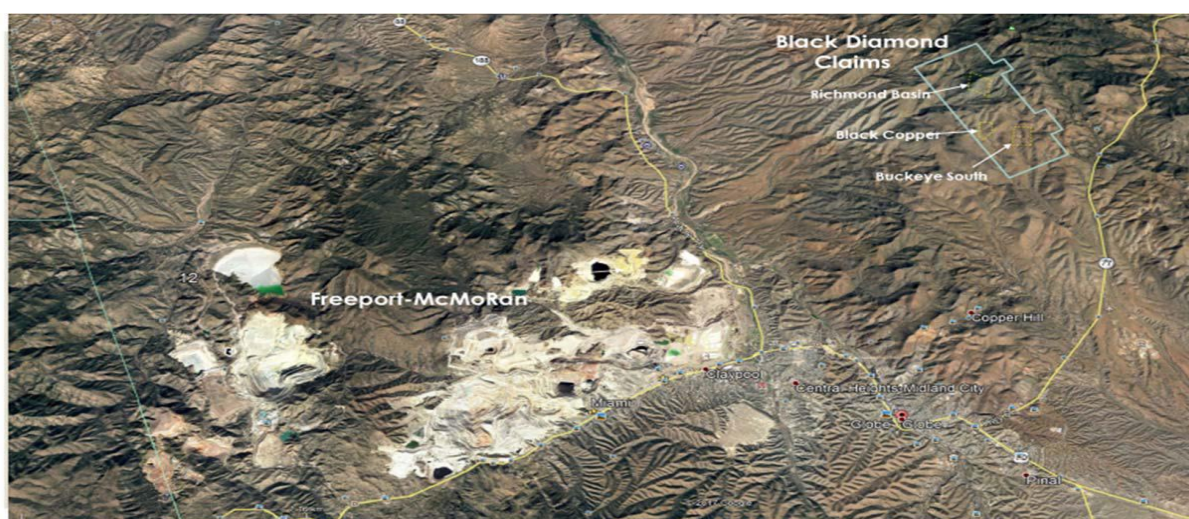
Upon receipt of the balance of the assays, the Company plans to interpret the data and proceed as soon as reasonably practicable with an additional 3,000 metre drill program.

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 December 31, 2018	Three months ended September 30, 2018	Three months ended June 30, 2018	Three months ended March 31, 2018
Revenue	\$ -	\$ -	\$ -	\$ -
Net income (loss) & comprehensive income (loss)	(146,925)	(196,339)	(205,251)	(77,064)
Earnings (loss) per share	(0.00)	(0.01)	(0.01)	(0.02)
Fully diluted earnings (loss) per share	(0.00)	(0.01)	(0.01)	(0.02)

	Three months ended December 31, 2017	Three months ended September 30, 2017	Three months ended June 30, 2017	Three months ended March 31, 2017
Revenue	\$ -	\$ -	\$ -	\$ -
Net income (loss) & comprehensive income (loss)	284,074	(46,526)	(51,956)	(49,236)
Earnings (loss) per share	0.09	(0.00)	(0.00)	(0.00)
Fully diluted earnings (loss) per share	0.07	(0.00)	(0.00)	(0.00)



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

Net loss and comprehensive loss for the year ended December 31, 2018, was \$(625,578) or (\$0.04) per common share, as compared to a net income and comprehensive income of \$136,356 or \$0.04 per common share for the year ended December 31, 2017, a decrease of \$761,934 in net income for the year.

#### **Operating expenses**

Administrative expenses decreased by \$32,378 from \$94,306 for the year ended December 31, 2017, to \$61,928 for the year ended December 31, 2018. The decrease in administrative expenses at the year-end 2018 is due to lower costs incurred in 2018 as compared to the year-end of 2017, consisting mainly of decreased corporate filings, decreased shareholder communications costs, decreased wages costs, and offset by increased office costs for new D&O corporate insurance secured in the year 2018.

Management and consulting fees expense increased by \$303,791 from \$151,659 for the year ended December 31, 2017, to \$455,450 for the year ended December 31, 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 potential new business sectors such as the cannabis industry, dealing corporate business matters and other business and regulatory matters for the December 31, 2018 year-end.

Professional fees increased by \$83,694 from \$52,759 for the year ended December 31, 2017, to \$136,453 for the year ended December 31, 2018 as a result of higher legal fees incurred in 2018 with respect to the Company's mining properties, preparation of legal agreements, corporate business matters, and compliance and regulatory matters for the December 31, 2018 year-end.

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

During the year ended December 31, 2018, the Company recorded a total loss on sale and termination of its mining properties of \$83,422 (December 31, 2017: \$nil). The loss on sale in the current year 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 the Arizona Black Diamond mining property to Northern Sphere Mining Corp., and an impairment of \$56,977 on the termination of the Berry Desboues and Hebecourt mining properties options agreements located in Quebec, Canada in the current year 2018.

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

The Company reported a gain on debt settlement of \$111,675 for the year ended December 31, 2018 (\$435,080 – December 31, 2017) with respect to the settlement of a certain debt with creditor at a discount to the fair-value of the debt. In the year 2017, there were a number of debt settlements totalling \$435,080 which occurred in the year 2017

## Summary of Quarterly Results (Continued)

### *Net income and comprehensive income for the three months ended December 31, 2018*

Net income and comprehensive income for the three months ended December 31, 2018, was \$146,925 or (\$0.00) per common share, as compared to a net income and comprehensive income of \$280,074 or (\$0.9) per common share) for the three months ended December 31, 2017.

#### Operating expenses

Administrative expenses decreased by \$38,309 from \$50,432 for the three months ended December 31, 2017, to \$12,123 for the three months ended December 31, 2018. The decrease in 2018 is due to lower office costs, corporate filings, shareholder communications and regulatory fees as compared to the fourth quarter of 2017.

Management fees expense increased by \$36,077 from \$55,873 for the quarter ended December 31, 2017, to \$91,950 for the quarter ended December 31, 2018. The increase is due to additional costs incurred to manage 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 the fourth quarter of 2018.

Professional fees decreased by \$2,119 from \$44,971 for the quarter ended December 31, 2017, to \$42,852 for the quarter ended December 31, 2018 reflecting decreased levels of professional legal activities 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 fourth quarter of 2018.

Share compensation expenses during the quarter ended December 31, 2018, was \$Nil, as no share compensation in the form stock options were issued in the current period. During the fourth quarter of ended December 31, 2017, share compensation expense was \$Nil recorded for the stock options issued in the prior year 2017.

#### Impairment of intangible assets

During the fourth quarter ended December 31, 2018, the Company incurred an impairment charge of \$Nil related to its intangible assets as no impairments of its mining properties were recorded in the current period.

The Company incurred an impairment of its intangible assets of \$Nil during the prior quarter ended December 31, 2017.

#### Gain on debt settlement

The Company reported a gain on debt settlement of \$Nil for the fourth quarter ended December 31, 2018 with respect to the settlement debt with creditors at a discount to the fair-value of the debt.

In the prior quarter ended December 31, 2017, the Company reported a gain on debt settlement of \$435,080 as it was able to settle debt with a number of creditors at a discount to the fair-value of the debt in 2017.

## Summary of Quarterly Results (Continued)

### Liquidity and Capital Resources

#### *Cash resources and liquidity*

As at December 31, 2018, the Company had cash equivalents of \$1,593,545 and had positive working capital of \$1,355,305, as compared to cash equivalents of \$2,634 and had negative working capital of \$(1,290,730) as at December 31, 2017. The cash equivalents 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 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 year ended December 31, 2018, the Company incurred key management compensation expenses in the amount of \$62,450 (December 31, 2017 - \$162,214). Key management comprises executive and non-executive directors and senior officers of the company.

During the year ended December 31, 2018, the Company incurred legal services provided by a Director in the amount of \$20,000 (December 31, 2017 - \$nil).

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

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

As at December 31, 2018, the Company's trade payable and accrued payable balances included \$25,625 (December 31, 2017 - \$619,254) 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 December 31, 2018, the Company had accrued \$418,749 for penalties, interest and shareholder indemnities relating to the unspent flow through amounts (December 31, 2017 – \$402,640) and recorded interest of \$16,106 (December 31, 2017 - \$32,211) during the year ended December 31, 2018. 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 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.

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

### ***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 year ended December 31, 2018, a total of \$15,838 (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.

## Summary of Quarterly Results (Continued)

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.

## **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 year ended December 31, 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*

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 but not yet effective*

#### 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 will have no impact on its consolidated financial statements.



## **Exploration Projects**

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

#### *North Zone*

#### ***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

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

#### *Scadding Property*

#### *North Zone*

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

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

#### *Scadding Property*

#### *North Zone*

<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 Wahnapiatae 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 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)
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



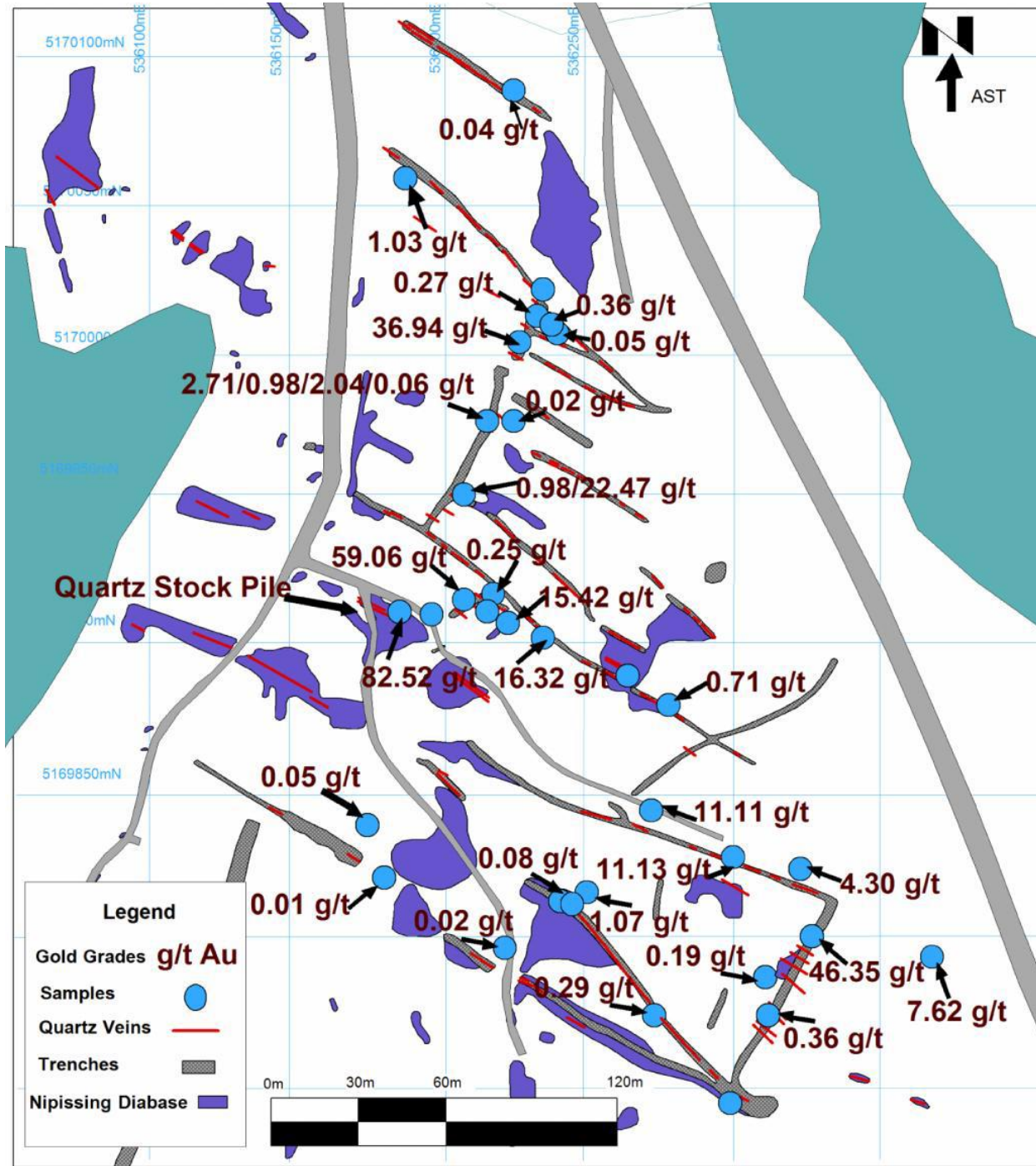
## Exploration Projects (Continued)

### *Tecumseh Property (Continued)*

Sample ID	Au (g/t)	Au (oz./t)
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 had 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:

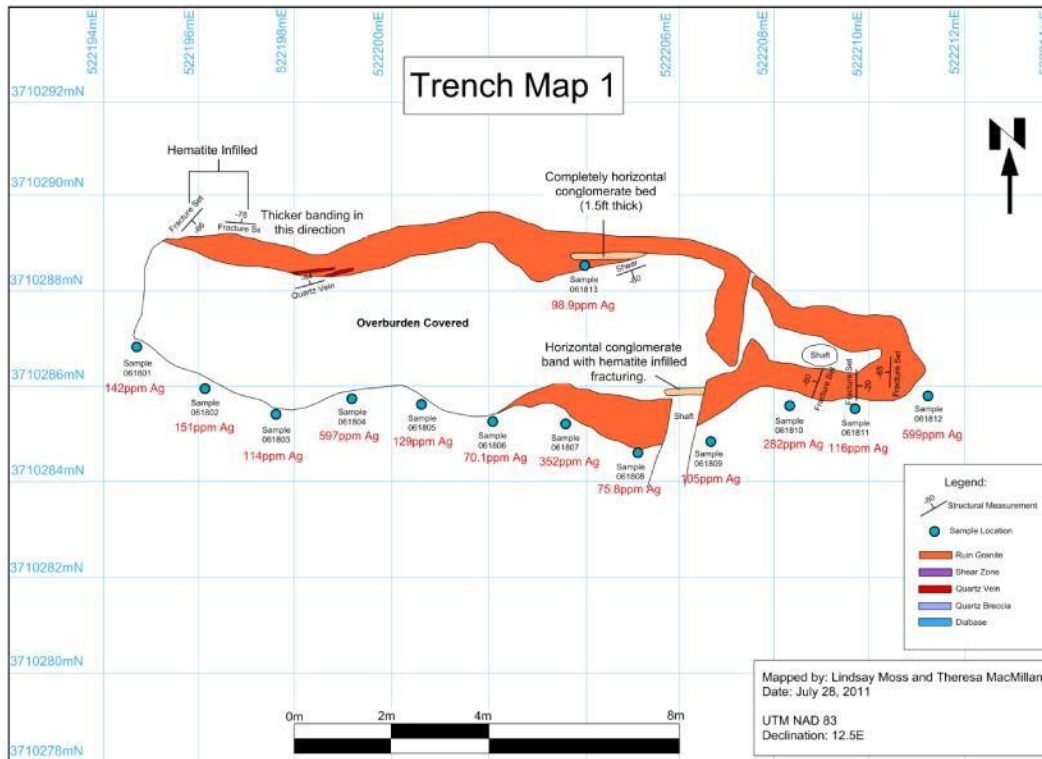
Trench	Length (ft. (m))	Ag ppm	Ag oz./t
1	55.0 (16.8)	227.7	7.3
2	50.0 (15.2)	181.2	5.8
3	60.0 (18.3)	323.9	10.4
4	30.0 (9.1)	119.0	3.8

## 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:

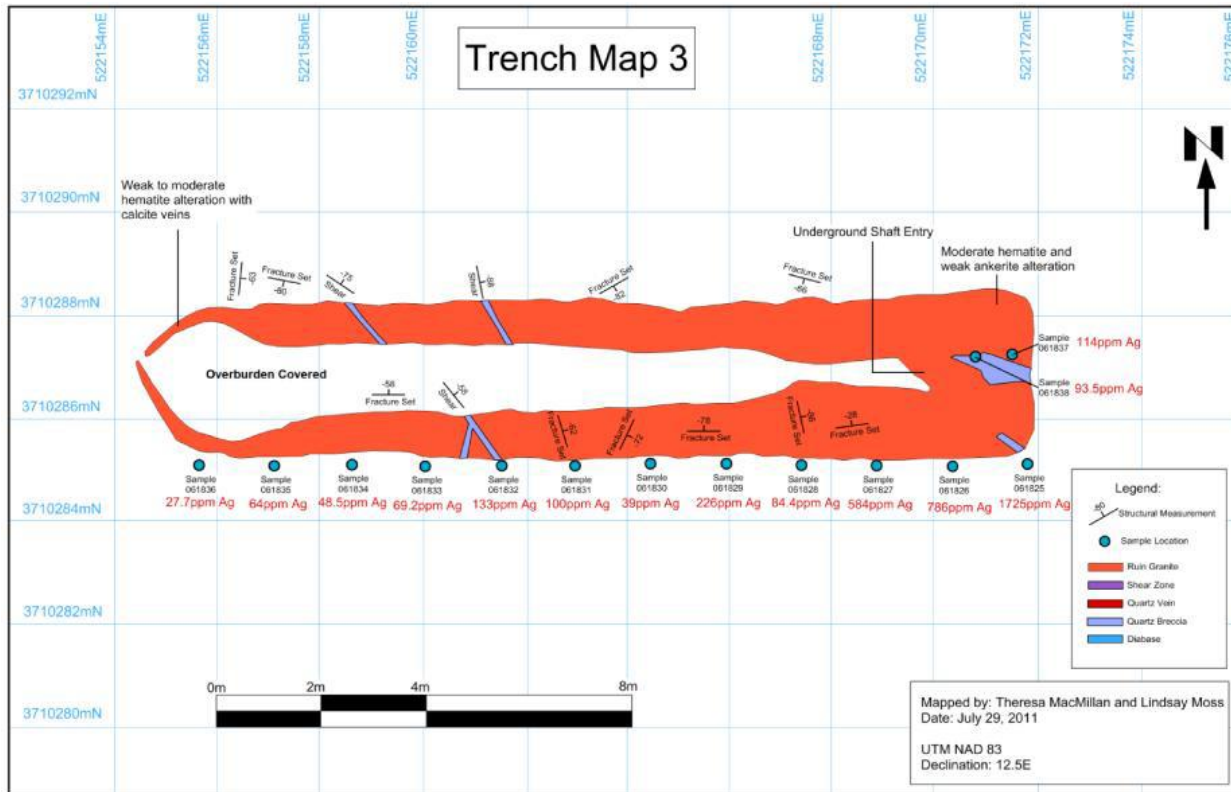
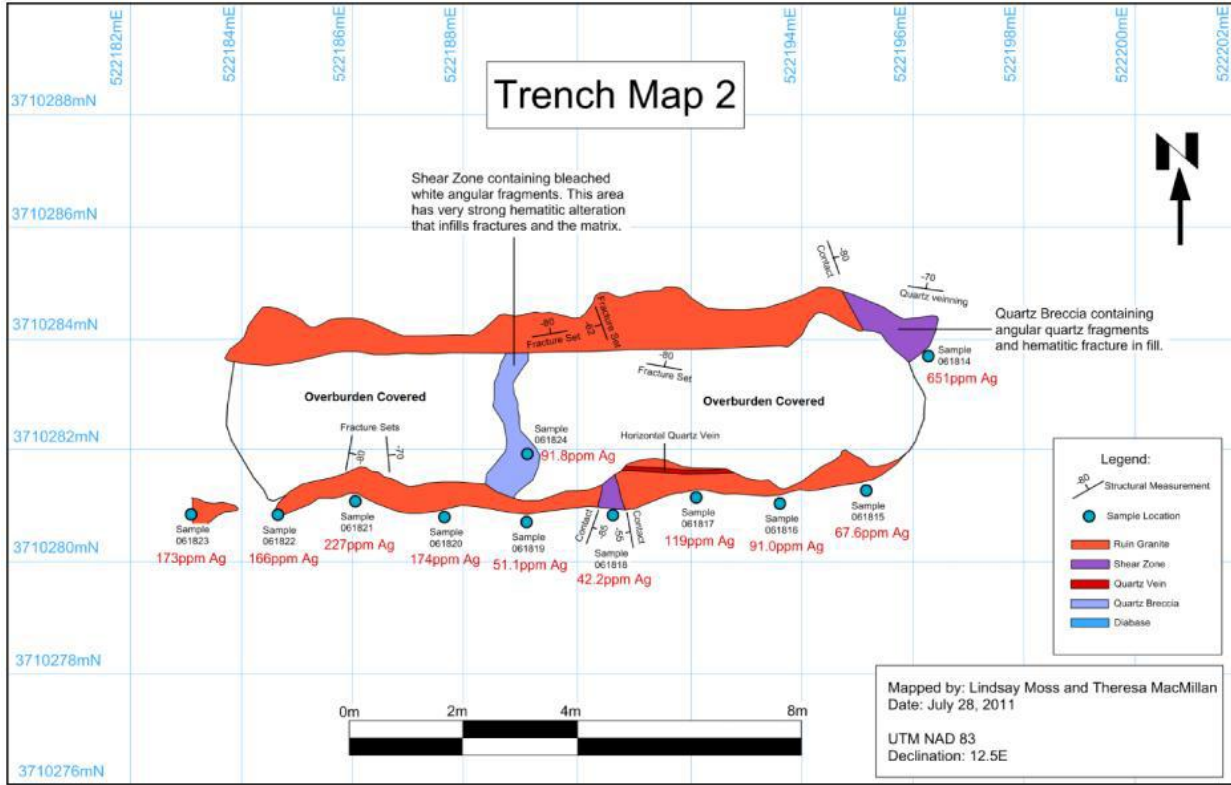
Trench	Highlight Intervals		
	Length (ft. (m))	Ag ppm	Ag oz./t
3	15 (4.6)	1031.7	33.2
1	20 (6.1)	287.0	9.2
2	20 (6.1)	232.2	7.5
1	25 (7.6)	226.6	7.3





# Exploration Projects (USA) (Continued)

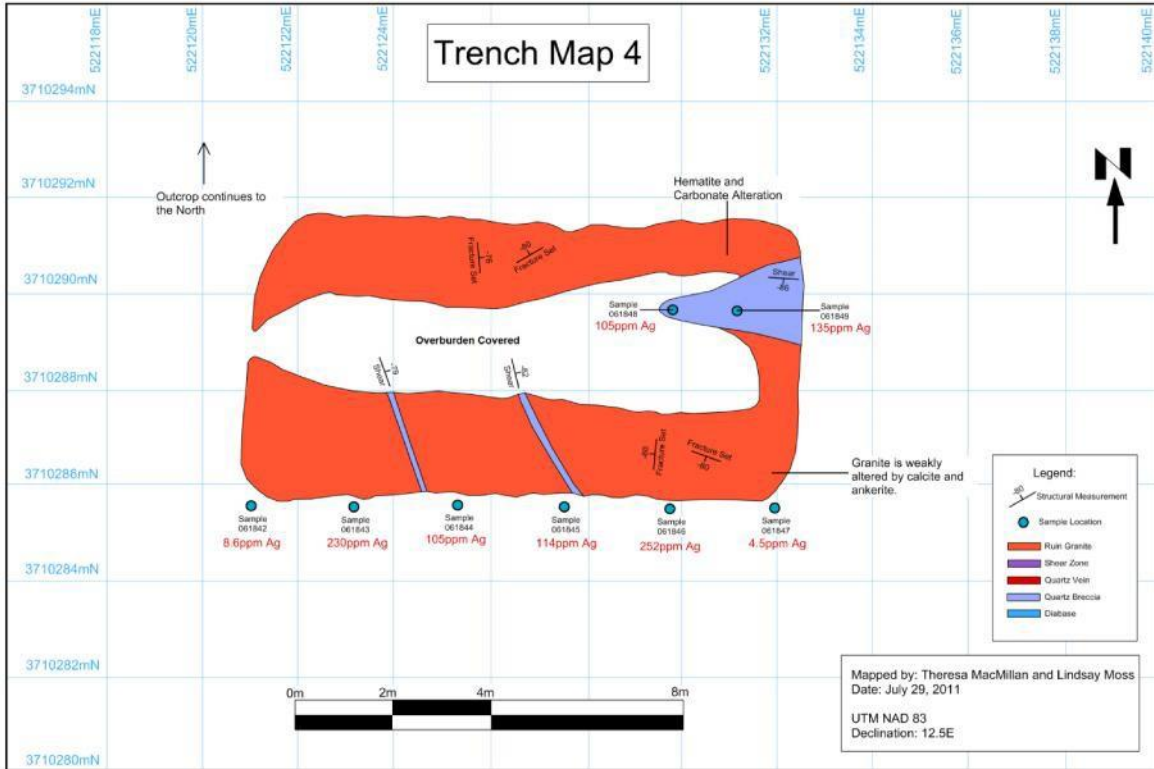
## Black Diamond Project, Gila County, Arizona (Continued)





## 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)

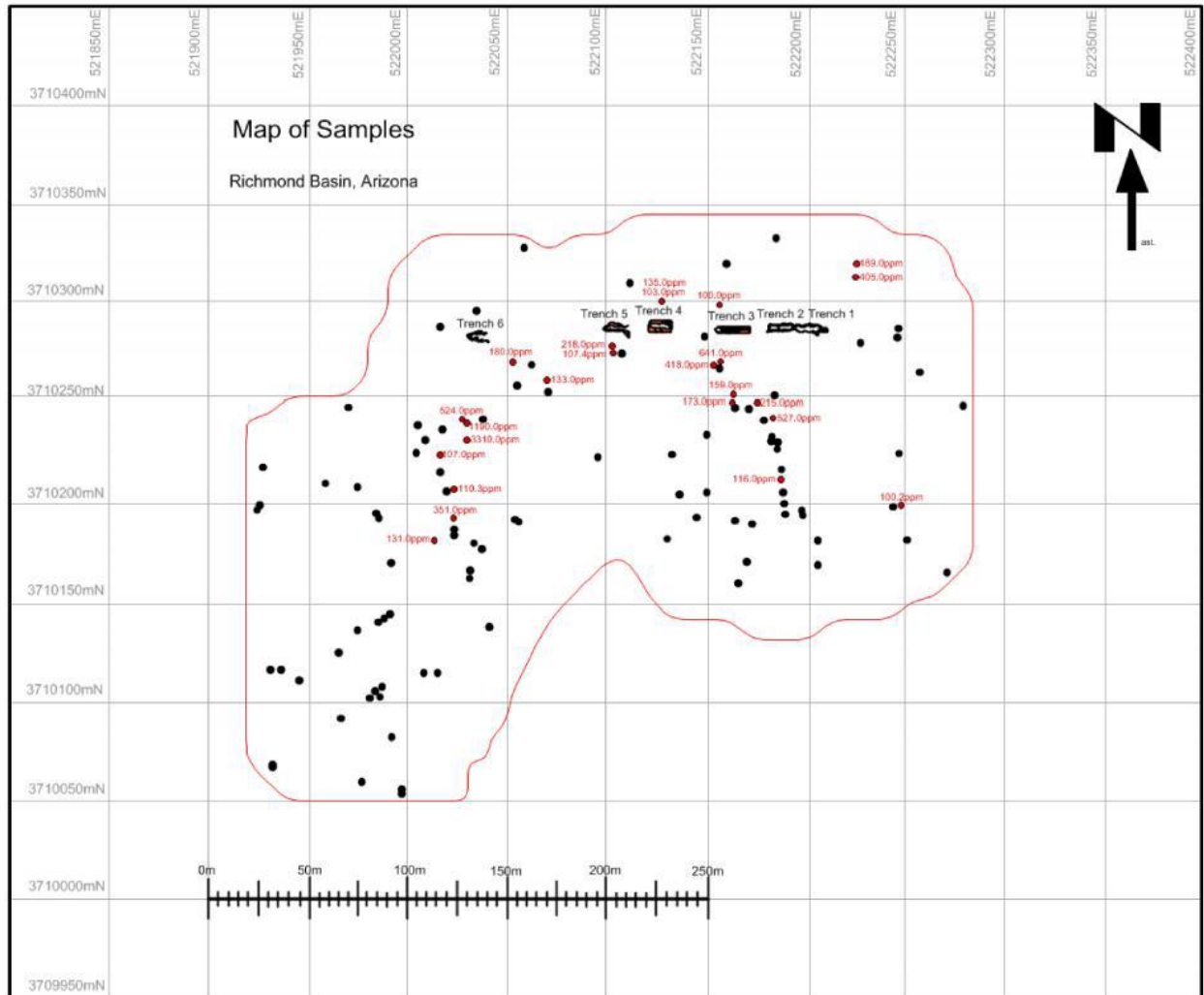
### *Black Diamond Project, Gila County, Arizona (Continued)*

Sample #	Ag ppm	Ag oz./t	Cu %	Pb %	Zn %
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)

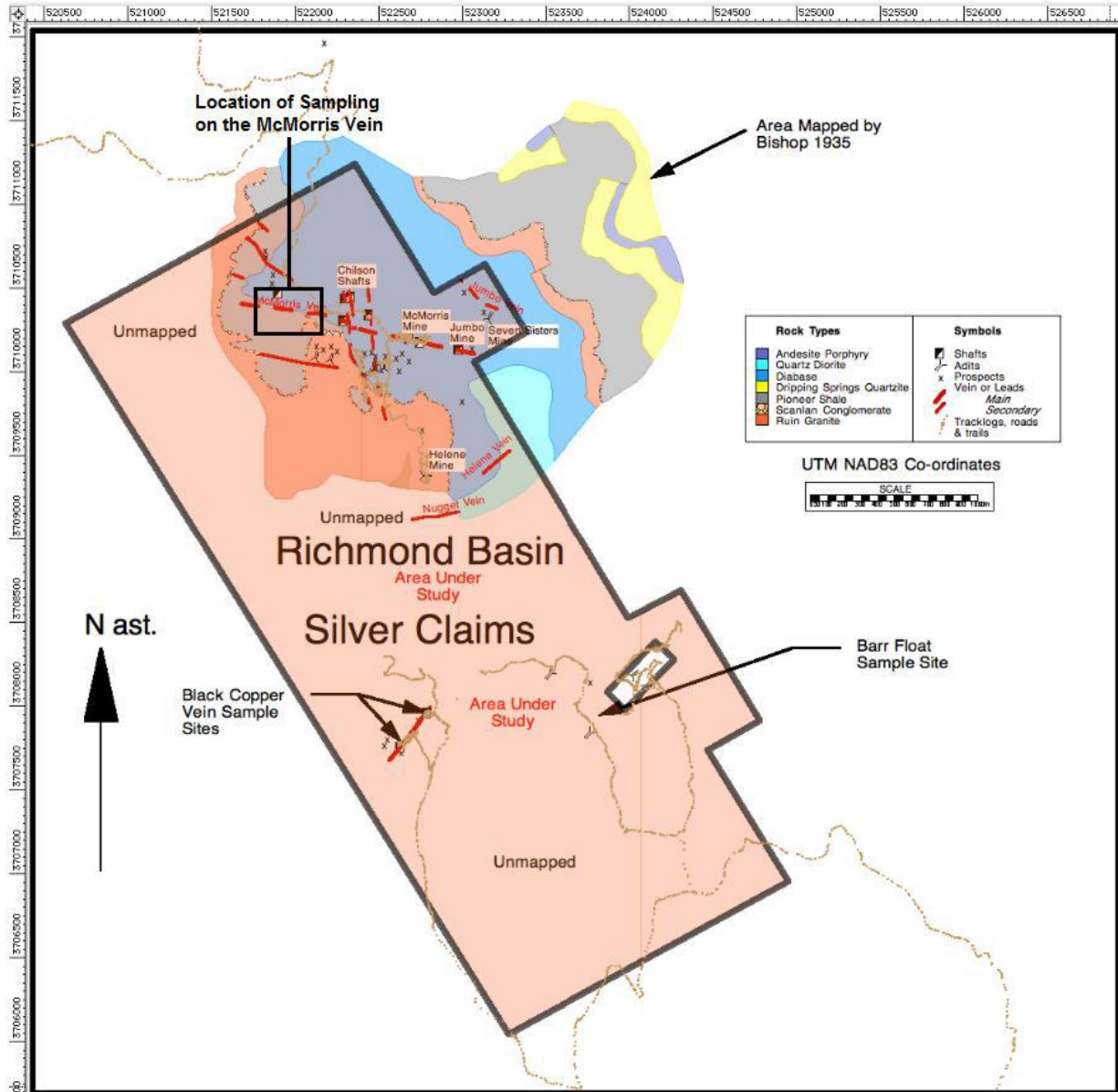
### *Black Diamond Project, Gila County Arizona (Continued)*

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	December 31, 2018		December 31, 2017	
		Number	Amount (\$)	Number	Amount (\$)
Beginning of year		3,330,953	8,861,507	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>3,330,953</b>	<b>8,861,507</b>

Warrants	Note	December 31, 2018		December 31, 2017	
		Number	Amount (\$)	Number	Amount (\$)
Beginning of year		-	-	500,000	10,875
Warrants issued	b	32,606,280	1,555,018	-	-
Finders' warrants issued	c	2,369,000	347,532	-	-
Warrants expired	d	-	-	(500,000)	(10,875)
Balance		<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, 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 year ended December 31, 2018, a total of Nil (2017: 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 as at December 31, 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 year ended December 31, 2018 and the year ended December 31, 2017:

	<b>December 31, <u>2018</u></b>	<b>December 31, <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 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.



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 December 31, 2018, the Company had current assets of \$1,653,636 (December 31, 2017 - \$3,479) and current liabilities of \$298,331 (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.

### ***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).



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

**For The Six Months Ended**

**June 30, 2019**

# **TRUECLAIM EXPLORATION INC.**

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

### **FOR THE SIX MONTHS ENDED JUNE 30, 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 six months ended June 30, 2019. It has been prepared as of August 29, 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 the six months ended June 30, 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 June 18, 2019, the Company announced that, further to its news release of March 15, 2019, Trueclaim has entered into a definitive agreement dated June 7, 2019 (the "Agreement") among Trueclaim, 1205619 B.C. Ltd. ("Subco") (a wholly owned subsidiary of Trueclaim incorporated for the purposes of completing the Transaction (as defined below) and New Wave Esports Corp. (formerly New Wave Holdings Corp.) ("New Wave Esports"), an esports and competitive gaming investment company, incorporated under the laws of British Columbia. Pursuant to the Agreement, Trueclaim has agreed to acquire all the shares of New Wave Esports (the "New Wave Esports Shares") by way of a three-cornered amalgamation (the "Transaction") between Trueclaim, New Wave Esports and Subco under the Business Corporations Act (British Columbia).

It is intended that in connection with the Transaction, Trueclaim will consolidate its common shares (the “Trueclaim Shares”) on a 1.5:1 basis (the “Consolidation”) and change its name to “New Wave Esports Corp.” or such other name as determined by the parties. Under the terms of the Transaction, the shareholders of New Wave Esports (the “New Wave Esports Shareholders”) will receive Trueclaim Shares in exchange for their New Wave Esports Shares on the basis of one post-Consolidation Trueclaim Share for each New Wave Esports Share. The Trueclaim Shares will be issued at a deemed post Consolidation price of \$0.15 per Trueclaim Share (the “Consideration Shares”) to the New Wave Esports Shareholders. All of the outstanding warrants to acquire New Wave Esports Shares (the “New Wave Esports Warrants”) will be exchanged for warrants of the Resulting Issuer (the “Resulting Issuer Warrants”) and the New Wave Esports Warrants will be subsequently cancelled. The Resulting Issuer Warrants will be on same terms and conditions as such original outstanding New Wave Esports Warrants.

Trueclaim is expected to delist the Trueclaim Shares from the TSX Venture Exchange (“TSXV”) and to list the common shares on the Canadian Securities Exchange (“CSE”) upon the completion of the Transaction. The closing of the Transaction is subject to a number of conditions and approvals, which include: the Transaction being completed by September 30, 2019; and the receipt of all applicable shareholder and regulatory approvals, including approval by the TSXV and CSE. There can be no assurance that the Transaction will be completed as proposed or at all. The Agreement provides for termination rights, including in the event the Transaction is not completed by September 30, 2019. The Transaction will be carried out by parties dealing at arm’s length to one another and therefore will not be considered to be a non-arm’s length transaction. Trading in the Trueclaim Shares will remain halted pending completion or termination of the Transaction. To the extent permitted by the CSE, Trueclaim will pay, to certain parties, an aggregated finder’s fee consisting of that number of Consideration Shares equivalent to 10% of the number of Consideration Shares issued to New Wave Esports Shareholders as part of completing the Transaction. Further details regarding New Wave Esports and the Transaction will be provided in a listing statement to be filed by Trueclaim in connection with the Transaction and which will be available under Trueclaim’s SEDAR profile at [www.sedar.com](http://www.sedar.com).

## **Press Release**

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.

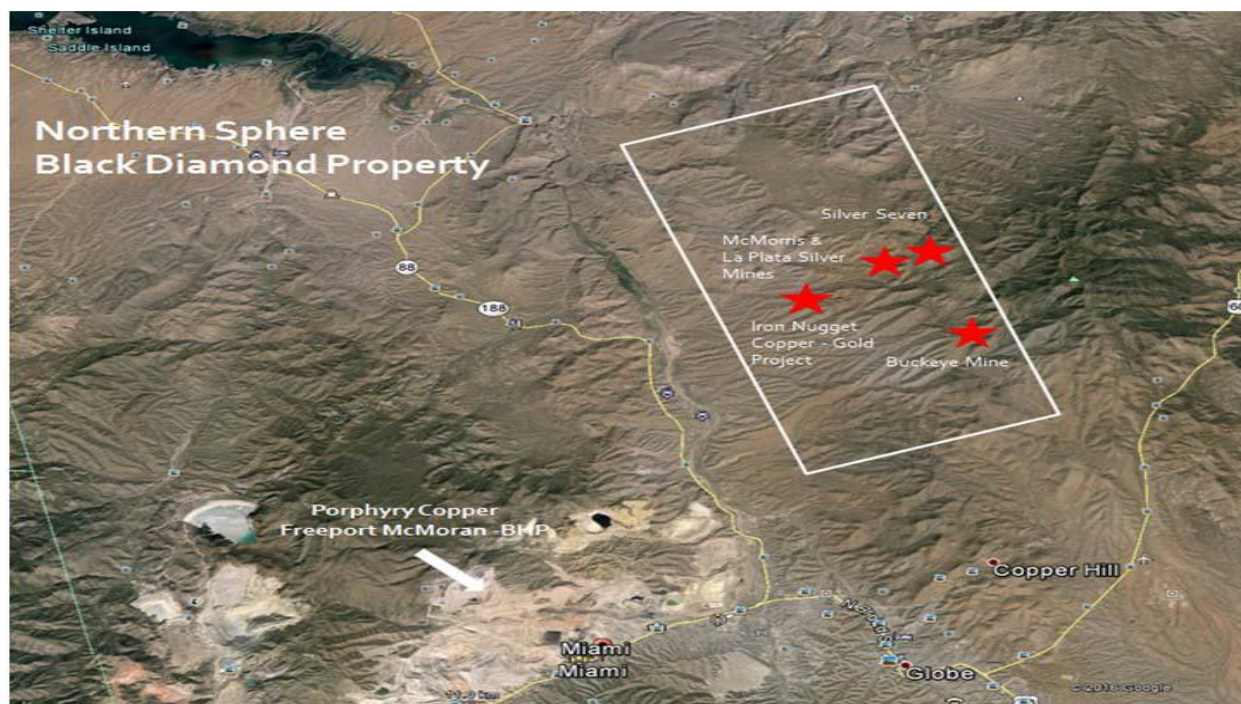
**July 26, 2017 - TRUECLAIM ANNOUNCES CORPORATE UPDATE ON ITS SCADDING GOLD PROJECT JOINT VENTURE WITH NORTHERN SPHERE MINING CORP.**

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.



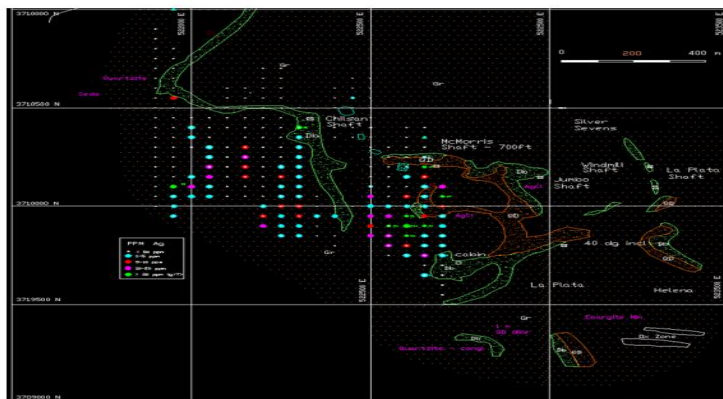
**Figure 2: Black Diamond Property - Satellite View**



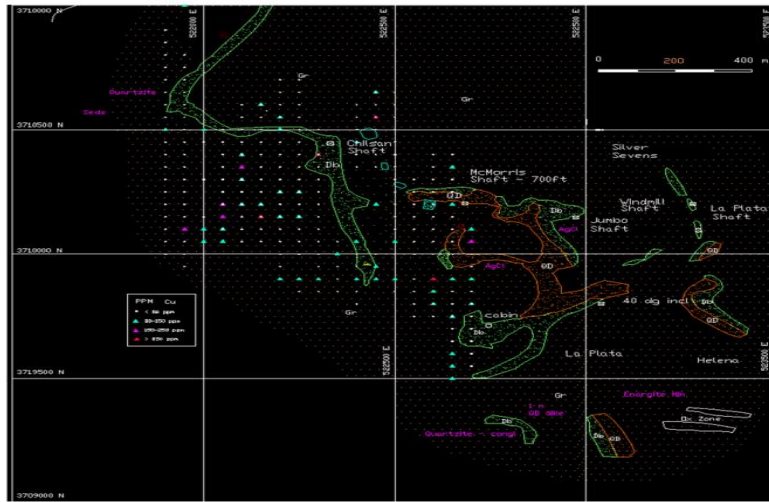
Preliminary results from the first 250 geochemical samples analyzed are extremely encouraging. The strategic soil survey, which began near the historic McMORRIS and La Plata Silver Mines, demonstrated anomalous copper, zinc, and nickel values along with significantly anomalous (up to 344 g/t) silver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

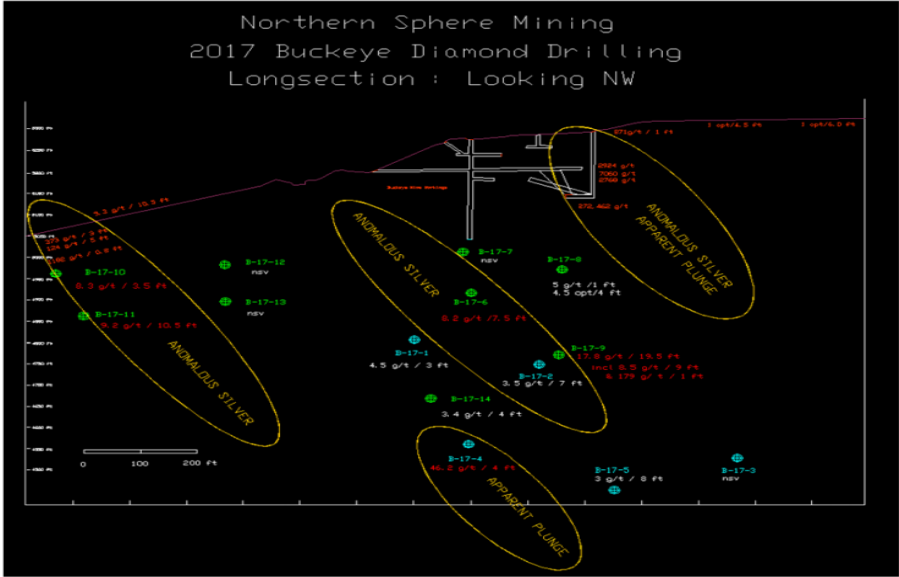
Thirteen of the fourteen holes drilled intercepted the perceived host structure up to 250 metres below the underground workings for a strike length of 400 metres. The width of the structure, and its corresponding alteration, varied between two and six metres. Of the 14 holes drilled, 10 of such holes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

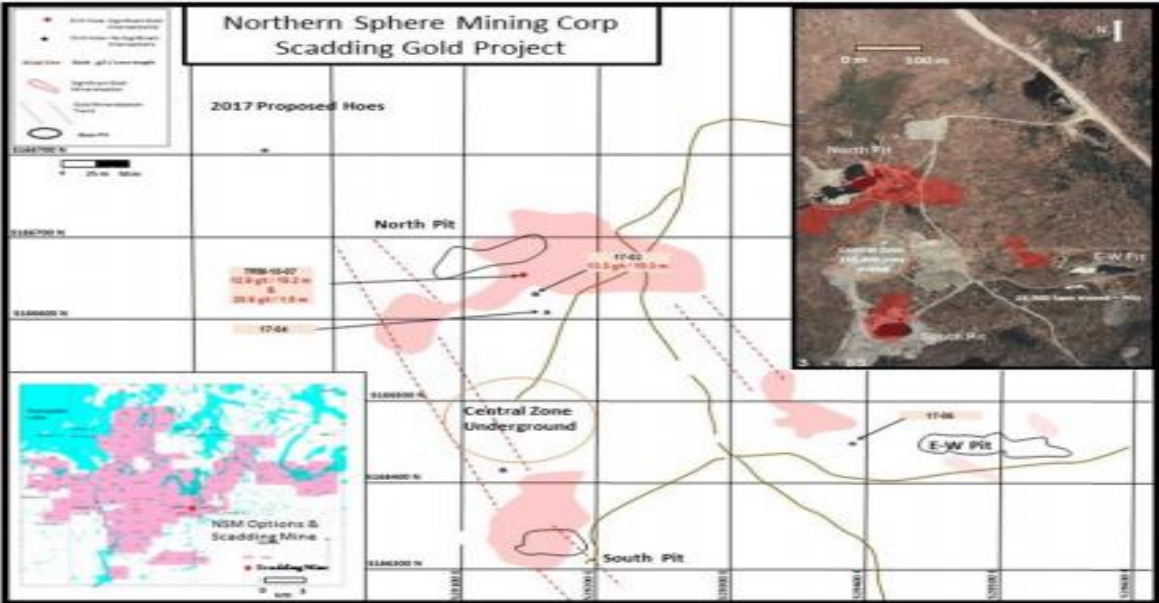
**Table 2: Newton Claim Float Samples**

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**



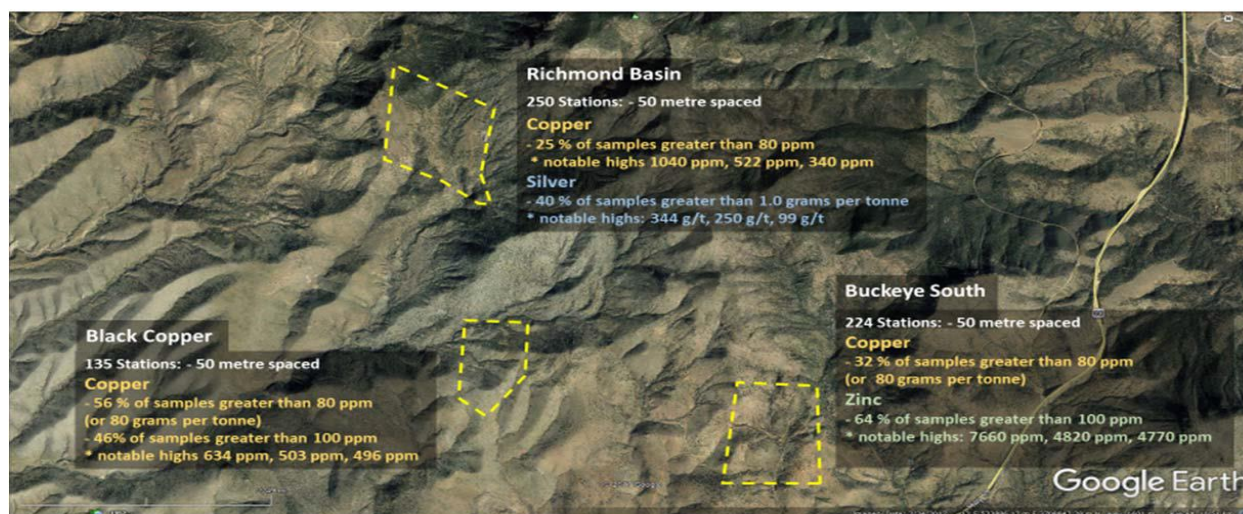
Northern Sphere has undertaken an intensive Geochemical Survey over its 3,800-acre Black Diamond Property, located 12 km (8 miles) north-east of Freeport McMoRan’s Open Pit Copper Operations. The Geochemical Survey recovered systematic soil samples on a 50-metre spaced grid. Each sample was submitted 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 June 30, 2019	Three months ended March 31, 2019	Three months ended December 31, 2018	Three months ended September 30, 2018
Revenue	\$ -	\$ -	\$ -	\$ -
Net income (loss) & comprehensive income (loss)	(111,462)	(45,934)	(146,925)	(196,339)
Earnings (loss) per share	(0.01)	(0.00)	(0.00)	(0.01)
Fully diluted earnings (loss) per share	(0.01)	(0.00)	(0.00)	(0.01)

	Three months ended June 30, 2018	Three months ended March 31, 2018	Three months ended December 31, 2017	Three months ended September 30, 2017
Revenue	\$ -	\$ -	\$ -	\$ -
Net income (loss) & comprehensive income (loss)	(205,251)	(77,064)	284,074	(46,526)
Earnings (loss) per share	(0.01)	(0.02)	0.09	(0.00)
Fully diluted earnings (loss) per share	(0.01)	(0.02)	0.07	(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 six months ended June, 2019***

Net income (loss) and comprehensive income (loss) for the six months ended June 30, 2019, was \$(157,396) or \$(0.01) per common share, as compared to a net income (loss) and comprehensive income (loss) of \$(282,315) or \$(0.02) per common share for the six months ended June 30, 2018.

#### **Operating expenses**

Administrative expenses increased by \$3,555 from \$26,311 for the six months ended June 30, 2018, to \$29,866 for the six months ended June 30, 2019. The increase in 2019 is due to higher office costs, corporate filings, shareholder communications and TSXV regulatory fees as compared to the six months ended June 30, 2018 as there was increased business activity in 2019 compared to 2018.

Management and consulting fees expense decreased by \$191,050 from \$281,000 for the six months ended June 30, 2018, to \$89,950 for the six months ended June 30, 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 2018, 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 \$49,099 from \$86,679 for the six months ended June 30, 2018, to \$37,580 for the six months ended June 30, 2019. Again, this reflects the decreased levels of professional legal activities in first six months 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 six months of 2018.

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

During the first six months ended June 30, 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 six months ended June 30, 2019.

The Company incurred an impairment of its intangible assets of \$Nil during the prior six months ended June 30, 2018.

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

The Company reported a gain on debt settlement of \$Nil for the first six months ended June 30, 2019 with respect to the settlement debt with creditors at a discount to the fair-value of the debt.

In the prior six months ended June 30, 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 six months ended June 30, 2019, the Company reported a net income (loss) of \$(157,396) and a net income (loss) per share of \$(0.01). In the prior six months ended June 30, 2018, the Company reported a net income (loss) of \$(282,315) and a net income (loss) per share of \$(0.02).

### ***Net income (loss) and comprehensive income (loss) for the three months ended June, 2019***

Net income (loss) and comprehensive income (loss) for the three months ended June 30, 2019, was \$(111,462) or \$(0.01) per common share, as compared to a net income (loss) and comprehensive income (loss) of \$(205,251) or \$(0.02) per common share for the three months ended June 30, 2018.

#### **Operating expenses**

Administrative expenses increased by \$6,343 from \$11,589 for the three months ended June 30, 2018, to \$17,932 for the three months ended June 30, 2019. The increase in 2019 is due to higher office costs, corporate filings, and TSXV regulatory fees as compared to the three months ended June 30, 2018 as there was increased business activity in this quarter in 2019 compared to 2018.

Management and consulting fees expense decreased by \$93,600 from \$154,000 for the three months ended June 30, 2018, to \$60,400 for the three months ended June 30, 2019. The decrease is due to decreased business activities and a lower level of assets and no mining properties in this quarter 2019, as compared to 2018. In the prior quarter of 2018, 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, and dealing corporate business matters to carry on the Company's operations in 2018.

Professional fees decreased by \$6,532 from \$39,662 for the six months ended June 30, 2018, to \$33,130 for the three months ended June 30, 2019. Again, this reflects the decreased levels of professional and legal activities in this 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 second quarter of the year 2018.

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

During the three months ended June 30, 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 three months ended June 30, 2019.

The Company incurred an impairment of its intangible assets of \$Nil during the prior three months ended June 30, 2018.

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

The Company reported a gain on debt settlement of \$Nil for the three months ended June 30, 2019.

In the prior three months ended June 30, 2018, the Company reported a gain on debt settlement of \$Nil related to the settlement of debt with creditors at a discount to the fair-value of the debt in 2018.

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

For the three months ended June 30, 2019, the Company reported a net income (loss) of \$(111,462) and a net income (loss) per share of \$(0.01). In the prior three months ended June 30, 2018, the Company reported a net income (loss) of \$(205,251) and a net income (loss) per share of \$(0.01).

## **Liquidity and Capital Resources**

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

As at June 30, 2019, the Company had cash of \$1,465,993 and had positive working capital of \$1,197,909 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, and no mineral properties commitments any longer as at June 30, 2019. The further advancement of the Company's business and ability to pay its 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 six months ended June 30, 2019, the Company incurred key management compensation expenses in the amount of \$89,950 (June 30, 2019 - \$38,000). Key management comprises executive and non-executive directors and senior officers of the Company.

During the six months ended June 30, 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 June 30, 2019, the Company's trade payable and accrued payable balances included \$10,170 (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 June 30, 2019, the Company had accrued \$426,779 for penalties, interest and shareholder indemnities relating to the unspent flow through amounts (December 31, 2018 – \$418,749), and recorded interest of \$8,046 during the six months ended June 30, 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 six months ended June 30, 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 six months ended June 30, 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	June 30, 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	June 30, 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 Warrants:</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 June 30, 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 June 30, 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 six months ended June 30, 2019 and the year ended December 31, 2018:

	<b>June 30, <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 June 30, 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 June 30, 2019, the Company had current assets of \$1,481,645 (December 31, 2018 - \$1,653,636) and current liabilities of \$283,736 (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).

**SCHEDULE “C” – NEW WAVE ESPORTS FINANCIAL STATEMENTS**

[Please see attached]



**New Wave Esports Corp.**  
**(Formerly New Wave Holdings Corp.)**  
**Consolidated Financial Statements**  
**For the period from April 17, 2018 (inception) to**  
**March 31, 2019**  
**(Expressed in Canadian Dollars)**

## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of

New Wave Esports Corp. (formerly New Wave Holdings Corp.)

### Opinion

We have audited the consolidated financial statements of New Wave Esports Corp. (formerly New Wave Holdings Corp.) and its subsidiary (the "Company"), which comprise the consolidated statement of financial position as at March 31, 2019, and the consolidated statements of comprehensive loss, changes in shareholders' equity and cash flows for the period from inception on April 17, 2018 to March 31, 2019, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at March 31, 2019, and its consolidated financial performance and its consolidated cash flows for the period then ended in accordance with International Financial Reporting Standards ("IFRS").

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company incurred a net loss of \$618,520 during the period from inception on April 17, 2018 to March 31, 2019 and generates negative cash flows from operating activities. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

## Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Vancouver, Canada

July 16, 2019

*"Morgan & Company LLP"*

Chartered Professional Accountants

**New Wave Esports Corp.**  
**(Formerly New Wave Holdings Corp.)**  
Consolidated Statement of Financial Position  
(Expressed in Canadian dollars)

As at	Note	March 31, 2019
		\$
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash		263,443
Prepaid expenses		15,125
<b>TOTAL CURRENT ASSETS</b>		<b>278,568</b>
<b>Non-Current Assets</b>		
Equipment		4,451
Investments	5	946,847
<b>TOTAL ASSETS</b>		<b>1,229,866</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities		203,757
Share subscription proceeds to be returned		10,010
Deferred revenue		43,370
<b>TOTAL LIABILITIES</b>		<b>257,137</b>
<b>Shareholders' equity</b>		
Share capital	6	1,524,687
Reserves		66,562
Deficit		(618,520)
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>972,729</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>1,229,866</b>

Subsequent events (Note 10)

**Approved on behalf of the Board of Directors:**

\_\_\_\_\_  
*"Jeff Stevens"*  
Director

\_\_\_\_\_  
*"Tiffany Lee"*  
Director

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

**New Wave Esports Corp.**  
**(Formerly New Wave Holdings Corp.)**  
Consolidated Statement of Comprehensive Loss  
(Expressed in Canadian dollars)

	Note	Period from inception on April 17, 2018 to March 31, 2019
		\$
<b>REVENUE</b>		<b>2,648</b>
<b>EXPENSES</b>		
Consulting		312,288
Foreign Exchange		650
Investor Relations and Marketing		118,650
Office		8,854
Professional		82,906
Transaction Costs	4	20,000
Travel		14,603
Wages	7	63,217
		<b>621,168</b>
<b>Net loss and comprehensive loss for the period</b>		<b>(618,520)</b>
<b>Basic and diluted loss per share</b>		<b>(0.12)</b>
<b>Weighted average number of common shares outstanding</b>		
<b>-basic and diluted</b>		<b>5,012,709</b>

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

**New Wave Esports Corp.****(Formerly New Wave Holdings Corp.)**

Consolidated Statement of Changes in Shareholders' Equity

For the period from inception on April 17, 2018 to March 31, 2019

(Expressed in Canadian Dollars)

	Share Capital				TOTAL
	Number of shares	Share capital	Reserves	Deficit	
		\$	\$	\$	\$
Balance as at April 17, 2018 (inception)	-	-	-	-	-
Private placements	25,755,000	1,506,750	-	-	1,508,750
Finder's fees paid in cash	-	(42,600)	-	-	(42,600)
Broker warrants	-	(16,463)	16,463	-	-
Shares issued for acquisition of Thunderbolt Creative Digital Gaming Inc. (Note 4)	4,000,000	20,000	-	-	20,000
Shares issued for services	570,000	57,000	-	-	55,000
Warrants issued for services	-	-	50,099	-	50,099
Net loss for the period	-	-	-	(618,520)	(618,520)
<b>Balance as at March 31, 2019</b>	<b>30,325,000</b>	<b>1,524,687</b>	<b>66,562</b>	<b>(618,520)</b>	<b>972,729</b>

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

**New Wave Esports Corp.**  
**(Formerly New Wave Holdings Corp.)**  
Consolidated Statement of Cash Flows  
(Expressed in Canadian Dollars)

	Period from inception on April 17, 2018 to March 31, 2019
	\$
<b>Operating activities</b>	
Net loss for the period	(618,520)
Adjustment for non-cash items	
Transaction costs	20,000
Shares issued for services	57,000
Warrants issued for services	50,099
Equity compensation received	(46,018)
Changes in non-cash operating working capital items:	
Accounts payable and accrued liabilities	203,757
Deferred revenue	43,370
Prepaid expenses	(15,125)
<b>Net cash used in operating activities</b>	<b>(305,437)</b>
<b>Investing activities</b>	
Purchase of equipment	(4,451)
Investments at fair value	(900,829)
<b>Net cash used in investing activities</b>	<b>(905,280)</b>
<b>Financing activities</b>	
Share subscription proceeds to be returned	10,010
Private placement proceeds	1,506,750
Finders' fees paid with cash	(42,600)
<b>Net cash provided by financing activities</b>	<b>1,474,160</b>
<b>Change in cash during the period</b>	<b>263,443</b>
<b>Cash, beginning of period</b>	<b>-</b>
<b>Cash, end of period</b>	<b>263,443</b>
<b>Supplemental cash flow information:</b>	
Shares issued for acquisition of subsidiary	20,000

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

**New Wave Esports Corp.**  
**(Formerly New Wave Holdings Corp.)**  
Notes to the Consolidated Financial Statements  
Period from inception on April 17, 2018 to March 31, 2019  
(Expressed in Canadian Dollars)

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## **1. NATURE AND CONTINUANCE OF OPERATIONS**

New Wave Holdings Corp. (“the Company”) was incorporated under the Business Corporation Act of British Columbia on April 17, 2018. On July 7, 2019, the Company changed its name to New Wave Esports Corp. The Company’s objective is to generate income and achieve long term capital appreciation through commercial gaming activities, investing and advising esports companies in business growth, market penetration, and product expansion. The head office, principal address and records office of the Company are located at is 400 – 725 Granville Street, Vancouver, BC, V7Y 1G5, Canada.

On March 8, 2019, the Company entered into a binding letter of intent (“LOI”) with Trueclaim Exploration Inc. (“TRM”), an arm’s length public company, listed on the TSX Venture Stock Exchange, for TRM to acquire 100% interest in the Company via business combination transaction that would constitute a reverse take-over of TRM. The LOI transaction constitutes a reverse-take over TRM and contemplates the de-listing of the common shares of TRM from the TSX Venture Stock Exchange and intended listing of the resulting issuer on the Canadian Securities Exchange.

These consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. As at March 31, 2019, the Company is not able to finance day to day activities through operations and has incurred a loss of \$618,520 for the period from incorporation on April 17, 2018 to March 31, 2019. The continuing operations of the Company are dependent upon its ability to attain profitable operations and generate funds there from. This indicates the existence of a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern. Management intends to finance operating costs with equity financings, loans from directors and companies controlled by directors and or private placement of common shares. If the Company is unable to continue as a going concern, the net realizable value of its assets may be materially less than the amounts on its statement of financial position.

## **2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION**

### **Statement of compliance**

These consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). The principal accounting policies applied in the preparation of these financial statements are set out below.

These consolidated financial statements were reviewed and authorized for issue by the Board of Directors on July 16, 2019.

### **Basis of preparation**

The financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable, by the measurement at fair value of selected financial assets and financial liabilities. The financial statements are presented in Canadian dollars unless otherwise noted.



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### 3. SIGNIFICANT ACCOUNTING POLICIES

#### **Basis of consolidation**

These consolidated financial statements include the accounts of the Company and its subsidiary. The results of the subsidiary will continue to be included in the consolidated financial statements of the Company until the date that the Company's control over the subsidiary ceases. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated on consolidation.

Entity	Incorporation	Status	Functional Currency
Thunderbolt Creative Digital Gaming Inc.	California, USA	Active	US Dollar

#### **Significant estimates and assumptions**

The preparation of the consolidated financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates and assumptions where there is significant risk of material adjustments to the statement of financial position in future accounting periods include the recoverability and measurement of deferred tax assets, impairment of financial assets, and valuation of share-based payments. See Notes 9, 5, and 6 for assumptions/models used for these areas, respectively.

#### **Significant judgments**

The preparation of the consolidated financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial statements include the assessment of the Company's ability to continue as a going concern, assessment of acquisition as business combination or asset acquisition, impairment of non-financial assets and whether there are events or conditions that may give rise to significant uncertainty.

#### **Cash**

Cash is comprised of cash deposits in the bank and highly liquid investments with original maturities of three months or less that is readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

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**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Equipment**

Equipment is stated at cost less accumulated depreciation. The cost of an item of equipment consists of the purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for its intended use. Equipment is depreciated over the estimated useful lives of the respective assets at the following rates:

Equipment	straight-line over 5 years
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Useful lives and methods of depreciation are reviewed at each reporting period, and adjusted prospectively if appropriate. An impairment review is performed, either individually or at the cash-generating unit level, when there are indicators that the carrying amount of the asset may exceed its recoverable amount. To the extent that this occurs, the asset is written down to its estimated net realizable value.

**Loss per share**

Basic loss per share is calculated by dividing the loss attributable to common shareholders by the weighted average number of common shares outstanding in the period. The loss attributable to common shareholders equals the reported loss attributable to owners of the Company. Diluted loss per share is calculated using the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period.

**Impairment of Non-Financial Assets**

The Company performs impairment tests on its long-lived assets, including intangible assets, when new events or circumstances occur, or when new information becomes available relating to their recoverability. When the recoverable amount of each separately identifiable asset or cash generating unit (“CGU”) is less than its carrying value, the asset or CGU’s assets are written down to their recoverable amount with the impairment loss charged against profit or loss. A reversal of the impairment loss in a subsequent period will be charged against profit or loss if there is a significant reversal of the circumstances that caused the original impairment. The impairment will be reversed up to the amount of depreciated carrying value that would have otherwise occurred if the impairment loss had not occurred. The CGU’s recoverable amount is evaluated using fair value less costs to sell calculations. In calculating the recoverable amount, the Company utilizes discounted cash flow techniques to determine fair value when it is not possible to determine fair value from active markets or a written offer to purchase. Management calculates the discounted cash flows based upon its best estimate of a number of economic, operating, engineering, environmental, political and social assumptions. Any changes in the assumptions due to changing circumstances may affect the calculation of the recoverable amount.

**Foreign currency translation**

The functional currency of each entity is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Canadian dollars which is the parent company’s functional and presentational currency. The functional currency of Thunderbolt Creative Digital Gaming Inc. is the US dollar.

### **3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **Foreign currency translation (continued)**

##### Transactions and balances:

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in profit or loss in the statement of comprehensive loss in the period in which they arise, except where deferred in equity as a qualifying cash flow or net investment hedge. Exchange differences arising on the translation of non-monetary items are recognized in other comprehensive income in the statement of comprehensive loss to the extent that gains and losses arising on those non-monetary items are also recognized in other comprehensive loss. Where the non-monetary gain or loss is recognized in profit or loss, the exchange component is also recognized in profit or loss.

##### Foreign operations:

The financial results and position of foreign operations whose functional currency is different from the Company's presentation currency are translated as follows:

- assets and liabilities are translated at period-end exchange rates prevailing at that reporting date; and
- income and expenses are translated at average exchange rates for the period.

Exchange differences arising on translation of foreign operations are recorded to the Company's foreign currency translation reserve. These differences are recognized in the profit or loss in the period in which the operation is disposed of.

#### **Revenue Recognition**

The Company recognizes revenue in accordance with IFRS 15 – Revenue from contracts with customers. This standard contains a single model with two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized.

The Company recognizes revenue when a contractual arrangement is in place, the fee is fixed and determinable, the services have been provided or the products have been delivered to the customer, and collectability is reasonably assured.

Payments received in advance are recorded as deferred revenue and brought into revenue as earned.

#### **Income taxes**

##### Current income tax:

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

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**3. SIGNIFICANT ACCOUNTING POLICIES** (continued)

**Income taxes** (continued)

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax:

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

**Share capital**

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares and share purchase warrants are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares, warrants or options are recognized as a deduction from equity, net of tax.

*Valuation of equity units issued in private placements*

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component.

The fair value of common shares issued in private placements was determined to be the more easily measurable component and are valued at their fair value, as determined by the closing quoted bid price on the announcement date. The balance, if any, is allocated to attached warrants. Any fair value attributed to warrants is recorded to warrants reserves.

**Financial Instruments**

The Company adopted IFRS 9 Financial Instruments at incorporation on April 17, 2018. IFRS 9 addresses classification and measurement of financial assets. It replaces the multiple category and measurement models in IAS 39 Financial Instruments: Recognition and Measurement for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit or loss. Requirements for financial liabilities are largely carried forward from the previous requirements in IAS 39 except that fair value changes due to credit risk for liabilities designated at fair value through profit or loss are generally recorded in other comprehensive income.

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**3. SIGNIFICANT ACCOUNTING POLICIES** (continued)

**Financial instruments** (continued)

Following is the new accounting policy for financial instruments under IFRS 9:

Financial assets

(a) Recognition and measurement of financial assets

The Company recognizes a financial asset when it becomes a party to the contractual provisions of the instrument.

(b) Classification of financial assets

The Company classifies financial assets at initial recognition as financial assets: measured at amortized cost, measured at fair value through other comprehensive income (“FVTOCI”) or measured at fair value through profit or loss (“FVTPL”).

(i) Financial assets measured at amortized cost

A financial asset that meets both of the following conditions is classified as a financial asset measured at amortized cost.

- The Company’s business model for the such financial assets, is to hold the assets in order to collect contractual cash flows.
- The contractual terms of the financial asset gives rise on specified dates to cash flows that are solely payments of principal and interest on the amount outstanding.

A financial asset measured at amortized cost is initially recognized at fair value plus transaction costs directly attributable to the asset. After initial recognition, the carrying amount of the financial asset measured at amortized cost is determined using the effective interest method, net of impairment loss, if necessary.

(ii) Financial assets measured at FVTPL

A financial asset measured at fair value through profit or loss is recognized initially at fair value with any associated transaction costs being recognized in profit or loss when incurred. Subsequently, the financial

asset is re-measured at fair value, and a gain or loss is recognized in profit or loss in the reporting period in which it arises.

The Company’s investments at fair value are FVTPL financial instruments.

(iii) Financial assets measured at FVTOCI

A financial asset measured at fair value through other comprehensive income is recognized initially at fair value plus transaction costs directly attributable to the asset. After initial recognition, the asset is measured at fair value with changes in fair value included as “financial asset at fair value through other comprehensive income” in other comprehensive income.

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**3. SIGNIFICANT ACCOUNTING POLICIES** (continued)

**Financial instruments** (continued)

(c) Derecognition of financial assets

The Company derecognizes a financial asset if the contractual rights to the cash flows from the asset expire, or the Company transfers substantially all the risks and rewards of ownership of the financial asset. Any interests in transferred financial assets that are created or retained by the Company are recognized as a separate asset or liability. Gains and losses on derecognition are generally recognized in the statement of comprehensive loss.

However, gains and losses on derecognition of financial assets classified as FVTOCI remain within accumulated other comprehensive loss.

**Financial liabilities**

(a) Recognition and measurement of financial liabilities

The Company recognizes financial liabilities when it becomes a party to the contractual provisions of the instruments.

(b) Classification of financial liabilities

The Company recognizes financial liabilities when it becomes a party to the contractual provisions of the instruments.

(i) Financial liabilities measured at amortized cost

A financial liability at amortized cost is initially measured at fair value less transaction cost directly attributable to the issuance of the financial liability. Subsequently, the financial liability is measured at amortized cost based on the effective interest rate method.

The Company's accounts payable and accrued liabilities are classified as financial liabilities measured at amortized cost.

(ii) Financial liabilities measured at fair value through profit or loss

A financial liability measured at fair value through profit or loss is initially measured at fair value with any associated transaction costs being recognized in profit or loss when incurred. Subsequently, the financial liability is re-measured at fair value, and a gain or loss is recognized in profit or loss in the reporting period in which it arises.

The Company does not have any liabilities classified as financial liabilities measured at fair value through profit or loss.

(c) Derecognition of financial liabilities

The Company derecognizes a financial liability when the financial liability is discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the statement of comprehensive loss.

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities (continued)

#### Offsetting financial assets and liabilities

Financial assets and liabilities are offset and the net amount is presented in the statement of financial position only when the Company has a legally enforceable right to offset the recognized amounts and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

#### Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost.

At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to twelve month expected credit losses. The Company shall recognize in the statement of comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

#### **Accounting standard issued but *not* yet applied**

##### New standard IFRS 16 “Leases”

This new standard replaces IAS 17 “Leases” and the related 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 is not substantially changed. The standard is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted for entities that have adopted IFRS 15.

While the Company is currently evaluating the impact this new guidance will have on its consolidated financial statements, the recognition of certain leases is expected to increase the assets and liabilities on the consolidated statement of financial position. The Company does not expect IFRS 16 to have a significant impact to the consolidated statement of financial position.

Other accounting standards and amendments to existing accounting standards that have been issued and have future effective dates are not applicable or are not expected to have a significant impact on the Company’s consolidated financial statements.

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**4. ACQUISITION OF THUNDERBOLT CREATIVE DIGITAL GAMING INC.**

On January 30, 2019, the Company acquired a 100% interest in Thunderbolt Creative Digital Gaming Inc. (“Thunderbolt”), a private corporation incorporated under the laws of the State of California, through a share purchase agreement. As consideration for this acquisition, the Company issued 4,000,000 common shares to the shareholders of Thunderbolt at a deemed price of \$0.005 per share for a deemed aggregate value of \$20,000.

The acquisition of Thunderbolt was determined to be outside the scope of IFRS 3 since prior to the acquisition, Thunderbolt did not constitute a business. The transaction was accounted for in accordance with IFRS 2 – Share-based payments, whereby the Company was deemed to have issued common shares to the shareholders of Thunderbolt in exchange for the net assets of Thunderbolt.

The allocation of the purchase price is as follows:

<b>Total Purchase Price:</b>	
4,000,000 common shares at \$0.005 per share	\$ 20,000
<hr/>	
<b>Allocation of purchase price</b>	<b>January 30, 2019</b>
Net Assets of Thunderbolt	\$ -
Transaction costs	20,000
	<b>\$ 20,000</b>

**5. INVESTMENTS**

The Company has the following investments as at March 31, 2019:

	<b>Number of Shares/Units Held</b>	<b>Fair Value</b>
<b>Equities of private esport companies:</b>		
Even Matchup Gaming Inc.	180	250,000
Playline Ltd.	51,653	250,829
Tiidal Gaming Group Inc.	2,000,000	400,000
<b>Stock options held:</b>		
Tiidal Gaming Group Inc.	250,000	46,018
Balance		<b>946,847</b>

- i. On March 27, 2019, the Company purchased 180 common shares (18%) of Even Matchup Gaming Inc. for \$250,000 along with an irrevocable option to acquire an additional 31% interest, with additional terms to purchase from the Even Matchup Gaming Inc.’s existing shareholders, upwards to a maximum of 49% of all common shares. Even Matchup Gaming Inc. is a private company and its shares cannot be reliably valued using any market-derived indicators. The fair value of the investment into Even Matchup Gaming Inc. is currently reflected as the initial cash purchase price of its common shares.



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**5. INVESTMENTS (continued)**

- ii. On March 22, 2019, the Company purchased 51,653 common shares (less than 1%) of Playline Ltd. for \$250,829. Playline Ltd. is a private company and its shares cannot be reliably valued using any market-derived indicators. The fair value of the investment into Playline Ltd. is currently reflected as the initial cash purchase price of its common shares.
- iii. On March 8, 2019, the Company purchased 2,000,000 common shares (approximately 4%) of Tiidal Gaming Group Inc. for \$400,000. Tiidal Gaming Group Inc. is a private company and its shares cannot be reliably valued using any market-derived indicators. The fair value of the investment into Tiidal Gaming Group Inc. is currently reflected as the initial cash purchase price of its common shares.

On March 11, 2019, the Company entered into an advisory agreement with Tiidal Gaming Group Inc. to provide strategic advisory services. The Company received 250,000 stock options with an exercise price of \$0.20 for a term of five years. The options received have an estimated fair market value of \$46,018 using the Black-Scholes pricing model with the following weighted average assumptions: expected dividend yield – 0%, share price of \$0.20, expected volatility – 155% (average based on comparable companies), risk-free interest rate – 1.66%, exercise price of \$0.20 and an expected average life of 5 years.

**6. SHARE CAPITAL**

**Authorized share capital**

Unlimited number of common shares without par value, special rights or restrictions attached

**Issued share capital from April 17, 2018 (inception) to March 31, 2019**

On January 18, 2019, the Company closed a founder's round private placement through the issuance of 11,250,000 common shares at a price of \$0.005 per share for gross proceeds of \$56,250.

On January 30, 2019, the Company purchased 100% of the common shares of Thunderbolt Creative Digital Gaming Inc. through the issuance of 4,000,000 common shares of the Company at a price of \$0.005 per share for aggregative purchase value of \$20,000. (See note 4)

On February 8, 2019, the Company closed the first tranche of its private placement through the issuance of 6,730,000 Units of the Company at a price of \$0.10 per Unit for gross proceeds of \$673,000. Each Unit comprises one common share and one share purchase warrant exercisable for two years at a price of \$0.20 per share.

On February 8, 2019, the Company issued 300,000 Units under the same terms as the concurrent closing of its first tranche private placement for service rendered by a consultant of the Company. The transaction was valued at \$30,000 which is the fair value of the services received.

On February 15, 2019, the Company closed the second tranche of its private placement through the issuance of 4,475,000 Units of the Company at a price of \$0.10 per Unit for gross proceeds of \$447,500. Each Unit comprises one common share and one share purchase warrant exercisable for two years at a price of \$0.20 per share.

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**6. SHARE CAPITAL** (continued)

On February 15, 2019, the Company issued 270,000 Units under the same terms as the concurrent closing of its second tranche private placement for service rendered by a consultant of the Company. The transaction was valued at \$27,000 which is the fair value of the services received.

On February 22, 2019, the Company closed the third tranche of its private placement through the issuance of 3,300,000 Units of the Company at a price of \$0.10 per Unit for gross proceeds of \$330,000. Each Unit comprises one common share and one share purchase warrant exercisable for two years at a price of \$0.20 per share.

**Share Purchase Warrants**

The continuity of the Company's outstanding warrants is as follows:

	Number of Warrants	Weighted Average Exercise Price
Outstanding at April 17, 2018 (inception)	-	\$ -
Issued	17,001,000	0.18
<b>Balance, March 31, 2019</b>	<b>17,001,000</b>	<b>\$ 0.18</b>

As at March 31, 2019, the weighted average remaining contractual life of share purchase warrants outstanding was 2.15 years and the weighted average exercise price was \$0.18.

Warrants outstanding as at March 31, 2019 are as follows:

Exercise price	Expiry date	Number of Warrants	Number of Warrants Vested
\$ 0.20	February 8, 2021	7,194,000	7,194,000
\$ 0.20	February 15, 2021	4,903,000	4,903,000
\$ 0.20	February 22, 2021	3,404,000	3,404,000
\$ 0.02	March 6, 2024	1,000,000	437,958
\$ 0.02	March 19, 2024	500,000	80,198
TOTAL		17,001,000	16,019,156

**Warrants issued from April 17, 2018 (inception) to March 31, 2019**

On February 8, 2019, and concurrent to the warrants issued with the Units of the first tranche private placement, the Company issued 164,000 broker warrants as a finder's fee. The warrants have the same terms as the warrants of the first tranche private placement. The fair value of the 164,000 broker warrants was estimated at \$6,339, using the Black-Scholes Option Pricing Model with the following weighted average assumptions: expected dividend yield - 0%, share price of \$0.10, expected volatility - 104% (average based on comparable companies), risk-free interest rate - 1.77%, exercise price of \$0.20 and an expected average life of 2 years.

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**6. SHARE CAPITAL (continued)**

On February 15, 2019, and concurrent to the warrants issued with the Units of the second tranche private placement, the Company issued 158,000 broker warrants as a finder's fee. The warrants have the same terms as the warrants of the first tranche private placement. The fair value of the 158,000 broker warrants was estimated at \$6,103, using the Black-Scholes Option Pricing Model with the following weighted average assumptions: expected dividend yield - 0%, share price of \$0.10, expected volatility - 104% (average based on comparable companies), risk-free interest rate – 1.77%, exercise price of \$0.20 and an expected average life of 2 years.

On February 22, 2019, and concurrent to the warrants issued with the Units of the third tranche private placement, the Company issued 104,000 broker warrants as a finder's fee. The warrants have the same terms as the warrants of the first tranche private placement. The fair value of the 104,000 broker warrants was estimated at \$4,021, using the Black-Scholes Option Pricing Model with the following weighted average assumptions: expected dividend yield - 0%, share price of \$0.10, expected volatility - 104% (average based on comparable companies), risk-free interest rate – 1.77%, exercise price of \$0.20 and an expected average life of 2 years.

On March 6, 2019, 1,000,000 warrants were issued to a consultant of the Company. The warrants are exercisable at \$0.02 per share for five years from date of grant. The fair value of the 1,000,000 warrants was estimated at \$96,700, using the Black-Scholes Option Pricing Model with the following weighted average assumptions: expected dividend yield - 0%, share price of \$0.10, expected volatility - 155% (average based on comparable companies), risk-free interest rate – 1.70%, exercise price of \$0.02 and an expected average life of 5 years. 25% of the warrants vest immediately, 25% on March 6, 2020, and 50% on March 6, 2021.

On March 20, 2019, and 500,000 warrants were issued to a consultant of the Company. The warrants are exercisable at \$0.02 per share for five years from date of grant. The fair value of the 500,000 warrants was estimated at \$48,306, using the Black-Scholes Option Pricing Model with the following weighted average assumptions: expected dividend yield - 0%, share price of \$0.10, expected volatility - 154% (average based on comparable companies), risk-free interest rate – 1.58%, exercise price of \$0.02 and an expected average life of 5 years. 50% of the warrants vest on March 20, 2020, and the remaining 50% vest upon signing of a definitive agreement relating to an RTO.

**7. RELATED PARTY TRANSACTIONS**

Related party transactions were in the normal course of operations and measured at the exchange amount, which is the amount established and agreed to by the related parties. Key management personnel are the persons responsible for planning, directing and controlling the activities of the Company, and include both executive and non-executive directors, and entities controlled by such persons. The Company considers all directors and officers of the Company to be key management personnel.

Transactions with key management and directors

The Company incurred the following transactions for the period ended, with companies controlled by current and former directors and officers of the Company:

	<b>Period from inception on April 17, 2018 to March 31, 2019</b>
	\$
Consulting fees	57,845
Wages	63,217

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**7. RELATED PARTY TRANSACTIONS** (continued)

**Related parties balance**

As at March 31, 2019, the Company had amounts due to a company controlled by the President in the amount of \$8,475.

**8. FINANCIAL INSTRUMENTS AND CAPITAL MANAGEMENT**

The following table summarizes the carrying value of financial assets and liabilities as at March 31, 2019:

	<b>March 31, 2019</b>
	\$
<b>Fair value through profit or loss</b>	
Investment at fair value (note 4)	<b>946,847</b>
<b>Amortized cost</b>	
Cash	<b>263,443</b>
Accounts payable and accrued liabilities	<b>203,757</b>

**Fair value measurement**

As at March 31, 2019, financial instruments that are measured at fair value on the statement of financial position are represented by cash, investment at fair value, and account payable and accrued liabilities. The fair values of these financial instruments approximate the carrying value due to their short-term nature.

Financial assets and liabilities that are recognized on the statement of financial position at fair value can be classified in a hierarchy that is based on the significance of the inputs used in making the measurements.

The levels in the hierarchy are:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); and
- Level 3 - inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The Company's financial assets measured at fair values through profit or loss are as follows:

<b>March 31, 2019</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
	\$	\$	\$
<b>Investments at fair value</b>	-	-	946,847

**Financial risk management**

The Company is exposed in varying degrees to a variety of financial instrument related risks.

## **8. FINANCIAL INSTRUMENTS AND CAPITAL MANAGEMENT (continued)**

### *Credit risk*

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its bank account. All of its cash is deposited in a bank account held with a major bank in Canada. As most of the Company's cash is held by one bank there is a concentration of credit risk. This risk is managed by using a major bank that is a high credit quality financial institution as determined by rating agencies. The maximum exposure to credit risk is the carrying amount of the Company's financial instruments.

### *Foreign exchange risk*

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company is not exposed to significant foreign exchange risk.

### *Liquidity risk*

Liquidity risk arises through the excess of financial obligations over available financial assets due at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements at any point in time.

The Company's main source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

### *Capital Management*

Management's objective is to manage its capital to ensure that there are adequate capital resources to safeguard the Company's ability to continue as a going concern through the optimization of its capital structure. The capital structure consists of share capital and working capital. In order to achieve this objective, management makes adjustments to it in light of changes in economic conditions and risk characteristics of the underlying assets. To maintain or adjust capital structure, management may invest its excess cash in interest bearing accounts of Canadian chartered banks and/or raise additional funds externally as needed. The Company is not subject to externally imposed capital requirements. The Company's management of capital did not change during the period ended March 31, 2019.

### *Fair Value*

The fair value of the Company's financial assets and liabilities approximate the carrying amount wither due to their short-term nature or because the interest rates applied to measure their carrying amount approximate current market rates.

**New Wave Esports Corp.**  
**(Formerly New Wave Holdings Corp.)**  
Notes to the Consolidated Financial Statements  
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(Expressed in Canadian Dollars)

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**9. INCOME TAX**

A reconciliation of the expected income tax recovery to the actual income tax recovery is as follows:

	<b>March 31, 2019</b>
	<b>\$</b>
Net loss	(619,000)
Statutory tax rate	27%
Expected income tax recovery	(167,000)
Non-deductible items	4,000
Change in rate and other	(5,000)
Change in deferred tax assets not recognized	168,000
Total income tax recovery	-

The Company has the following deductible temporary differences for which no deferred tax has been recognized:

	<b>March 31, 2019</b>
	<b>\$</b>
Non-capital losses	159,000
Share issuance costs	9,000
Deferred tax assets not recognized	(168,000)
Net deferred income tax assets	-

**10. SEGMENTED INFORMATION**

The Company operates in one business segment: Esports investment.

Geographic information with respect to the Company's assets are as follows:

	<b>March 31, 2019</b>
	<b>\$</b>
Canada	<b>1,171,250</b>
United States	<b>58,616</b>
Total assets	<b>1,229,866</b>

**New Wave Esports Corp.**  
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**10. SEGMENTED INFORMATION** (continued)

Geographic information with respect to the Company's liabilities are as follows:

	<b>March 31, 2019</b>
	<b>\$</b>
Canada	<b>257,137</b>
United States	<b>-</b>
Total liabilities	<b>257,137</b>

Geographic information with respect to the Company's net loss is as follows:

	<b>March 31, 2019</b>
	<b>\$</b>
Canada	<b>523,525</b>
United States	<b>94,995</b>
New loss for the year	<b>618,520</b>

**11. SUBSEQUENT EVENTS**

On April 17, 2019, the Company closed a private placement through the issuance of 6,840,000 Units of the Company at a price of \$0.10 per Unit for gross proceeds of \$684,000. Each Unit comprises one common share and one share purchase warrant exercisable for two years at a price of \$0.20 per share. Concurrent with this private placement, on April 17, 2019, the Company issued 50,000 Units to a consultant of the Company at a deemed price of \$0.10 per Unit.

On April 17, 2019, and concurrent to the warrants issued with the Units of the same private placement closing on the same day, the Company issued 332,000 broker warrants as a finder's fee. The fair value of the 332,000 broker warrants was estimated at \$12,603, using the Black-Scholes Option Pricing Model with the following weighted average assumptions: expected dividend yield - 0%, share price of \$0.10, expected volatility - 103% (average based on comparable companies), risk-free interest rate – 1.67%, exercise price of \$0.20 and an expected average life of 2 years.

On May 29, 2019, the Company closed a private placement through the issuance of 11,633,666 Units of the Company at a price of \$0.15 per Unit for gross proceeds of \$1,745,050. Each Unit comprises one common share and one share purchase warrant exercisable for two years at a price of \$0.30 per share.

On May 29, 2019, and concurrent to the warrants issued with the Units of the same private placement closing on the same day, the Company issued 651,000 broker warrants as a finder's fee. The fair value of the 651,000 broker warrants was estimated at \$18,467, using the Black-Scholes Option Pricing Model with the following weighted average assumptions: expected dividend yield - 0%, share price of \$0.10, expected volatility - 102% (average based on comparable companies), risk-free interest rate – 1.54%, exercise price of \$0.30 and an expected average life of 2 years.

## **11. SUBSEQUENT EVENTS**

On June 7, 2019, the Company signed an Amalgamation Agreement with Trueclaim Exploration Inc (“Trueclaim”) and 1205619 B.C. Ltd. (“Subco”), pursuant to which the Company will amalgamate with Trueclaim’s wholly owned Subco which will continue as one corporation wholly owned by Trueclaim following the amalgamation. Pursuant to the agreement, the Company’s shareholders will be issued shares of Trueclaim with a deemed price of \$0.15 per share at an exchange ratio of 1:1 at the date of the amalgamation. Consequently, the transaction contemplated by the Amalgamation Agreement constitutes a reverse take-over of Trueclaim by the Company.



**New Wave Esports Corp.**  
**(Formerly New Wave Holdings Corp.)**  
**Interim Consolidated Financial Statements**  
**For the Three Months Ended June 30, 2019**  
**(Expressed in Canadian Dollars)**  
**(Unaudited)**

**New Wave Esports Corp.**  
**(Formerly New Wave Holdings Corp.)**  
Interim Consolidated Statements of Financial Position  
(Expressed in Canadian dollars)  
(Unaudited)

As at	Note	June 30, 2019	March 31, 2019
		\$	\$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash		1,705,235	263,443
Prepaid expenses		149,322	15,125
<b>TOTAL CURRENT ASSETS</b>		<b>1,854,557</b>	<b>278,568</b>
<b>Non-Current Assets</b>			
Equipment	5	4,117	4,451
Investments	6	946,847	946,847
<b>TOTAL ASSETS</b>		<b>2,805,521</b>	<b>1,229,866</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current Liabilities</b>			
Accounts payable and accrued liabilities		27,000	203,757
Share subscription proceeds to be returned		10,010	10,010
Deferred revenue		31,542	43,370
<b>TOTAL LIABILITIES</b>		<b>68,552</b>	<b>257,137</b>
<b>Shareholders' equity</b>			
Share capital	7	3,800,772	1,524,687
Reserves		120,517	66,562
Deficit		(1,184,320)	(618,520)
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>2,736,969</b>	<b>972,729</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>2,805,521</b>	<b>1,229,866</b>

Subsequent events (note 11)

**Approved on behalf of the Board of Directors:**

\_\_\_\_\_  
*"Jeff Stevens"*  
Director

\_\_\_\_\_  
*"Tiffany Lee"*  
Director

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

**New Wave Esports Corp.**  
**(Formerly New Wave Holdings Corp.)**  
Interim Consolidated Statement of Comprehensive Loss  
(Expressed in Canadian dollars)  
(Unaudited)

	Note	Three months ended June 30, 2019	Period from inception on April 17, 2018 to June 30, 2018
		\$	\$
<b>REVENUE</b>		<b>11,828</b>	-
<b>EXPENSES</b>			
Consulting		296,367	-
Depreciation		334	-
Foreign Exchange		1,476	-
Investor Relations and Marketing		70,277	-
Office		22,873	-
Professional		42,729	-
Regulatory		3,955	-
Travel		17,565	-
Wages	8	122,052	-
		<b>577,628</b>	-
<b>Net loss and comprehensive loss for the period</b>		<b>(565,800)</b>	-
<b>Basic and diluted loss per share</b>		<b>(0.01)</b>	-
<b>Weighted average number of common shares outstanding</b>			
<b>-basic and diluted</b>		<b>40,018,817</b>	-

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

**New Wave Esports Corp.**  
**(Formerly New Wave Holdings Corp.)**  
Interim Consolidated Statements of Changes in Shareholders' Equity  
(Expressed in Canadian Dollars)  
(Unaudited)

	<b>Share Capital</b>				<b>TOTAL</b>
	<b>Number of shares</b>	<b>Share capital</b>	<b>Reserves</b>	<b>Deficit</b>	
		\$	\$	\$	\$
<b>Balance as at April 17, 2018 (inception)</b>	-	-	-	-	-
<b>Balance, as at June 30, 2018</b>	-	-	-	-	-
Private placements	25,755,000	1,506,750	-	-	1,508,750
Finder's fees paid in cash	-	(42,600)	-	-	(42,600)
Broker warrants	-	(16,463)	16,463	-	-
Shares issued for acquisition of Thunderbolt Creative Digital Gaming Inc. (Note 4)	4,000,000	20,000	-	-	20,000
Shares issued for services	570,000	57,000	-	-	55,000
Warrants issued for services	-	-	50,099	-	50,099
Net loss for the period	-	-	-	(618,520)	(618,520)
<b>Balance as at March 31, 2019</b>	<b>30,325,000</b>	<b>1,524,687</b>	<b>66,562</b>	<b>(618,520)</b>	<b>972,729</b>
Private placements	18,473,666	2,429,050	-	-	2,429,050
Finder's fees – cash	-	(110,650)	-	-	(110,650)
Finder's fees - warrants	-	(31,070)	31,070	-	-
Share issuance costs	-	(16,245)	-	-	(16,245)
Shares issued for service	50,000	5,000	-	-	5,000
Warrants issued for services	-	-	22,885	-	22,885
Net loss for the period	-	-	-	(565,800)	(565,800)
<b>Balance as at June 30, 2019</b>	<b>48,848,666</b>	<b>3,800,772</b>	<b>120,517</b>	<b>(1,184,320)</b>	<b>2,736,969</b>

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

**New Wave Esports Corp.**  
**(Formerly New Wave Holdings Corp.)**  
Interim Consolidated Statement of Cash Flows  
(Expressed in Canadian Dollars)  
(Unaudited)

	<b>Three months ended June 30, 2019</b>	Period from inception on April 17, 2018 to June 30, 2018
	\$	\$
<b>Operating activities</b>		
Net loss for the period	(565,800)	-
Adjustment for non-cash items		
Depreciation	334	-
Shares issued for services	5,000	-
Warrants issued for services vesting	22,885	-
Changes in non-cash operating working capital items:		
Accounts payable and accrued liabilities	(176,758)	-
Deferred revenue	(11,828)	-
Prepaid expenses	(134,196)	-
<b>Net cash used in operating activities</b>	<b>(860,363)</b>	<b>-</b>
<b>Financing activities</b>		
Private placement proceeds	2,429,050	-
Finders' fees paid with cash	(110,650)	-
Share issuance costs	(16,245)	-
<b>Net cash provided by financing activities</b>	<b>2,302,155</b>	<b>-</b>
<b>Change in cash during the period</b>	<b>1,441,792</b>	<b>-</b>
<b>Cash, beginning of period</b>	<b>263,443</b>	<b>-</b>
<b>Cash, end of period</b>	<b>1,705,235</b>	<b>-</b>

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

**New Wave Esports Corp.**  
**(Formerly New Wave Holdings Corp.)**  
Notes to the Interim Consolidated Financial Statements  
Period from three months ended June 30, 2019 and 2018  
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(Unaudited)

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## **1. NATURE AND CONTINUANCE OF OPERATIONS**

New Wave Holdings Corp. (“the Company”) was incorporated under the Business Corporation Act of British Columbia on April 17, 2018. On June 4, 2019, the Company changed its name to New Wave Esports Corp. The Company’s objective is to generate income and achieve long term capital appreciation through commercial gaming activities, investing and advising esports companies in business growth, market penetration, and product expansion. The head office, principal address and records office of the Company are located at is 401 - 217 Queen Street West Toronto, Ontario, M5V 0R2.

On March 8, 2019, the Company entered into a binding letter of intent (“LOI”) with Trueclaim Exploration Inc. (“TRM”), an arm’s length public company, listed on the TSX Venture Stock Exchange, for TRM to acquire 100% interest in the Company via business combination transaction that would constitute a reverse take-over of TRM. The LOI transaction constitutes a reverse-take over TRM and contemplates the de-listing of the common shares of TRM from the TSX Venture Stock Exchange and intended listing of the resulting issuer on the Canadian Securities Exchange.

On June 7, 2019, the Company signed an Amalgamation Agreement with Trueclaim Exploration Inc (“Trueclaim”) and 1205619 B.C. Ltd. (“Subco”), pursuant to which the Company will amalgamate with Trueclaim’s wholly owned Subco which will continue as one corporation wholly owned by Trueclaim following the amalgamation. Pursuant to the agreement, the Company’s shareholders will be issued shares of Trueclaim with a deemed price of \$0.15 per share at an exchange ratio of 1:1 at the date of the amalgamation. Consequently, the transaction contemplated by the Amalgamation Agreement constitutes a reverse take-over of Trueclaim by the Company.

These consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. As at June 30, 2019, the Company is not able to finance day to day activities through operations and has incurred a loss of \$565,800 for the period ended June 30, 2019. The continuing operations of the Company are dependent upon its ability to attain profitable operations and generate funds there from. This indicates the existence of a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern. Management intends to finance operating costs with equity financings, loans from directors and companies controlled by directors and or private placement of common shares. If the Company is unable to continue as a going concern, the net realizable value of its assets may be materially less than the amounts on its statement of financial position.

## **2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION**

### **Statement of compliance**

These consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). The principal accounting policies applied in the preparation of these financial statements are set out below.

These interim consolidated financial statements were reviewed and authorized for issue by the Board of Directors on August 29, 2019.

**New Wave Esports Corp.**  
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**2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (continued)**

**Basis of preparation**

The financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable, by the measurement at fair value of selected financial assets and financial liabilities. The financial statements are presented in Canadian dollars unless otherwise noted.

**3. SIGNIFICANT ACCOUNTING POLICIES**

**Basis of consolidation**

These consolidated financial statements include the accounts of the Company and its subsidiary. The results of the subsidiary will continue to be included in the consolidated financial statements of the Company until the date that the Company's control over the subsidiary ceases. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated on consolidation.

Entity	Incorporation	Status	Functional Currency
Thunderbolt Creative Digital Gaming Inc.	California, USA	Active	US Dollar

**Significant estimates and assumptions**

The preparation of the consolidated financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates and assumptions where there is significant risk of material adjustments to the statement of financial position in future accounting periods include the recoverability and measurement of deferred tax assets, impairment of financial assets, and valuation of share-based payments. See Notes 6 and 7 for assumptions/models used for these areas, respectively.

**Significant judgments**

The preparation of the consolidated financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial statements include the assessment of the Company's ability to continue as a going concern, assessment of acquisition as business combination or asset acquisition, impairment of non-financial assets and whether there are events or conditions that may give rise to significant uncertainty.

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**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Cash**

Cash is comprised of cash deposits in the bank and highly liquid investments with original maturities of three months or less that is readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

**Equipment**

Equipment is stated at cost less accumulated depreciation. The cost of an item of equipment consists of the purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for its intended use. Equipment is depreciated over the estimated useful lives of the respective assets at the following rates:

Equipment	straight-line over 5 years
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Useful lives and methods of depreciation are reviewed at each reporting period, and adjusted prospectively if appropriate. An impairment review is performed, either individually or at the cash-generating unit level, when there are indicators that the carrying amount of the asset may exceed its recoverable amount. To the extent that this occurs, the asset is written down to its estimated net realizable value.

**Loss per share**

Basic loss per share is calculated by dividing the loss attributable to common shareholders by the weighted average number of common shares outstanding in the period. The loss attributable to common shareholders equals the reported loss attributable to owners of the Company. Diluted loss per share is calculated using the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period.

**Impairment of Non-Financial Assets**

The Company performs impairment tests on its long-lived assets, including intangible assets, when new events or circumstances occur, or when new information becomes available relating to their recoverability. When the recoverable amount of each separately identifiable asset or cash generating unit (“CGU”) is less than its carrying value, the asset or CGU’s assets are written down to their recoverable amount with the impairment loss charged against profit or loss. A reversal of the impairment loss in a subsequent period will be charged against profit or loss if there is a significant reversal of the circumstances that caused the original impairment. The impairment will be reversed up to the amount of depreciated carrying value that would have otherwise occurred if the impairment loss had not occurred. The CGU’s recoverable amount is evaluated using fair value less costs to sell calculations. In calculating the recoverable amount, the Company utilizes discounted cash flow techniques to determine fair value when it is not possible to determine fair value from active markets or a written offer to purchase. Management calculates the discounted cash flows based upon its best estimate of a number of economic, operating, engineering, environmental, political and social assumptions. Any changes in the assumptions due to changing circumstances may affect the calculation of the recoverable amount.



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**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Foreign currency translation**

The functional currency of each entity is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Canadian dollars which is the parent company's functional and presentational currency. The functional currency of Thunderbolt Creative Digital Gaming Inc. is the US dollar.

Transactions and balances:

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in profit or loss in the statement of comprehensive loss in the period in which they arise, except where deferred in equity as a qualifying cash flow or net investment hedge. Exchange differences arising on the translation of non-monetary items are recognized in other comprehensive income in the statement of comprehensive loss to the extent that gains and losses arising on those non-monetary items are also recognized in other comprehensive loss. Where the non-monetary gain or loss is recognized in profit or loss, the exchange component is also recognized in profit or loss.

Foreign operations:

The financial results and position of foreign operations whose functional currency is different from the Company's presentation currency are translated as follows:

- assets and liabilities are translated at period-end exchange rates prevailing at that reporting date; and
- income and expenses are translated at average exchange rates for the period.

Exchange differences arising on translation of foreign operations are recorded to the Company's foreign currency translation reserve. These differences are recognized in the profit or loss in the period in which the operation is disposed of.

**Revenue Recognition**

The Company recognizes revenue in accordance with IFRS 15 – Revenue from contracts with customers. This standard contains a single model with two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized.

The Company recognizes revenue when a contractual arrangement is in place, the fee is fixed and determinable, the services have been provided or the products have been delivered to the customer, and collectability is reasonably assured. Payments received in advance are recorded as deferred revenue and brought into revenue as earned.

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**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Income taxes**

Current income tax:

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax:

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

**Share capital**

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares and share purchase warrants are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares, warrants or options are recognized as a deduction from equity, net of tax.

*Valuation of equity units issued in private placements*

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component.

The fair value of common shares issued in private placements was determined to be the more easily measurable component and are valued at their fair value, as determined by the closing quoted bid price on the announcement date. The balance, if any, is allocated to attached warrants. Any fair value attributed to warrants is recorded to warrants reserves.

**New Wave Esports Corp.**  
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**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Financial Instruments**

The Company adopted IFRS 9 Financial Instruments at incorporation on April 17, 2018. IFRS 9 addresses classification and measurement of financial assets. It replaces the multiple category and measurement models in IAS 39 Financial Instruments: Recognition and Measurement for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit or loss. Requirements for financial liabilities are largely carried forward from the previous requirements in IAS 39 except that fair value changes due to credit risk for liabilities designated at fair value through profit or loss are generally recorded in other comprehensive income. Following is the new accounting policy for financial instruments under IFRS 9:

Financial assets

(a) Recognition and measurement of financial assets

The Company recognizes a financial asset when it becomes a party to the contractual provisions of the instrument.

(b) Classification of financial assets

The Company classifies financial assets at initial recognition as financial assets: measured at amortized cost, measured at fair value through other comprehensive income (“FVTOCI”) or measured at fair value through profit or loss (“FVTPL”).

(i) Financial assets measured at amortized cost

A financial asset that meets both of the following conditions is classified as a financial asset measured at amortized cost.

- The Company’s business model for the such financial assets, is to hold the assets in order to collect contractual cash flows.
- The contractual terms of the financial asset gives rise on specified dates to cash flows that are solely payments of principal and interest on the amount outstanding.

A financial asset measured at amortized cost is initially recognized at fair value plus transaction costs directly attributable to the asset. After initial recognition, the carrying amount of the financial asset measured at amortized cost is determined using the effective interest method, net of impairment loss, if necessary.

(ii) Financial assets measured at FVTPL

A financial asset measured at fair value through profit or loss is recognized initially at fair value with any associated transaction costs being recognized in profit or loss when incurred. Subsequently, the financial

asset is re-measured at fair value, and a gain or loss is recognized in profit or loss in the reporting period in which it arises.

The Company’s investments at fair value are FVTPL financial instruments.

(iii) Financial assets measured at FVTOCI

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**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Financial instruments (continued)**

A financial asset measured at fair value through other comprehensive income is recognized initially at fair value plus transaction costs directly attributable to the asset. After initial recognition, the asset is measured at fair value with changes in fair value included as “financial asset at fair value through other comprehensive income” in other comprehensive income.

(c) Derecognition of financial assets

The Company derecognizes a financial asset if the contractual rights to the cash flows from the asset expire, or the Company transfers substantially all the risks and rewards of ownership of the financial asset. Any interests in transferred financial assets that are created or retained by the Company are recognized as a separate asset or liability. Gains and losses on derecognition are generally recognized in the statement of comprehensive loss.

However, gains and losses on derecognition of financial assets classified as FVTOCI remain within accumulated other comprehensive loss.

**Financial liabilities**

(a) Recognition and measurement of financial liabilities

The Company recognizes financial liabilities when it becomes a party to the contractual provisions of the instruments.

(b) Classification of financial liabilities

The Company recognizes financial liabilities when it becomes a party to the contractual provisions of the instruments.

(i) Financial liabilities measured at amortized cost

A financial liability at amortized cost is initially measured at fair value less transaction cost directly attributable to the issuance of the financial liability. Subsequently, the financial liability is measured at amortized cost based on the effective interest rate method.

The Company’s accounts payable and accrued liabilities are classified as financial liabilities measured at amortized cost.

(ii) Financial liabilities measured at fair value through profit or loss

A financial liability measured at fair value through profit or loss is initially measured at fair value with any associated transaction costs being recognized in profit or loss when incurred. Subsequently, the financial liability is re-measured at fair value, and a gain or loss is recognized in profit or loss in the reporting period in which it arises.

The Company does not have any liabilities classified as financial liabilities measured at fair value through profit or loss.

**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**New Wave Esports Corp.**  
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**Financial liabilities** (continued)

(c) Derecognition of financial liabilities

The Company derecognizes a financial liability when the financial liability is discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the statement of comprehensive loss.

Offsetting financial assets and liabilities

Financial assets and liabilities are offset and the net amount is presented in the statement of financial position only when the Company has a legally enforceable right to offset the recognized amounts and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost.

At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to twelve month expected credit losses. The Company shall recognize in the statement of comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

**New accounting standards adopted**

New standard IFRS 16 “Leases”

This new standard replaces IAS 17 “Leases” and the related 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 is not substantially changed. The standard is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted for entities that have adopted IFRS 15.

The Company adopted IFRS 16 effective April 1, 2019 with no impact to its consolidated financial statements.

**Accounting standard issued but *not* yet applied**

Other accounting standards and amendments to existing accounting standards that have been issued and have future effective dates are not applicable or are not expected to have a significant impact on the Company’s consolidated financial statements.

**4. ACQUISITION OF THUNDERBOLT CREATIVE DIGITAL GAMING INC.**

**New Wave Esports Corp.**  
**(Formerly New Wave Holdings Corp.)**  
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On January 30, 2019, the Company acquired a 100% interest in Thunderbolt Creative Digital Gaming Inc. (“Thunderbolt”), a private corporation incorporated under the laws of the State of California, through a share purchase agreement. As consideration for this acquisition, the Company issued 4,000,000 common shares to the shareholders of Thunderbolt at a deemed price of \$0.005 per share for a deemed aggregate value of \$20,000.

The acquisition of Thunderbolt was determined to be outside the scope of IFRS 3 since prior to the acquisition, Thunderbolt did not constitute a business. The transaction was accounted for in accordance with IFRS 2 – Share-based payments, whereby the Company was deemed to have issued common shares to the shareholders of Thunderbolt in exchange for the net assets of Thunderbolt.

The allocation of the purchase price is as follows:

<b>Total Purchase Price:</b>	
4,000,000 common shares at \$0.005 per share	\$ 20,000
<hr/>	
<b>Allocation of purchase price</b>	<b>January 30, 2019</b>
Net Assets of Thunderbolt	\$ -
Transaction costs	20,000
	<b>\$ 20,000</b>

## 5. EQUIPMENT

	Computer Cost	Computer equipment	Accumulated amortization	Computer Equipment	Carrying amounts	Computer Equipment
	\$			\$		\$
Balance, April 17, 2018 (date of incorporation)	-	Balance, April 17, 2018 (date of incorporation)	-	Balance, April 17, 2018 (date of incorporation)	-	-
Additions	4,451	Depreciation	-			4,451
Balance, March 31, 2019	4,451	Balance, March 31, 2019	-	Balance, March 31, 2019	4,451	4,451
Additions	-	Depreciation	334		(334)	
Balance, June 30, 2019	4,451	Balance, March 31, 2019	334	Balance, June 30, 2019	4,117	4,117

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**6. INVESTMENTS**

The Company has the following investments as at June 30, 2019:

	<b>Number of Shares/Units Held</b>	<b>Fair Value</b>
<b>Equities of private esport companies:</b>		\$
Even Matchup Gaming Inc.	180	250,000
Playline Ltd.	51,653	250,829
Tiidal Gaming Group Inc.	2,000,000	400,000
<b>Stock options held:</b>		
Tiidal Gaming Group Inc.	250,000	46,018
Balance		946,847

- i. On March 27, 2019, the Company purchased 180 common shares (18%) of Even Matchup Gaming Inc. for \$250,000 along with an irrevocable option to acquire an additional 31% interest, with additional terms to purchase from the Even Matchup Gaming Inc.'s existing shareholders, upwards to a maximum of 49% of all common shares. Even Matchup Gaming Inc. is a private company and its shares cannot be reliably valued using any market-derived indicators. The fair value of the investment into Even Matchup Gaming Inc. is currently reflected as the initial cash purchase price of its common shares.
- ii. On March 22, 2019, the Company purchased 51,653 common shares (less than 1%) of Playline Ltd. for \$250,829. Playline Ltd. is a private company and its shares cannot be reliably valued using any market-derived indicators. The fair value of the investment into Playline Ltd. is currently reflected as the initial cash purchase price of its common shares.
- iii. On March 26, 2019, the Company purchased 2,000,000 common shares (approximately 4%) of Tiidal Gaming Group Inc. for \$400,000. Tiidal Gaming Group Inc. is a private company and its shares cannot be reliably valued using any market-derived indicators. The fair value of the investment into Tiidal Gaming Group Inc. is currently reflected as the initial cash purchase price of its common shares.

On March 11, 2019, the Company entered into an advisory agreement with Tiidal Gaming Group Inc. to provide strategic advisory services. The Company received 250,000 stock options with an exercise price of \$0.20 for a term of five years. The options received have an estimated fair market value of \$46,018 using the Black-Scholes pricing model with the following weighted average assumptions: expected dividend yield – 0%, share price of \$0.20, expected volatility – 155% (average based on comparable companies), risk-free interest rate – 1.66%, exercise price of \$0.20 and an expected average life of 5 years.

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## 7. SHARE CAPITAL

### **Authorized share capital**

Unlimited number of common shares without par value, special rights or restrictions attached

### **Issues share capital for the period ended June 30, 2019**

On April 17, 2019, the Company closed a private placement through the issuance of 6,840,000 Units of the Company at a price of \$0.10 per Unit for gross proceeds of \$684,000. Each Unit comprises one common share and one share purchase warrant exercisable for two years at a price of \$0.20 per share. Concurrent with this private placement, on April 17, 2019, the Company issued 50,000 Units to a consultant of the Company at a deemed price of \$0.10 per Unit.

On May 29, 2019, the Company closed a private placement through the issuance of 11,633,666 Units of the Company at a price of \$0.15 per Unit for gross proceeds of \$1,745,050. Each Unit comprises one common share and one share purchase warrant exercisable for two years at a price of \$0.30 per share.

### **Issued share capital from April 17, 2018 (inception) to March 31, 2019**

On January 18, 2019, the Company closed a founder's round private placement through the issuance of 11,250,000 common shares at a price of \$0.005 per share for gross proceeds of \$56,250.

On January 30, 2019, the Company purchased 100% of the common shares of Thunderbolt Creative Digital Gaming Inc. through the issuance of 4,000,000 common shares of the Company at a price of \$0.005 per share for aggregate purchase value of \$20,000.

On February 8, 2019, the Company closed the first tranche of its private placement through the issuance of 6,730,000 Units of the Company at a price of \$0.10 per Unit for gross proceeds of \$673,000. Each Unit comprises one common share and one share purchase warrant exercisable for two years at a price of \$0.20 per share.

On February 8, 2019, the Company issued 300,000 Units under the same terms as the concurrent closing of its first tranche private placement for service rendered by a consultant of the Company. The transaction was valued at \$30,000 which is the fair value of the services received.

On February 15, 2019, the Company closed the second tranche of its private placement through the issuance of 4,475,000 Units of the Company at a price of \$0.10 per Unit for gross proceeds of \$447,500. Each Unit comprises one common share and one share purchase warrant exercisable for two years at a price of \$0.20 per share.

On February 15, 2019, the Company issued 270,000 Units under the same terms as the concurrent closing of its second tranche private placement for service rendered by a consultant of the Company. The transaction was valued at \$27,000 which is the fair value of the services received.

On February 22, 2019, the Company closed the third tranche of its private placement through the issuance of 3,300,000 Units of the Company at a price of \$0.10 per Unit for gross proceeds of \$330,000. Each Unit comprises one common share and one share purchase warrant exercisable for two years at a price of \$0.20 per share.



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**7. SHARE CAPITAL (continued)**

**Share Purchase Warrants**

The continuity of the Company's outstanding warrants is as follows:

	Number of Warrants	Weighted Average Exercise Price
Outstanding at April 17, 2018 (inception)	-	\$ -
Issued	17,001,000	0.18
<b>Balance, March 31, 2019</b>	<b>17,001,000</b>	<b>\$ 0.18</b>
Issued	19,506,666	0.26
<b>Balance, June 30, 2019</b>	<b>36,507,666</b>	<b>\$ 0.23</b>

As at June 30, 2019, the weighted average remaining contractual life of share purchase warrants outstanding was 1.88 years and the weighted average exercise price was \$0.19.

Warrants outstanding as at June 30, 2019 are as follows:

Exercise price	Expiry date	Number of Warrants	Number of Warrants Vested
\$ 0.20	February 8, 2021	7,194,000	7,194,000
\$ 0.20	February 15, 2021	4,903,000	4,903,000
\$ 0.20	February 22, 2021	3,404,000	3,404,000
\$ 0.02	March 6, 2024	1,000,000	586,578
\$ 0.02	March 19, 2024	500,000	168,323
\$ 0.20	April 17, 2021	7,222,000	7,222,000
\$ 0.30	May 29, 2021	12,284,666	12,284,666
	TOTAL	36,507,666	35,762,567

**Warrants issued for the period ended June 30, 2019**

On April 17, 2019, and concurrent to the warrants issued with the Units of the same private placement closing on the same day, the Company issued 332,000 broker warrants as a finder's fee. The fair value of the 332,000 broker warrants was estimated at \$12,603, using the Black-Scholes Option Pricing Model with the following weighted average assumptions: expected dividend yield - 0%, share price of \$0.10, expected volatility - 103% (average based on comparable companies), risk-free interest rate - 1.67%, exercise price of \$0.20 and an expected average life of 2 years.

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**7. SHARE CAPITAL (continued)**

On May 29, 2019, and concurrent to the warrants issued with the Units of the same private placement closing on the same day, the Company issued 651,000 broker warrants as a finder's fee. The fair value of the 651,000 broker warrants was estimated at \$18,467, using the Black-Scholes Option Pricing Model with the following weighted average assumptions: expected dividend yield - 0%, share price of \$0.10, expected volatility - 102% (average based on comparable companies), risk-free interest rate - 1.54%, exercise price of \$0.30 and an expected average life of 2 years.

**Warrants issued for the period from April 17, 2018 (inception) to March 31, 2019**

On February 8, 2019, and concurrent to the warrants issued with the Units of the first tranche private placement, the Company issued 164,000 broker warrants as a finder's fee. The warrants have the same terms as the warrants of the first tranche private placement. The fair value of the 164,000 broker warrants was estimated at \$6,339, using the Black-Scholes Option Pricing Model with the following weighted average assumptions: expected dividend yield - 0%, share price of \$0.10, expected volatility - 104% (average based on comparable companies), risk-free interest rate - 1.77%, exercise price of \$0.20 and an expected average life of 2 years.

On February 15, 2019, and concurrent to the warrants issued with the Units of the second tranche private placement, the Company issued 158,000 broker warrants as a finder's fee. The warrants have the same terms as the warrants of the first tranche private placement. The fair value of the 158,000 broker warrants was estimated at \$6,103, using the Black-Scholes Option Pricing Model with the following weighted average assumptions: expected dividend yield - 0%, share price of \$0.10, expected volatility - 104% (average based on comparable companies), risk-free interest rate - 1.77%, exercise price of \$0.20 and an expected average life of 2 years.

On February 22, 2019, and concurrent to the warrants issued with the Units of the third tranche private placement, the Company issued 104,000 broker warrants as a finder's fee. The warrants have the same terms as the warrants of the first tranche private placement. The fair value of the 104,000 broker warrants was estimated at \$4,021, using the Black-Scholes Option Pricing Model with the following weighted average assumptions: expected dividend yield - 0%, share price of \$0.10, expected volatility - 104% (average based on comparable companies), risk-free interest rate - 1.77%, exercise price of \$0.20 and an expected average life of 2 years.

On March 6, 2019, 1,000,000 warrants were issued to a consultant of the Company. The warrants are exercisable at \$0.02 per share for five years from date of grant. The fair value of the 1,000,000 warrants was estimated at \$96,700, using the Black-Scholes Option Pricing Model with the following weighted average assumptions: expected dividend yield - 0%, share price of \$0.10, expected volatility - 155% (average based on comparable companies), risk-free interest rate - 1.70%, exercise price of \$0.02 and an expected average life of 5 years. 25% of the warrants vest immediately, 25% on March 6, 2020, and 50% on March 6, 2021.

On March 20, 2019, and 500,000 warrants were issued to a consultant of the Company. The warrants are exercisable at \$0.02 per share for five years from date of grant. The fair value of the 500,000 warrants was estimated at \$48,306, using the Black-Scholes Option Pricing Model with the following weighted average assumptions: expected dividend yield - 0%, share price of \$0.10, expected volatility - 154% (average based on comparable companies), risk-free interest rate - 1.58%, exercise price of \$0.02 and an expected average life of 5 years. 50% of the warrants vest on March 20, 2020, and the remaining 50% vest upon signing of a definitive agreement relating to an RTO.

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**8. RELATED PARTY TRANSACTIONS**

Related party transactions were in the normal course of operations and measured at the exchange amount, which is the amount established and agreed to by the related parties. Key management personnel are the persons responsible for planning, directing and controlling the activities of the Company, and include both executive and non-executive directors, and entities controlled by such persons. The Company considers all directors and officers of the Company to be key management personnel.

Transactions with key management and directors

The Company incurred the following transactions for the period ended, with companies controlled by current and former directors and officers of the Company:

	<b>For the three months ended to June 30, 2019</b>	<b>April 17, 2018 (date of incorporation) to June 30, 2018</b>
	\$	\$
Consulting fees	39,345	-
Consulting fees – share-based compensation	14,372	-
Wages	122,052	-

**Related parties balance**

As at June 30, 2019, the Company had amounts due to a company controlled by the President in the amount of \$Nil (March 31, 2019 - \$8,475).

**9. FINANCIAL INSTRUMENTS AND CAPITAL MANAGEMENT**

The following table summarizes the carrying value of financial assets and liabilities as at June 30, 2019:

	<b>June 30, 2019</b>
	\$
<b>Fair value through profit or loss</b>	
Investment at fair value (note 6)	946,847
<b>Amortized cost</b>	
Cash	1,705,235
Accounts payable and accrued liabilities	27,000

**Fair value measurement**

As at June 30, 2019, financial instruments that are measured at fair value on the statement of financial position are represented by cash, investment at fair value, and account payable and accrued liabilities. The fair values of these financial instruments approximate the carrying value due to their short-term nature.

Financial assets and liabilities that are recognized on the statement of financial position at fair value can be classified in a hierarchy that is based on the significance of the inputs used in making the measurements.

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**9. FINANCIAL INSTRUMENTS AND CAPITAL MANAGEMENT (continued)**

The levels in the hierarchy are:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); and
- Level 3 - inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The Company's financial assets measured at fair values through profit or loss are as follows:

<b>March 31, 2019 and June 30, 2019</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
	\$	\$	\$
<b>Investments at fair value</b>	-	-	946,847

**Financial risk management**

The Company is exposed in varying degrees to a variety of financial instrument related risks.

*Credit risk*

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its bank account. All of its cash is deposited in a bank account held with a major bank in Canada. As most of the Company's cash is held by one bank there is a concentration of credit risk. This risk is managed by using a major bank that is a high credit quality financial institution as determined by rating agencies. The maximum exposure to credit risk is the carrying amount of the Company's financial instruments.

*Foreign exchange risk*

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company is not exposed to significant foreign exchange risk.

*Liquidity risk*

Liquidity risk arises through the excess of financial obligations over available financial assets due at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements at any point in time.

The Company's main source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

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**9. FINANCIAL INSTRUMENTS AND CAPITAL MANAGEMENT (continued)**

*Capital Management*

Management's objective is to manage its capital to ensure that there are adequate capital resources to safeguard the Company's ability to continue as a going concern through the optimization of its capital structure. The capital structure consists of share capital and working capital. In order to achieve this objective, management makes adjustments to it in light of changes in economic conditions and risk characteristics of the underlying assets. To maintain or adjust capital structure, management may invest its excess cash in interest bearing accounts of Canadian chartered banks and/or raise additional funds externally as needed. The Company is not subject to externally imposed capital requirements. The Company's management of capital did not change during the period ended June 30, 2019.

*Fair Value*

The fair value of the Company's financial assets and liabilities approximate the carrying amount wither due to their short-term nature or because the interest rates applied to measure their carrying amount approximate current market rates.

**10. SEGMENTED INFORMATION**

The Company operates in one business segment: Esports investment.

Geographic information with respect to the Company's assets is as follows:

	<b>June 30, 2019</b>	<b>March 31, 2019</b>
	\$	\$
Canada	<b>2,677,294</b>	<b>1,171,250</b>
United States	<b>128,227</b>	<b>58,616</b>
<b>Total assets</b>	<b>2,805,521</b>	<b>1,229,866</b>

Geographic information with respect to the Company's liabilities is as follows:

	<b>June 30, 2019</b>	<b>March 31, 2019</b>
	\$	\$
Canada	<b>68,552</b>	<b>257,137</b>
United States	-	-
<b>Total liabilities</b>	<b>68,552</b>	<b>257,137</b>

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**10. SEGMENTED INFORMATION** (continued)

Geographic information with respect to the Company's net loss is as follows:

	<b>For three months ended June 30, 2019</b>	<b>April 17, 2018 (date of incorporation) to June 30, 2018</b>
	\$	\$
Canada	412,701	-
United States	153,099	-
New loss for the year	565,800	-

**11. SUBSEQUENT EVENTS**

On August 2, 2019, the Company subscribed for 7,500,000 units of Avatar One E-Sports Capital Corp. ("Avatar") at \$0.02 each for a total subscription price of \$150,000. Each unit consists of one common share of Avatar and one common share purchase warrant of Avatar, with each such warrant entitling the holder to acquire one additional Avatar common share at a price of \$0.02 for five years

## **SCHEDULE “D” – NEW WAVE ESPORTS MANAGEMENT’S DISCUSSION & ANALYSIS**

### **NEW WAVE ESPORTS CORP.**

(FORMERLY NEW WAVE HOLDINGS CORP.)

### **MANAGEMENT’S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED MARCH 31, 2019**

(All amounts expressed in Canadian dollars, unless otherwise stated)

This Management Discussion and Analysis (“MD&A”) provides a detailed analysis of the business of New Wave Esports Corp. (formerly New Wave Holdings Corp.) (the “Company”) and describes its financial results from April 17, 2018 (date of incorporation) to March 31, 2019. The MD&A should be read in conjunction with the financial statements of the Company and related notes, which have been prepared in accordance with International Financial Reporting Standards (“IFRS”). Refer to Note 3 of the March 31, 2019 audited financial statements for disclosure of the Company’s significant accounting policies and a discussion of future accounting policy changes. The Company’s reporting currency is the Canadian dollar and all amounts in this MD&A are expressed in the Canadian dollar.

#### **Management’s Responsibility**

The Company’s management is responsible for the preparation and presentation of the financial statements and the MD&A. The financial statements have been prepared in accordance with International Financial Accounting Standards (“IFRS”) as issued by the International Accounting Standards Board. This MD&A has been prepared in accordance with the requirements of securities regulators, including National Instrument 51-102 of the Canadian Securities Administrators.

#### **ANNUAL HIGHLIGHTS**

- On March 27, 2019, the Company invested in Even Matchup Gaming Inc. for \$250,000.
- On March 26, 2019, the Company invested in Tiidal Gaming Group Inc. for \$400,000.
- On March 22, 2019, the Company invested in Playline Ltd. for \$250,829.
- On March 11, 2019, the Company entered into an advisory agreement with Tiidal Gaming Group Inc.
- On January 30, 2019, the Company purchased Thunderbolt Creative Digital Gaming Inc.
- From January 18, 2019 through to February 22, 2019, the Company issued 25,775,000 common shares through multiple private placement closings for gross cash proceeds of \$1,508,750.

#### **OVERALL PERFORMANCE**

The Company commenced operations during the final quarter of the March 31, 2019 year end. The Company incurred a net loss of \$618,250 primarily driven by various activities and related expenses in ramping up operations. For the year ended March 31, 2019, the Company has made several key investments in private esports companies and successfully completed several

financings. The Company expects to continue to raise additional funds through equity financings and seek additional investment opportunities.

### **INVESTMENTS AT FAIR VALUE**

The Company has the following investments as at March 31, 2019:

	<b>Number of Shares/Units Held</b>	<b>Fair Value</b>
<b>Equities of private esport companies:</b>		\$
Even Matchup Gaming Inc.	180	250,000
Playline, Ltd.	51,653	250,829
Tiidal Gaming Group Inc.	2,000,000	400,000
<b>Stock options held:</b>		
Tiidal Gaming Group Inc.	250,000	46,018
<b>Balance</b>		<b>946,847</b>

- i. On March 27, 2019, the Company purchased 180 common shares (18%) of Even Matchup Gaming Inc. for \$250,000 along with an irrevocable option to acquire an additional 31% interest, with additional terms to purchase from the Even Matchup Gaming Inc.'s existing shareholders, upwards to a maximum of 49% of all common shares. Even Matchup Gaming Inc. is a private company and its shares cannot be reliably valued using any market-derived indicators. The fair value of the investment into Even Matchup Gaming Inc. is currently reflected as the initial cash purchase price of its common shares.
- ii. On March 22, 2019, the Company purchased 51,653 common shares (less than 1%) of Playline Ltd. for \$250,829. Playline Ltd. is a private company and its shares cannot be reliably valued using any market-derived indicators. The fair value of the investment into Playline Ltd. is currently reflected as the initial cash purchase price of its common shares.
- iii. On March 26, 2019, the Company purchased 2,000,000 common shares (approximately 4%) of Tiidal Gaming Group Inc. for \$400,000. Tiidal Gaming Group Inc. is a private company and its shares cannot be reliably valued using any market-derived indicators. The fair value of the investment into Tiidal Gaming Group Inc. is currently reflected as the initial cash purchase price of its common shares.
- iv. On January 30, 2019, the Company purchased 2,000 common shares (100%) of Thunderbolt Creative Digital Gaming Inc. for \$20,000 through the issuance of 4,000,000 common shares of the Company for a deemed value of \$0.005 per common share. Thunderbolt Creative Digital Gaming Inc. is a private company and its shares cannot be reliably valued using any market-derived indicators. The fair value of the investment into Thunderbolt Creative Digital Gaming Inc. is currently reflected as the initial purchase price of its common shares.
- v. On March 11, 2019, the Company entered into an advisory agreement with Tiidal Gaming Group Inc. to provide strategic advisory services. The Company received 250,000 stock options with an exercise price of \$0.20 for a term of five years. The options received have an estimated fair market value of \$46,018 using the Black-Scholes pricing model.

### **LIQUIDITY AND CAPITAL RESOURCES**



In management's view, given the nature of the Company's operations, which comprises commercial gaming activities, investing and advising esports companies in business growth, market penetration, and product expansion, the most relevant financial information relates primarily to current liquidity, solvency and planned strategic growth. The Company's ability to continue as a going concern and realize the carrying value of its assets is dependent on its continued ability to raise capital through public equity financings, and upon the generation of profits from its investments, the outcome of which cannot be predicted at this time.

At March 31, 2019, the Company had working capital of \$21,431, including cash of \$263,443.

The Company has financed operations to date primarily through the sale of equity securities as follows. For the year ended March 31, 2019, the Company completed the following equity raises:

On January 18, 2019, the Company closed a founder's round private placement through the issuance of 11,250,000 common shares at a price of \$0.005 per share for gross proceeds received of \$56,250.

On January 30, 2019, the Company purchased 100% of the common shares of Thunderbolt Creative Digital Gaming Inc. through the issuance of 4,000,000 common shares of the Company at a price of \$0.005 per share for aggregative purchase value of \$20,000.

On February 8, 2019, the Company closed the first tranche of its private placement through the issuance of 6,730,000 Units of the Company at a price of \$0.10 per Unit for gross proceeds of \$673,000. Each Unit comprises one common share and share purchase warrant exercisable for two years at a price of \$0.20 per share.

On February 8, 2019, the Company issued 300,000 Units under the same terms as the concurrent closing of its first tranche private placement for service rendered by a consultant of the Company. The transaction was valued at \$30,000.

On February 15, 2019, the Company closed the second tranche of its private placement through the issuance of 4,475,000 Units of the Company at a price of \$0.10 per Unit for gross proceeds of \$447,500. Each Unit comprises one common share and share purchase warrant exercisable for two years at a price of \$0.20 per share.

On February 15, 2019, the Company issued 270,000 Units under the same terms as the concurrent closing of its second tranche private placement for service rendered by a consultant of the Company. The transaction was valued at \$27,000.

On February 22, 2019, the Company closed the third tranche of its private placement through the issuance of 3,300,000 Units of the Company at a price of \$0.10 per Unit for gross proceeds of \$330,000. Each Unit comprises one common share and share purchase warrant exercisable for two years at a price of \$0.20 per share.

Additionally and subsequent to March 31, 2019, the Company completed the following private placements:

On April 17, 2019, the Company closed a private placement through the issuance of 6,840,000 Units of the Company at a price of \$0.10 per Unit for gross proceeds of \$684,000. Each Unit comprises one common shares and share purchase warrant exercisable for two years at a price of \$0.20 per share.

On May 29, 2019, the Company closed a private placement through the issuance of 11,633,666 Units of the Company at a price of \$0.15 per Unit for gross proceeds of \$1,745,050. Each Unit comprises one common shares and share purchase warrant exercisable for two years at a price of \$0.30 per share.

The Company's current and expected cash resources are sufficient to satisfy working capital requirements of running the operations for the following twelve months, however the Company has not realized a source of revenue therefore management will continue to seek new sources of capital to maintain its operations and to further its primary objective of generating income and achieve long term capital appreciation through its investments.

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to a going concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

## **OUTSTANDING SHARE DATA**

The following share capital as of date of this document is:

	<b>Balance</b>
Shares issued and outstanding	48,848,666
Warrants	36,507,666

## **RESULTS OF OPERATION**

### **Date of Incorporation, April 17, 2018 to March 31, 2019 and Three Months Ended March 31, 2019**

The Company incurred a net loss of \$618,520 for the current period as all activity occurred in the final quarter of fiscal March 31, 2019. The Company made several investments into esports companies during this period. In addition, the Company incurred consulting, investor relations, and professional fees related to ramping up the Company's operations. There are no meaningful comparisons to be made with prior periods.

## **OUTLOOK**

In the Company's fiscal year ending March 31, 2020, the Company will seek to, among other things: (i) make additional esports/gaming investments, including the complete acquisition of a business in this industry; (ii) develop a technology platform and a set of tools for offer to prospective esports/gaming technology clients; and (iii) secure additional consulting or advisory engagements with esports/gaming companies.

**SELECTED QUARTERLY INFORMATION FOR MOST RECENT COMPLETED QUARTERS**

	March 31, 2019	December 31, 2018	September 30, 2018	Date of Incorporation, April 17, 2018 to June 30, 2018
	\$	\$	\$	\$
Net profit (loss)	(618,520)	-	-	-
Basic profit (loss) per share	(0.12)	-	-	-
Diluted profit (loss) per share	(0.12)	-	-	-

**SELECTED ANNUAL INFORMATION FOR MOST RECENT COMPLETED YEAR**

	Date of Incorporation, April 17, 2018 to March 31, 2019
	\$
<b>Income Statement</b>	
Sales	Nil
Net profit (loss)	(618,520)
Loss per share (basic and diluted)	(0.12)
<b>Balance Sheet</b>	
Total investments at fair value	946,847
Total assets	1,229,866
Total long-term liabilities	Nil
<b>Dividends</b>	Nil

## FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The following table summarizes the carrying value of financial assets and liabilities as at March 31, 2019:

	<b>March 31, 2019</b>
	\$
<b>Fair value through profit and loss</b>	
Investment at fair value (note 4)	<b>946,847</b>
<b>Amortized cost</b>	
Cash	<b>263,443</b>
Accounts payable and accrued liabilities	<b>203,757</b>

### Fair value measurement

As at March 31, 2019, financial instruments that are not measured at fair value on the balance sheet are represented by cash and cash equivalents, short-term investment, receivables, due from related parties, account payable and accrued liabilities. The fair values of these financial instruments approximate the carrying value due to their short-term nature.

Financial assets and liabilities that are recognized on the balance sheet at fair value can be classified in a hierarchy that is based on the significance of the inputs used in making the measurements.

The levels in the hierarchy are:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); and

Level 3 - inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The Company's financial assets measured at fair values through profit or loss are as follows:

<b>March 31, 2019</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
	\$	\$	\$
<b>Investments at fair value</b>	-	-	946,847

### Management of Industry and Financial Risk

The Company's financial instruments are exposed to certain financial risks, which include the following:

### ***Credit risk***

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's maximum credit risk is limited by its liquidity.

The Company deposits the majority of its cash with high credit quality financial institutions in Canada and the United States. Therefore, management considers its exposure to credit risk arising from its cash to be minimal. Credit risk with respect to receivables has been assessed as low from management as the majority of receivables are government input tax credits refundable.

### ***Financial risk management***

The Company is exposed in varying degrees to a variety of financial instrument related risks.

#### ***Credit risk***

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its bank account. All of its cash is deposited in a bank account held with a major bank in Canada. As most of the Company's cash is held by one bank there is a concentration of credit risk. This risk is managed by using a major bank that is a high credit quality financial institution as determined by rating agencies. The maximum exposure to credit risk is the carrying amount of the Company's financial instruments.

#### ***Foreign exchange risk***

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company is not exposed to significant foreign exchange risk.

#### ***Liquidity risk***

Liquidity risk arises through the excess of financial obligations over available financial assets due at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements at any point in time.

The Company's main source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

#### ***Capital Management***

Management's objective is to manage its capital to ensure that there are adequate capital resources to safeguard the Company's ability to continue as a going concern through the optimization of its capital structure. The capital structure consists of share capital and working capital.

In order to achieve this objective, management makes adjustments to it in light of changes in economic conditions and risk characteristics of the underlying assets. To maintain or adjust capital structure, management may invest its excess cash in interest bearing accounts of Canadian chartered banks and/or raise additional funds externally as needed. The Company is not subject to externally imposed capital requirements. The Company's management of capital did not change during the period ended March 31, 2019.

#### ***Fair Value***

The fair value of the Company's financial assets and liabilities approximate the carrying amount wither due to their short-term nature or because the interest rates applied to measure their carrying amount approximate current market rates.

## **RELATED PARTY TRANSACTIONS**

Related party transactions were in the normal course of operations and measured at the exchange amount, which is the amount established and agreed to by the related parties. Key management personnel are the persons responsible for planning, directing and controlling the activities of the Company, and include both executive and non-executive directors, and entities controlled by such persons. The Company considers all directors and officers of the Company to be key management personnel.

### Transactions with key management and directors

The Company incurred the following transactions for the period ended, companies controlled by current and former directors and officers of the Company:

	<b>Period from inception on April 17, 2018 to March 31, 2019</b>
	\$
Consulting fees	<b>57,845</b>
Wages	<b>63,217</b>

### *Related parties balance*

As at March 31, 2019, the Company had amounts due to a company controlled by the President in the amount of \$8,475 (2017 - \$Nil).

### **Off-Balance Sheet Transactions**

The Company has not entered into any significant off-balance sheet arrangements or commitments.

## **CRITICAL ACCOUNTING ESTIMATES**

### *Significant estimates and assumptions*

The preparation of the consolidated financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including

expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the recoverability and measurement of deferred tax assets, carrying value of intangible assets and impairment of financial assets.

### *Significant judgments*

The preparation of the consolidated financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial statements include the assessment of the Company's ability to continue as a going concern, assessment of acquisition as business combination or asset acquisition, impairment of non-financial assets and whether there are events or conditions that may give rise to significant uncertainty

### **CHANGES IN ACCOUNTING POLICIES**

This new standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. IFRS 15 is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted. Overall, the Company does not expect the implementation of IFRS 15 to have a significant impact on its revenue.

## **NEW WAVE ESPORTS CORP.**

(FORMERLY NEW WAVE HOLDINGS CORP.)

### **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE THREE MONTHS ENDED JUNE 30, 2019**

(All amounts expressed in Canadian dollars, unless otherwise stated)

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This Management Discussion and Analysis ("MD&A") provides a detailed analysis of the business of New Wave Esports Corp. (formerly New Wave Holdings Corp.) (the "Company") and describes its financial results for the three months ended June 30, 2019. The MD&A should be read in conjunction with the financial statements of the Company and related notes, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"), in addition, this MD&A should be read in conjunction with the audited financial statements for the period starting from April 17, 2018 (date of incorporation) to March 31, 2019. Refer to Note 3 of the June 30, 2019 interim financial statements, and the March 31, 2019 audited financial statements for disclosure of the Company's significant accounting policies and a discussion of future accounting policy changes. The Company's reporting currency is the Canadian dollar and all amounts in this MD&A are expressed in the Canadian dollar.

#### **Management's Responsibility**

The Company's management is responsible for the preparation and presentation of the financial statements and the MD&A. The financial statements have been prepared in accordance with International Financial Accounting Standards ("IFRS") as issued by the International Accounting Standards Board. This MD&A has been prepared in accordance with the requirements of securities regulators, including National Instrument 51-102 of the Canadian Securities Administrators, and the Canadian Securities Exchange.

#### **QUARTERLY HIGHLIGHTS**

- Completed two private placements for gross proceeds of \$2,429,050.

#### **OVERALL PERFORMANCE**

The Company continued operations for the first quarter ending June 30, 2019 and incurred a net loss of \$565,800 primarily driven by various activities and related expenses in ramping up operations, although the Company also successfully raised additional equity financing to expand its investment activities, personnel, and marketing efforts. For the recently completed year ended March 31, 2019, the Company has made several key investments in private esports companies and successfully completed several financings. The Company expects to continue to raise additional funds through equity financings and seek additional investment opportunities.

#### **INVESTMENTS AT FAIR VALUE**

The Company has the following investments as at June 30, 2019 and March 31, 2019:



	<b>Number of Shares/Units Held</b>	<b>Fair Value</b>
<b>Equities of private esport companies:</b>		\$
Even Matchup Gaming Inc.	180	250,000
Playline, Ltd.	51,653	250,829
Tiidal Gaming Group Inc.	2,000,000	400,000
<b>Stock options held:</b>		
Tiidal Gaming Group Inc.	250,000	46,018
<b>Balance</b>		<b>946,847</b>

- vi. On March 27, 2019, the Company purchased 180 common shares (18%) of Even Matchup Gaming Inc. for \$250,000 along with an irrevocable option to acquire an additional 31% interest, with additional terms to purchase from the Even Matchup Gaming Inc.'s existing shareholders, upwards to a maximum of 49% of all common shares. Even Matchup Gaming Inc. is a private company and its shares cannot be reliably valued using any market-derived indicators. The fair value of the investment into Even Matchup Gaming Inc. is currently reflected as the initial cash purchase price of its common shares.
- vii. On March 22, 2019, the Company purchased 51,653 common shares (less than 1%) of Playline Ltd. for \$250,829. Playline Ltd. is a private company and its shares cannot be reliably valued using any market-derived indicators. The fair value of the investment into Playline Ltd. is currently reflected as the initial cash purchase price of its common shares.
- viii. On March 26, 2019, the Company purchased 2,000,000 common shares (approximately 4%) of Tiidal Gaming Group Inc. for \$400,000. Tiidal Gaming Group Inc. is a private company and its shares cannot be reliably valued using any market-derived indicators. The fair value of the investment into Tiidal Gaming Group Inc. is currently reflected as the initial cash purchase price of its common shares.
- ix. On March 11, 2019, the Company entered into an advisory agreement with Tiidal Gaming Group Inc. to provide strategic advisory services. The Company received 250,000 stock options with an exercise price of \$0.20 for a term of five years. The options received have an estimated fair market value of \$46,018 using the Black-Scholes pricing model.
- x. On January 30, 2019, the Company purchased 2,000 common shares (100%) of Thunderbolt Creative Digital Gaming Inc. for \$20,000 through the issuance of 4,000,000 common shares of the Company for a deemed value of \$0.005 per common share. Thunderbolt Creative Digital Gaming Inc. is a private company and its shares cannot be reliably valued using any market-derived indicators. The fair value of the investment into Thunderbolt Creative Digital Gaming Inc. is currently reflected as the initial purchase price of its common shares.

## **LIQUIDITY AND CAPITAL RESOURCES**

In management's view, given the nature of the Company's operations, which comprises commercial esports/gaming activities, investing and advising esports companies in business growth, market penetration, and product expansion, the most relevant financial information relates primarily to current liquidity, solvency and planned strategic growth. The Company's ability to continue as a going concern and realize the carrying value of its assets is dependent on its continued

ability to raise capital through public equity financings, and upon the generation of profits from its investments, the outcome of which cannot be predicted at this time.

At June 30, 2019, the Company had working capital of \$1,786,005, including cash of \$1,705,235.

The Company has financed operations to date primarily through the sale of equity securities as follows. For the period ended June 30, 2019 and the year ended March 31, 2019, the Company completed the following equity raises:

On January 18, 2019, the Company closed a founder's round private placement through the issuance of 11,250,000 common shares at a price of \$0.005 per share for gross proceeds received of \$56,250.

On January 30, 2019, the Company purchased 100% of the common shares of Thunderbolt Creative Digital Gaming Inc. through the issuance of 4,000,000 common shares of the Company at a price of \$0.005 per share for aggregative purchase value of \$20,000.

On February 8, 2019, the Company closed the first tranche of its private placement through the issuance of 6,730,000 Units of the Company at a price of \$0.10 per Unit for gross proceeds of \$673,000. Each Unit comprises one common share and share purchase warrant exercisable for two years at a price of \$0.20 per share.

On February 8, 2019, the Company issued 300,000 Units under the same terms as the concurrent closing of its first tranche private placement for service rendered by a consultant of the Company. The transaction was valued at \$30,000.

On February 15, 2019, the Company closed the second tranche of its private placement through the issuance of 4,475,000 Units of the Company at a price of \$0.10 per Unit for gross proceeds of \$447,500. Each Unit comprises one common share and share purchase warrant exercisable for two years at a price of \$0.20 per share.

On February 15, 2019, the Company issued 270,000 Units under the same terms as the concurrent closing of its second tranche private placement for service rendered by a consultant of the Company. The transaction was valued at \$27,000.

On February 22, 2019, the Company closed the third tranche of its private placement through the issuance of 3,300,000 Units of the Company at a price of \$0.10 per Unit for gross proceeds of \$330,000. Each Unit comprises one common share and share purchase warrant exercisable for two years at a price of \$0.20 per share.

On April 17, 2019, the Company closed a private placement through the issuance of 6,840,000 Units of the Company at a price of \$0.10 per Unit for gross proceeds of \$684,000. Each Unit comprises one common share and one share purchase warrant exercisable for two years at a price of \$0.20 per share. Concurrent with this private placement, on April 17, 2019, the Company issued 50,000 Units to a consultant of the Company at a deemed price of \$0.10 per Unit.

On May 29, 2019, the Company closed a private placement through the issuance of 11,633,666 Units of the Company at a price of \$0.15 per Unit for gross proceeds of \$1,745,050. Each Unit comprises one common share and one share purchase warrant exercisable for two years at a price of \$0.30 per share.

The Company's current and expected cash resources are sufficient to satisfy working capital requirements of running the operations for the following twelve months, however the Company has not realized a source of revenue therefore management will continue to seek new sources of capital to maintain its operations and to further its primary objective of generating income and achieve long term capital appreciation through its investments.

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to a going concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

## **OUTSTANDING SHARE DATA**

The following share capital as of date of this document is:

	<b>Balance</b>
Common Shares	48,848,666
Warrants	36,507,666

## **RESULTS OF OPERATION**

### **For the three months ended June 30, 2019**

The Company incurred a net loss of \$565,800 for the current period ended June 30, 2019; there was no comparable activity in the prior period. The Company made several investments into esports companies during the recently completed year and continues to search for additional investments. In addition, the Company incurred consulting, investor relations, and professional fees related to ramping up the Company's operations. There are no meaningful comparisons to be made with prior periods.

## **OUTLOOK**

In the Company's fiscal year ending March 31, 2020, the Company will seek to, among other things: (i) make additional esports/gaming investments, including the complete acquisition of a business in this industry; (ii) develop a technology platform and a set of tools for offer to prospective esports/gaming technology clients; and (iii) secure additional consulting or advisory engagements with esports/gaming companies.

**SELECTED QUARTERLY INFORMATION FOR MOST RECENT COMPLETED QUARTERS**

	June 30, 2019	March 31, 2019	December 31, 2018	September 30, 2018	Date of Incorporation, April 17, 2018 to June 30, 2018
	\$	\$	\$	\$	\$
Net profit (loss)	(565,800)	(618,520)	-	-	-
Basic profit (loss) per share	(0.01)	(0.12)	-	-	-
Diluted profit (loss) per share	(0.01)	(0.12)	-	-	-

**SELECTED ANNUAL INFORMATION FOR MOST RECENT COMPLETED YEAR**

	Date of Incorporation, April 17, 2018 to March 31, 2019
	\$
<b>Income Statement</b>	
Sales	Nil
Net profit (loss)	(618,520)
Loss per share (basic and diluted)	(0.12)
<b>Balance Sheet</b>	
Total investments at fair value	946,847
Total assets	1,229,866
Total long-term liabilities	Nil
<b>Dividends</b>	Nil

**FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

The following table summarizes the carrying value of financial assets and liabilities as at June 30, 2019:

	June 30, 2019
	\$
<b>Fair value through profit or loss</b>	

Investments at fair value	<b>946,847</b>
<b>Amortized cost</b>	
Cash	<b>1,705,235</b>
Accounts payable and accrued liabilities	<b>27,000</b>

### **Fair value measurement**

As at June 30, 2019, financial instruments that are not measured at fair value on the balance sheet are represented by cash and cash equivalents, short-term investment, receivables, due from related parties, account payable and accrued liabilities. The fair values of these financial instruments approximate the carrying value due to their short-term nature.

Financial assets and liabilities that are recognized on the balance sheet at fair value can be classified in a hierarchy that is based on the significance of the inputs used in making the measurements.

The levels in the hierarchy are:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); and

Level 3 - inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The Company's financial assets measured at fair values through profit or loss are as follows:

June 30, 2019 and March 31, 2019	Level 1	Level 2	Level 3
	\$	\$	\$
<b>Investments at fair value</b>	-	-	946,847

### **Management of Industry and Financial Risk**

The Company's financial instruments are exposed to certain financial risks, which include the following:

#### ***Credit risk***

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's maximum credit risk is limited by its liquidity.

The Company deposits the majority of its cash with high credit quality financial institutions in Canada and the United States. Therefore, management considers its exposure to credit risk arising

from its cash to be minimal. Credit risk with respect to receivables has been assessed as low from management as the majority of receivables are government input tax credits refundable.

### *Financial risk management*

The Company is exposed in varying degrees to a variety of financial instrument related risks.

#### *Credit risk*

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its bank account. All of its cash is deposited in a bank account held with a major bank in Canada. As most of the Company's cash is held by one bank there is a concentration of credit risk. This risk is managed by using a major bank that is a high credit quality financial institution as determined by rating agencies. The maximum exposure to credit risk is the carrying amount of the Company's financial instruments.

#### *Foreign exchange risk*

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company is not exposed to significant foreign exchange risk.

#### *Liquidity risk*

Liquidity risk arises through the excess of financial obligations over available financial assets due at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements at any point in time.

The Company's main source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

#### *Capital Management*

Management's objective is to manage its capital to ensure that there are adequate capital resources to safeguard the Company's ability to continue as a going concern through the optimization of its capital structure. The capital structure consists of share capital and working capital.

In order to achieve this objective, management makes adjustments to it in light of changes in economic conditions and risk characteristics of the underlying assets. To maintain or adjust capital structure, management may invest its excess cash in interest bearing accounts of Canadian chartered banks and/or raise additional funds externally as needed. The Company is not subject to externally imposed capital requirements. The Company's management of capital did not change during the period ended June 30, 2019.

#### *Fair Value*

The fair value of the Company's financial assets and liabilities approximate the carrying amount wither due to their short-term nature or because the interest rates applied to measure their carrying amount approximate current market rates.

## **RELATED PARTY TRANSACTIONS**

Related party transactions were in the normal course of operations and measured at the exchange amount, which is the amount established and agreed to by the related parties. Key management personnel are the persons responsible for planning, directing and controlling the activities of the

Company, and include both executive and non-executive directors, and entities controlled by such persons. The Company considers all directors and officers of the Company to be key management personnel.

#### Transactions with key management and directors

The Company incurred the following transactions for the period ended, with directors and officers of the Company (or their controlled companies):

	<b>For the three months ended to June 30, 2019</b>	<b>April 17, 2018 (date of incorporation) to June 30, 2018</b>
	\$	\$
Consulting fees	<b>39,345</b>	-
Wages	<b>122,052</b>	-

#### **Related parties balance**

As at June 30, the Company had amounts due to a company controlled by the President in the amount of \$Nil (March 31, 2019 - \$8,475).

#### **Off-Balance Sheet Transactions**

The Company has not entered into any significant off-balance sheet arrangements or commitments.

#### **CRITICAL ACCOUNTING ESTIMATES**

##### *Significant estimates and assumptions*

The preparation of the consolidated financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the recoverability and measurement of deferred tax assets, carrying value of intangible assets and impairment of financial assets.

##### *Significant judgments*

The preparation of the consolidated financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial statements include the assessment of the Company's ability to continue as a going concern, assessment of acquisition as business combination or asset acquisition, impairment of non-financial assets and whether there are events or conditions that may give rise to significant uncertainty

## **CHANGES IN ACCOUNTING POLICIES**

### New standard IFRS 16 “Leases”

This new standard replaces IAS 17 “Leases” and the related 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 is not substantially changed. The standard is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted for entities that have adopted IFRS 15.

The Company adopted IFRS 16 effective April 1, 2019 with no impact to its consolidated financial statements.



**SCHEDULE "E" – PRO-FORMA FINANCIAL STATEMENTS**

[Please see attached]

**NEW WAVE ESPORTS CORP.**

**PRO-FORMA CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**  
**(Expressed in Canadian Dollars)**

**JUNE 30, 2019**

**NEW WAVE ESPORTS CORP.**  
**Unaudited Pro-Forma Consolidated Statement of Financial Position**  
**As at June 30, 2019**

	New Wave As at June 30, 2019	TRM As at June 30, 2019	Notes	Pro-Forma Adjustments	Resulting Issuer As at June 30, 2019
<b>Current Assets</b>					
Cash	\$ 1,705,235	\$ 1,465,993	5 (b)	\$ (260,000)	\$ 2,911,228
Sales tax receivable	-	13,922		-	13,922
Prepaid expenses	149,322	2,678		-	152,000
<b>Total Current Assets</b>	<b>1,854,557</b>	<b>1,482,593</b>		<b>(260,000)</b>	<b>3,077,150</b>
<b>Equipment</b>					
Investments	4,117	-		-	4,117
	946,847	-		-	946,847
<b>Total Assets</b>	<b>\$ 2,805,521</b>	<b>\$ 1,482,593</b>		<b>\$ (260,000)</b>	<b>\$ 4,028,114</b>
<b>Current Liabilities</b>					
Accounts payable	\$ 27,000	\$ 283,736		\$ -	\$ 310,736
Share subscription proceeds payable	10,010	-		-	10,010
Deferred revenue	31,542	-		-	31,542
Total Current Liabilities	68,552	283,736		-	352,288
<b>Total Liabilities</b>	<b>\$ 68,552</b>	<b>\$ 283,736</b>		<b>\$ -</b>	<b>\$ 352,288</b>
<b>Shareholders' Equity</b>					
Share capital	3,800,772	9,939,107	5 (a)	(9,939,107)	6,944,681
			5 (d)	732,730	-
			5 (c)(e)	2,411,179	-
Contributed surplus	120,517	3,964,355	5 (a)	(3,964,355)	120,517
Deficit	(1,184,320)	(12,704,605)	5 (a)	12,704,605	(3,389,372)
			5 (e)	(1,212,322)	-
			5 (d)	(732,730)	-
			5 (b)	(260,000)	-
<b>Total Shareholders' Equity</b>	<b>2,736,969</b>	<b>1,198,857</b>		<b>(260,000)</b>	<b>3,675,826</b>
<b>Total Liabilities &amp; Shareholders' Equity</b>	<b>\$ 2,805,521</b>	<b>\$ 1,482,593</b>		<b>\$ (260,000)</b>	<b>\$ 4,028,114</b>

The accompanying notes are integral part of these pro-forma consolidated financial statements.

**NEW WAVE ESPORTS CORP.**  
**Notes to Unaudited Pro-Forma Consolidated Financial Statements**  
**As at June 30, 2019**

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**1. Basis of Presentation**

The accompanying unaudited pro-forma consolidated financial statements of New Wave Esports Corp. (“**New Wave**” or the “**Company**”) have been prepared by management in accordance with International Financial Reporting Standards (“**IFRS**”) from information derived from the financial statements of New Wave and the financial statements of Trueclaim Exploration Inc. (“**TRM**”), together with other information available to the Company. The unaudited pro-forma consolidated financial statements to which these notes relate have been prepared for inclusion in the filing statement of TRM dated October 24, 2019 (the “**Filing Statement**”) to be filed by TRM in conjunction with the Transaction (as defined herein). All capitalized terms used but not defined herein have the meaning ascribed thereto in the Filing Statement.

Pursuant to the terms of the Transaction, TRM intends to acquire all of the issued and outstanding shares (the “**New Wave Shares**”) of New Wave, a corporation incorporated under the laws of British Columbia, causing New Wave to become a wholly owned subsidiary of TRM (the “**Transaction**”) (Note 3).

It is management's opinion that the unaudited pro-forma consolidated financial statement include all adjustments necessary for the fair presentation, in all material respects, of the transactions described in notes 3 and 4 in accordance with IFRS, applied on a basis consistent with New Wave’s accounting policies, except as otherwise noted. The unaudited pro-forma consolidated financial statements are not necessarily indicative of the financial position that would have resulted if the Transaction have occurred on June 30, 2019.

Pursuant to the terms of the Transaction (Note 3), 48,848,666 New Wave shares will be exchanged for 48,848,666 TRM common shares.

Upon completion of the Transaction, the Resulting Issuer is expected to have 77,692,035 common shares (Note 6) issued and outstanding.

The unaudited pro-forma consolidated financial statements should be read in conjunction with the historical financial statements and notes thereto of the Company and TRM, included elsewhere in the Filing Statement.

The unaudited pro-forma consolidated financial statements of the Resulting Issuer have been compiled from (a) the interim financial statements of New Wave as at June 30, 2019, (b) the interim financial statements of TRM as at June 30, 2019, and (c) the additional information set out in Note 5 hereof.

The unaudited pro-forma consolidated financial statements have been prepared as if the Transaction described in Note 3 hereof had occurred on June 30, 2019, and represents the related assets and liabilities included in the June 30, 2019 interim consolidated financial statements of TRM.

The unaudited pro-forma consolidated financial statements have been compiled using the significant accounting policies as set out in TRM's unaudited financial statements for the period ended June 30, 2019, and those accounting policies expected to be adopted by the Resulting Issuer.

The unaudited pro-forma consolidated financial statements may not be necessarily indicative of the financial position that would have been attained had the transactions actually taken place at the dates indicated and do not purport to be indicative of the effects that may be expected to occur in the future.

In the opinion of New Wave's management, the unaudited pro-forma consolidated financial statements include all adjustments necessary for the fair presentation of the transactions described in Note 3.

**NEW WAVE ESPORTS CORP.**  
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**As at June 30, 2019**

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**1. Basis of Presentation (Continued)**

Actual amounts recorded upon approval of the Transaction will differ from those recorded in the unaudited pro-forma financial statements of TRM. Completion of the Transaction is subject to a number of conditions, including, but not limited to, final approval of the Canadian Securities Exchange (the “CSE”).

These unaudited pro-forma consolidated financial statement are expressed in Canadian dollars.

**2. Significant Accounting Policies**

The unaudited pro-forma consolidated financial statements have been compiled using the significant accounting policies, as set out in the unaudited interim consolidated financial statements of TRM as at and for the period ended June 30, 2019. Management has determined that no material pro forma adjustments are necessary to conform TRM’s accounting policies to the accounting policies used by New Wave in the preparation of its financial statements.

**3. The Transaction**

On March 8, 2019, the Company entered into a binding letter of intent (“LOI”) with TRM, an arm’s length public company, listed on the TSX Venture Stock Exchange, for TRM to acquire 100% interest in the Company via business combination transaction that would constitute a reverse take-over of TRM. The LOI transaction constitutes a reverse-take over TRM and contemplates the de-listing of the common shares of TRM from the TSX Venture Stock Exchange and intended listing of the resulting issuer on the Canadian Securities Exchange.

On June 7, 2019, the Company signed an Amalgamation Agreement with TRM and 1205619 B.C. Ltd. (“Subco”), pursuant to which the Company will amalgamate with TRM’s wholly owned Subco which will continue as one corporation wholly owned by TRM following the amalgamation. Pursuant to the agreement, the Company’s shareholders will be issued shares of TRM with a deemed price of \$0.15 per share at an exchange ratio of 1:1 at the date of the amalgamation. Consequently, the transaction contemplated by the Amalgamation Agreement constitutes a reverse take-over of TRM by the Company.

The Transaction will result in the Reverse Takeover (as defined in the policies of the CSE) of TRM by New Wave. In connection with the completion of the Transaction, TRM intends to change its name to “New Wave Esports Corp.” or such other name as may be agreed by the parties. Completion of the Transaction is subject to various conditions, including receipt of the approval of the CSE.

**4. Accounting for the Reverse Takeover**

For accounting purposes, New Wave is deemed to be the acquirer and TRM is deemed to be the acquiree under the Transaction. Accordingly, New Wave’s balances are accounted for at cost and TRM is accounted for at fair value.

TRM does not meet the definition of a business; therefore, the transaction is outside of the scope of IFRS 3 *Business Combinations*. Instead, the Transaction will be accounted for under IFRS 2 *Share-based Payment*. Under this basis of accounting, the consolidated entity is a continuation of TRM, with the net identifiable assets of TRM deemed to have been acquired by New Wave.

The capital structure recognized in the unaudited pro-forma consolidated financial statements is that of TRM, but the dollar amount of the issued share capital immediately prior to completion of the Transaction is that of New Wave, plus the value of shares issued by TRM to acquire New Wave, plus any shares issued by TRM prior to, or as part of the Transaction.

**NEW WAVE ESPORTS CORP.**  
**Notes to Unaudited Pro-Forma Consolidated Financial Statements**  
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**5. Pro Forma Assumptions and Adjustments**

The unaudited pro-forma consolidated financial statements reflect the following assumptions and adjustments:

- (a) In connection with the completion of the Transaction, the shareholders of New Wave will exchange their New Wave shares for common shares of TRM, and the New Wave shares will be cancelled. The former shareholders of New Wave will control TRM, and thus the Transaction will be treated as a reverse acquisition for accounting purposes. The Transaction, in substance, results in New Wave being listed as a public entity and its shareholders acquiring the net assets of TRM. All shareholders' equity and consolidated statement of loss and comprehensive loss accounts of TRM are eliminated pursuant to the Transaction.
- (b) An adjustment of \$260,000 has been made to cash to reflect the estimated costs associated with the Transaction. This amount has been included in transaction costs.
- (c) An adjustment to share capital of \$2,411,179 to record the fair value of TRM shares issued to New Wave's Shareholders. Pursuant to the Definitive Agreement, TRM will consolidate its shares on a 1.5 to 1 basis prior to exchanging the New Wave common shares for TRM shares on a 1 to 1 basis.
- (d) Pursuant to the Transaction, TRM will pay Peter Cunningham and 2411763 Ontario Inc., an aggregate finders fee equivalent to 10% of the number of resulting issuer shares issued to New Wave shareholders as part of completing the Transaction. 48,848,666 common shares will be issued to the shareholders of New Wave as a result of this Transaction of which 10% will be used to calculate the finders fee. The deemed value of the finder fee shares is \$0.15 per share for an aggregate value of \$732,730.
- (e) The preliminary purchase price allocation is summarized as follows:

Fair value of shares issued (48,848,666 shares)	\$ 2,411,179
Transaction costs ( <i>note 5(b)</i> )	<u>260,000</u>
Total costs of acquisition	<u>2,671,179</u>
Allocated as follows:	
Cash	1,465,993
Trades and other receivables	13,992
Accounts payable and accrued liabilities	<u>(283,736)</u>
Net assets assumed	<u>1,198,857</u>
Fair value of consideration paid in excess of net assets acquired	\$ <u>1,212,322</u>
Public listing costs expenses	\$ <u>1,472,322</u>

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**6. Pro-Forma Share Capital**

After giving effect to the pro-forma adjustments and assumptions in Note 5, and assuming there are no further issuances under the Concurrent Financing following the date hereof, the issued and fully paid share capital of the Company would be as follows:

	<i>Notes</i>	<i>Shares</i>	<i>Amount</i>	<i>Contributed Surplus</i>	<i>Deficit</i>	<i>Total Equity</i>
			\$	\$	\$	\$
Equity of TRM as at June 30, 2019		23,958,502	9,939,107	3,964,355	(12,704,605)	1,198,857
Equity of New Wave as at June 30, 2019		48,848,666	3,800,772	120,517	(1,184,320)	2,736,969
Effects of the Transaction:						
Cancellation of New Wave shares	5 (a)	(48,848,666)	-	-	-	-
Transaction costs	5 (b)	-	-	-	(260,000)	(260,000)
Issuance of Resulting Issuer shares to New Wave shareholders at exchange ratio 1:1	5 (c)(e)	48,848,666	2,411,179	-	(1,212,322)	1,198,857
Finders fee	5 (d)	4,884,867	732,730	-	(732,730)	-
Elimination of fair value of TRM equity	5 (a)	-	(9,939,107)	(3,964,355)	12,704,605	(1,198,857)
<b>Balance – June 30, 2019</b>		<b>77,692,035</b>	<b>6,944,681</b>	<b>120,517</b>	<b>(3,389,372)</b>	<b>3,675,826</b>

**7. Effective Tax Rate**

The pro-forma effective income tax rate applicable to the consolidated operations subsequent to the completion of the Transaction is 30%.