



GoldTrain Announces Mailing of Information to Shareholders for Business Combination with Idaho Champion Gold Mines

FOR IMMEDIATE RELEASE

Toronto, Ontario, August 10, 2018 – GoldTrain Resources Inc. (CSE: GT) (“**GoldTrain**” or the “**Company**”) is pleased to announce that it has mailed a notice, management information circular and proxy to its shareholders for the upcoming shareholders meeting scheduled for August 21, 2018 in respect of its proposed reverse-take-over transaction (the “**Transaction**”) of Idaho Champion Gold Mines Ltd. (“**Idaho Champion**”), a private issuer based in Ontario, whereby the Company will acquire control of Idaho Champion and the former shareholders of Idaho Champion will acquire control of GoldTrain.

The Meeting

The shareholder meeting is scheduled to be held on Tuesday, August 21, 2018 at 11:00 a.m. at the offices of its legal counsel, Dickinson Wright LLP, Suite 2200, 199 Bay Street, Commerce Court West, Toronto, Ontario.

The Transaction

The Transaction will proceed by way of a three-cornered amalgamation (the “**Amalgamation**”) among the Company, Idaho Champion and GT Subsidiary Inc. (“**Subco**”), a wholly-owned subsidiary of GoldTrain, pursuant to which Subco will amalgamate with Idaho Champion, with the resulting amalgamated company being a wholly-owned subsidiary GoldTrain. All of the shareholders of Idaho Champion will receive shares of GoldTrain in exchange for their Idaho Champion shares. GoldTrain will continue as the parent corporation (the “**Resulting Issuer**”). Concurrently with the closing of the Transaction, the Resulting Company expects to change its name to “Idaho Champion Gold Mines Canada Inc.” or another name acceptable to Idaho Champion, the Company and any regulatory authorities having jurisdiction.

It is anticipated that, on completion of all of the various parts of the Transaction, the current GoldTrain shareholders will hold 982,918 shares of the Resulting Issuer (representing between 3.4% and 2.6% of the outstanding shares), certain GoldTrain creditors will hold between 698,943 and 1,016,987 shares of the Resulting Issuer (representing between 2.4% and 2.7% of the outstanding shares), the current Idaho Champion shareholders will hold 27,042,000 shares of the Resulting Issuer (representing between 94.2% and 71.9% of the outstanding shares), additional subscribers in the Idaho Champion Private Placement (described below) will hold up to 3,558,000 shares of the Resulting Issuer (representing up to 9.5% of the outstanding shares), subscribers in the GoldTrain Private Placement (described below) will hold up to 1,012,500 shares of the Resulting Issuer (representing up to 2.7% of the outstanding shares), and an arms’ length vendor of certain additional mining claims in Idaho will hold up to 4,000,000 shares of the Resulting Company (representing up to 10.6% of the outstanding shares). There have not been any *bona fide* offers relating the subject matter of this Transaction, namely, an acquisition of the Company or substantially all of its assets, within the prior 24 months. Nor have there been any valuations in respect of GoldTrain within the prior 24 months.

It is anticipated that the Resulting Issuer will continue to have its shares listed on the CSE following completion of the Transaction.

Share Consolidation

Immediately prior to completion of the Transaction, the Company proposes to consolidate its outstanding shares on a 1:3 basis (the “**Share Consolidation**”) thereby reducing the number of outstanding shares to approximately 982,918 post-consolidation shares or, assuming that all of the debt conversions are



completed at their maximum amounts, approximately 1,999,781 post-consolidation shares (such post-consolidation shares hereinafter referred to as “**Resulting Issuer Shares**”).

Management of the Resulting Issuer

It is proposed that, on completion of the Transaction, the board of directors of the Resulting Issuer will be comprised of Jonathan Buick, Bruce Reid, Paul Fornazzari and Donald A. Sheldon and that management will include Jonathan Buick as Chief Executive Officer and Julio DiGirolamo as Chief Financial Officer.

Related Party Transactions

Certain conditions to the Transaction constitute “related party transactions” within the meaning of Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* (“**MI 61-101**”) – namely (i) certain debts (comprised of recent cash loans) to be converted into shares of GoldTrain are owed to a certain director of GoldTrain and to a family trust, the sole trustee of which is a director of GoldTrain and (ii) a proposed advisory fee is payable to a company controlled by a director of GoldTrain. Those steps in the Transaction will be exempt from the formal valuation requirement of section 4.3 of MI 61-101 for business combinations as none of the securities of GoldTrain are listed on any of the stock exchanges specified in section 4.4(1)(a) of MI 61-101. However, those steps of the Transaction will require disinterested shareholder approval in accordance with section 4.5 of MI 61-101 at the shareholder meeting to be held to approve the Transaction.

Reasons for the proposed debt conversion include enabling the Company to address some outstanding liabilities and improve its financial condition. At September 30, 2017, prior to settling the terms of the Transaction, the Company had a working capital deficiency of \$607,534, had not yet achieved profitable operations, had accumulated losses of \$3,111,401 and was expecting to incur further losses. There were doubts that the Company could continue as a going concern. The present and future of the Company were dependent on, among other things, its ability to raise additional financing and the continued accommodation of its creditors and service providers.

Subject to completion of the Transaction: (i) Sheldon Huxtable Professional Corporation, a corporation controlled by Donald Sheldon, a director of GoldTrain, agreed to forgive approximately \$342,327 of outstanding liabilities owed by GoldTrain; and (ii) certain other creditors (namely, (a) Carl McGill, a director of GoldTrain, who was owed \$22,000 for recent cash loans, and (b) The Second Sheldon Family Trust, of which Donald Sheldon, a director of GoldTrain, is the sole trustee, which was owed \$157,187 of which \$57,747 are recent cash loans and \$99,440 of which was paid by the trust to acquire a current invoice from Sheldon Huxtable Professional Corporation for professional services (the “Invoice”)) agreed to convert approximately \$167,747 of outstanding debt into common shares of the Company at a conversion rate of \$0.08 per share. The share price of \$0.08 per share was the last closing price of GoldTrain shares on the CSE on November 13, 2017, prior to a ‘halt’ to trading on the CSE as a result of the announcement on November 21, 2017 of the signing of a preliminary letter agreement in respect of the Transaction. The debt conversion is planned to be completed prior to implementation of the 1:3 share consolidation described below (thereby making the effective debt conversion price \$0.24 per post-consolidation share).

For arranging the forgiveness of \$342,327 of debt, sale of the Invoice and conversion of \$167,747 of debt into shares, Sheldon Executive Services Inc., of which Donald Sheldon is the sole executive officer, requested compensation in the form of 500,000 warrants, each such warrant having a term of 5 years and an exercise price of \$0.50 per post-consolidation share, which is equivalent to a price more than 200% of the most recent trading price on the CSE (after taking into effect the proposed consolidation). That was agreed to, subject to shareholder approval, as it is also a related party transaction.

The related party transactions would result in reducing GoldTrain’s working capital deficiency by \$488,074 as a result of the following: (i) forgiveness of \$342,327 of debt, (ii) settlement of \$57,747 of debt by issuing



shares at \$0.08 share, and (iii) settlement of accrued legal fees of \$88,000 by issuing shares at \$0.08 per share in respect of the Invoice. The preliminary letter agreement between GoldTrain and Idaho Champion outlining these terms was made at a time when GoldTrain had a substantial working capital deficiency, had not been able to raise equity capital for a long time and had been depending on small cash loans from time to time from its directors and significant shareholders to meet its critical payments. As well, there had not been any *bona fide* offers relating the subject matter of this Transaction, namely, an acquisition of the Company or substantially all of its assets, within the prior 24 months. Nor had there been any valuations in respect of GoldTrain within the prior 24 months.

Forgiveness of certain debt would result in substantially less dilution for GoldTrain shareholders. Moreover, the related party transactions would facilitate implementation of the transaction with Idaho Champion, which would give the Company and its shareholders the opportunity to participate in a new mineral exploration property opportunity.

Donald Sheldon represented GoldTrain and Jonathan Buick represented Idaho Champion in the discussions regarding the proposed Transaction starting in July 2017, at a time when Donald Sheldon was not a director of GoldTrain. The directors were kept updated throughout the discussion and negotiation process. During the negotiations, Idaho Champion had insisted on most of the debt of GoldTrain being eliminated and that GoldTrain have not more than 2,000,000 shares issued and outstanding. Accordingly, the shares for debt related party transactions were proposed as a methodology to achieve that purpose. The size of the debt was so large that to convert all of it into shares would have diluted the shareholders of GoldTrain drastically, so the debt forgiveness was introduced to the structure. When the concepts and makings of a letter of intent (including the debt forgiveness, the debt conversion and the advisory fee) had substantially crystallized in late October 2017, Bruce Reid resigned from GoldTrain's board of directors and Donald Sheldon was asked to fill the vacancy. Effective October 25, 2017, the board of directors of GoldTrain was comprised of three directors – Frank Smeenk, Carl McGill and Donald Sheldon. The letter of intent concept changed to become a letter agreement for the Transaction as it was being considered for approval in late November 2017. Two GoldTrain directors, Carl McGill and Donald Sheldon, declared and disclosed their conflicts of interest in respect of the related party transactions. The letter agreement proceeded with the approval of the one independent director, Frank Smeenk, subject to shareholder approval.

On completion of these related party transactions (and before the implementation of the Transaction), the shareholdings of Carl McGill will increase by 275,000 pre-consolidation shares from 50,700 (approximately 1.7%) to 325,700 (approximately 11.0%) pre-consolidation shares and the number of shares owned or controlled by Donald Sheldon will increase by 1,821,837 pre-consolidation shares from 485,869 (approximately 16.5%) to 2,307,706 (approximately 45.7%) pre-consolidation shares.

At the GoldTrain shareholders meeting scheduled to be held on August 21, 2018 to consider the Transaction and other things, (i) Carl McGill will not be entitled to participate in the disinterested shareholder vote on the resolution to approve the debt conversion (as noted above, he holds 50,700 shares) and (ii) Donald Sheldon (and any corporations or entities that he controls) will not be entitled to participate in the disinterested shareholder vote on the resolution to approve the debt conversion or in the disinterested shareholder vote on the resolution to approve the advisory fee for Sheldon Executive Services Inc. (as noted above, he owns or controls 485,869 shares).

Conditions for Completion of the Transaction

The parties' obligations to complete the Transaction will be subject to satisfaction of a number of conditions, including but not limited to, satisfactory completion of due diligence investigations by each of the parties on the other party, GoldTrain shareholder approval (by a simple majority vote), completion of the Share Consolidation, completion of the debt forgiveness and debt conversion agreements with certain creditors of GoldTrain, any required regulatory approvals, Idaho Champion shareholder approval (by a 66



2/3% vote), and other conditions customary for a transaction of this nature. The Transaction cannot be completed until the required shareholder approvals are obtained.

Concurrent Financings

Idaho Champion is currently pursuing completion of a private placement to a number of accredited investors and others permitted to purchase securities on a prospectus-exempt basis, seeking to raise up to US\$2,500,000 (of which US\$1,788,400 has been completed to date by issuing 8,942,000 Idaho Champion common shares) at US\$0.20 per share (the "**Idaho Champion Private Placement**").

GoldTrain is currently pursuing completion of a private placement to a number of accredited investors and others permitted to purchase securities on a prospectus-exempt basis, seeking to raise up to an aggregate of \$1,200,000 by issuing special warrants at a price of \$0.24 per special warrant, with each special warrant being exercisable, without additional consideration, into one common share of the Resulting Company (the "**GoldTrain Private Placement**") conditional on (i) implementation of the 1:3 share consolidation described below and (ii) completion of the Amalgamation. As of this date, none of the GoldTrain Private Placement has been completed.

Advisory Fee

On successful completion of the Transaction, Sheldon Executive Services Inc., a company controlled by a director of GoldTrain, will be issued, as compensation for services rendered in respect of the Transaction, 500,000 warrants of the Resulting Issuer, each such warrant entitling the holder to purchase one Resulting Issuer Share at a price of \$0.50 at any time within five years after completion of the Transaction.

About Idaho Champion

Idaho Champion, through its United States subsidiaries, has acquired 11 mining claims in north central Idaho and has staked claims covering more than 1,700 hectares of adjoining exploration ground. It has recently raised more than US\$1,750,000 of cash and is seeking to raise additional cash through the remainder of the Idaho Champion Private Placement. Idaho Champion has also entered into an agreement with an arms' length vendor for Idaho Champion to acquire in tranches up to 822 mining claims in northern Idaho covering approximately 6,871 hectares by the issuance of up to 4,000,000 Idaho Champion Shares.

About GoldTrain

GoldTrain's strategy is to enhance shareholder value through the acquisition, exploration and development of high potential mineral deposits. Headquartered in Toronto, GoldTrain's shares trade on the CSE under the trading symbol "GT".

For further information, please visit the Company's SEDAR profile at www.sedar.com or the Company's corporate website at www.goldtrain.ca.

THIS PRESS RELEASE DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY ANY SECURITIES IN ANY JURISDICTION, NOR SHALL THERE BE ANY OFFER, SALE, OR SOLICITATION OF SECURITIES IN ANY STATE IN THE UNITED STATES IN WHICH SUCH OFFER, SALE, OR SOLICITATION WOULD BE UNLAWFUL.



For further information please contact: Frank Smeenck, CEO of GoldTrain, at Phone: (416) 642-3575, or via email: fcs@primus.ca.

Forward-Looking Statements

Information set forth in this news release involves forward-looking statements under applicable securities laws. The forward-looking statements contained herein include, but are not limited to, transactions described in the materials mailed to shareholders, such as the Idaho Champion Private Placement, the GoldTrain Private Placement and the business combination with Idaho Champion, financings, debt forgiveness, debt conversion, consolidation and change of management, and all such forward-looking statements are expressly qualified in their entirety by this cautionary statement. The forward-looking statements included in this document are made as of the date of this document and the Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as expressly required by applicable securities legislation. Although management of the Company believes that the expectations represented in such forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct and, accordingly, undue reliance should not be put on such forward-looking statements. This news release does not constitute an offer to sell or solicitation of an offer to buy any of the securities described herein.

Neither Canadian Securities Exchange nor any Regulation Services Provider accepts responsibility for the adequacy or accuracy of this release.