

NOTICE TO SHAREHOLDERS

BENTON RESOURCES CORP.

(A Development Stage Enterprise)

Consolidated Financial Statements

For the Nine Months Ended March 31, 2009

Responsibility for Consolidated Financial Statements

The accompanying consolidated financial statements for Benton Resources Corp. have been prepared by management in accordance with Canadian generally accepted accounting principles consistently applied. The most significant of these accounting principles have been set out in the June 30, 2008 audited consolidated financial statements. Recognizing that the Company is responsible for both the integrity and objectivity of the consolidated financial statements, management is satisfied that these consolidated financial statements have been fairly presented. In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the unaudited interim consolidated financial statements for the period ended March 31, 2009.

BENTON RESOURCES CORP.
(A Development Stage Enterprise)

March 31, 2009

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BENTON RESOURCES CORP.
(A Development Stage Enterprise)

CONSOLIDATED BALANCE SHEETS
(Prepared by Management)

As at	March 31, 2009 \$ (Unaudited)	June 30, 2008 \$ (Audited)
ASSETS		
Current		
Cash	575,775	1,103,901
Temporary investments (note 4)	13,399,614	16,516,953
Accounts and other receivables	16,010	465,198
Prepaid expenses	19,024	18,054
Refundable security deposits (note 18)	82,242	188,842
	14,092,665	18,292,948
Long-term investments (note 5)	171,645	408,000
Property and equipment, net (note 6)	189,459	265,135
Mineral properties and deferred development expenditures (note 7)	12,096,581	11,208,044
Investment in Coro Mining Corp. (note 8)	2,900,713	-
	29,451,063	30,174,127
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities		
Current		
Accounts payable and accrued liabilities (note 10)	79,169	344,127
	813,704	1,222,735
Shareholders' Equity		
Capital Stock (note 9)		
Share capital	28,001,262	27,859,432
Warrants	4,720,480	4,766,024
Contributed Surplus	3,786,357	1,820,412
Deficit	(7,949,909)	(5,838,603)
	28,558,190	28,607,265
	29,451,063	30,174,127

Ability to continue as a going concern (note 1)

Approved by the Board:

“Stephen Stares” President, Chief Executive Officer and Director

“Clint Barr” Director

See accompanying notes to consolidated financial statements

BENTON RESOURCES CORP.
(A Development Stage Enterprise)

**CONSOLIDATED STATEMENTS OF OPERATIONS,
COMPREHENSIVE INCOME AND DEFICIT**
(Prepared by Management – Unaudited)

	Three Months Ended March 31, 2009 \$	Three Months Ended March 31, 2008 \$	Nine Months Ended March 31, 2009 \$	Nine Months Ended March 31, 2008 \$
EXPENSES				
Advertising and promotion	69,217	85,974	235,214	240,827
Compensation costs (note 14)	168,286	333,032	439,399	551,772
Consulting fees (note 14)	35,370	80,279	66,544	243,299
Flow through Part XII.6 tax	-	11,712	-	28,141
General and administrative	214,733	128,809	550,105	367,073
Professional fees	38,606	19,513	111,804	118,896
Stock exchange and filing fees	7,600	27,410	20,796	62,936
Amortization expense	26,145	20,131	78,125	26,855
	<u>559,957</u>	<u>706,860</u>	<u>1,501,987</u>	<u>1,639,799</u>
Loss before the following:	559,957	706,860	1,501,987	1,639,799
Write-down of mineral properties (note 7(p))	-	-	(979,597)	-
Interest income	181,429	204,683	557,406	409,001
Adjustment to fair market value for held for trading investments	57,503	173,911	(503,809)	329,504
Administration fees on mineral properties	-	2,781	6,937	28,928
Equity and dilution losses (note 8)	(99,287)	-	(99,287)	-
Net loss before taxes	420,312	325,485	2,520,337	872,996
Recovery of future income taxes (note 13(a))	(336,396)	-	(409,031)	-
Net loss being comprehensive loss for the period	83,916	325,485	2,111,306	872,996
Deficit - Beginning of Period	7,865,993	6,358,366	5,838,603	4,196,378
	<u>7,949,909</u>	<u>6,683,851</u>	<u>7,949,909</u>	<u>5,069,374</u>
Financing costs – cash commission & expenses	-	-	-	1,614,477
Deficit - End of Period	7,949,909	6,683,851	7,949,909	6,683,851
Net Loss Per Share (note 12)	0.00	0.01	0.03	0.01
Weighted Average Shares Outstanding (note 12)	67,169,003	66,306,639	69,464,037	60,191,697

BENTON RESOURCES CORP.

(A Development Stage Enterprise)

CONSOLIDATED STATEMENTS OF CASH FLOWS**(Prepared by Management – Unaudited)**

	Three Months Ended March 31, 2009 \$	Three Months Ended March 31, 2008 \$	Nine Months Ended March 31, 2009 \$	Nine Months Ended March 31, 2008 \$
CASH FLOWS FROM (USED IN):				
OPERATING ACTIVITIES				
Net loss being comprehensive loss for the period	(83,916)	(325,485)	(2,111,306)	(872,986)
Recovery of future income taxes	(336,396)	-	(409,031)	-
Write-down of mineral properties	-	-	979,597	-
Unrealized change in fair market value of investments	(57,503)	(173,911)	503,809	(329,504)
Amortization expense	26,145	20,131	78,125	26,855
Compensation and other expenses paid through stock options	203,656	375,449	505,943	680,188
Equity and dilution losses	99,287	-	99,287	-
Decrease (increase) in accounts and other receivables	-	11,582	5,383	(300,072)
Decrease (increase) in prepaid expenses	4,193	4,206	(970)	(11,190)
Decrease (increase) in refundable security deposits	120,000	(44,092)	106,600	(167,342)
Increase (decrease) in accounts payable and accrued liabilities	(58,286)	641,948	(69,478)	460,448
Cash flows used in operating activities	(82,820)	509,828	(312,041)	(513,613)
FINANCING ACTIVITIES				
Proceeds from private placements	-	-	1,696,763	16,601,500
Shares purchased and cancelled under normal course issuer bid	(3,060)	-	(145,325)	-
Shares held for cancellation under normal course issuer bid	(78,500)	-	(78,500)	-
Financing costs – cash commission and expenses	-	-	-	(1,127,476)
Proceeds from the exercise of share purchase warrants	-	1,028,309	-	1,967,572
Cash flows from (used in) financing activities	(81,560)	1,028,309	1,472,938	17,441,596
INVESTING ACTIVITIES				
Deferred developmental expenditures	(268,629)	(1,116,997)	(1,817,776)	(3,678,129)
Purchase of property and equipment	(754)	(52,913)	(2,449)	(74,733)
Redemption (purchase) of fixed income investments	3,400,583	(142,812)	3,178,620	(18,112,283)
Decrease in accounts receivable	107,862	-	148,062	-
Investment in Coro Mining Corp.	(3,000,000)	-	(3,000,000)	-
Decrease in accounts payable and accrued liabilities	(104,599)	-	(195,480)	-
Cash flows used in investing activities	134,463	(1,312,722)	(1,689,023)	(21,865,145)
Increase (decrease) in cash	(29,915)	225,415	(528,126)	(4,937,162)
Cash - beginning of period	605,692	1,541,208	1,103,901	6,703,785
Cash - end of period	575,775	1,766,623	575,775	1,766,623

Supplemental information (see note 15)

See accompanying notes to consolidated financial statements

BENTON RESOURCES CORP.

(A Development Stage Enterprise)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**(Prepared by Management – Unaudited)**

March 31, 2009

1. NATURE OF OPERATIONS AND ABILITY TO CONTINUE AS A GOING CONCERN:

Benton Resources Corp. (the “Company”) was incorporated on July 10, 2003 under the laws of British Columbia and is a development stage public company whose shares began trading on the TSX Venture Exchange in April of 2005. Its principal business activities are the acquisition, exploration and development of mineral properties.

These consolidated financial statements have been prepared on the basis that the Company will continue as a going concern, which assumes the realization of assets and the settlement of liabilities in the normal course of business. The appropriateness of the going concern assumption is dependent upon the Company’s ability to generate future profitable operations and/or generate continued financial support in the form of equity financings. Management feels that sufficient working capital will be obtained from public share offerings to meet the Company’s liabilities and commitments as they come due. These consolidated financial statements do not reflect any adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classification that would be necessary if the going concern assumption were not appropriate and such adjustments could be material.

	March 31, 2009	June 30, 2008
Working capital	\$14,013,496	\$17,948,821
Deficit	\$(7,949,909)	\$(5,838,603)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:Basis of Presentation

The management of the Company has prepared these unaudited consolidated financial statements for the nine months ended March 31, 2009 in accordance with generally accepted accounting principles in Canada. These consolidated financial statements should be read in conjunction with the audited financial statements for the year ended June 30, 2008. The policies and methods used in these interim consolidated financial statements are the same as those of the audited financial statements, unless otherwise noted.

These consolidated interim financial statements include the Company’s investment in Coro Mining Corp. This investment was accounted for using the equity method. Under the equity method, the investment is initially recorded at cost and the carrying value is adjusted thereafter, to reflect the Company’s pro-rata share of income or loss of the investee. In addition, if the investee issues its own shares to outside interests, a dilution gain or loss arises as a result of the difference between the Company’s proportionate share of the proceeds and the carrying value of the underlying equity.

The disclosures in these interim consolidated financial statements do not conform in all respects to generally accepted accounting principles in Canada for annual financial reporting.

In the opinion of management, all adjustments considered necessary for fair presentation have been included in these consolidated financial statements. Operating results for the nine months ended March 31, 2008 are not indicative of the results that may be expected for the full year ending June 30, 2009.

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles and their basis of application is consistent with that of the previous year except as otherwise noted. Outlined below are those policies considered particularly significant.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued) . . .

Mineral Properties and Deferred Developmental Expenditures

Mineral property acquisition, exploration and development expenditures are deferred until the properties are placed into production, sold or abandoned. These deferred costs will be amortized over the estimated useful life of the properties following commencement of production or written-down if the properties are allowed to lapse, are abandoned, are impaired or continued development is not deemed appropriate in the foreseeable future.

Costs include the cash consideration and the fair market value of the shares issued for the acquisition of mineral properties. The carrying value of an individual property is reduced by option proceeds received until such time as the property cost and deferred expenditures are reduced to nominal amounts and any excess will be recorded as a gain. Properties acquired under option agreements or by joint ventures, whereby payments are made at the sole discretion of the Company, are recorded in the accounts at the time of payment.

Revenue Recognition

Operator fees on mineral properties are earned based on an agreed upon percentage of development expenses incurred on specific properties. Recognition of all revenue is subject to the provision that ultimate collection be reasonably assured at the time of recognition.

Land Reclamation Costs

During the course of acquiring and exploring potential properties, the Company must comply with government regulated environmental evaluation, updating and reclamation requirements. The fair value of the liability is recorded when it is incurred and the corresponding increase to the assets is capitalized as deferred costs until such time as the properties are put into commercial production, at which time the costs incurred will be charged to operations on a unit-of-production basis over the estimated mine life. Upon abandonment or sale of a property all deferred costs relating to the property will be expensed in the year of such abandonment or sale.

General and Administrative Expenses

The Company charges all general and administrative expenses not directly related to development activities to operations as incurred.

Use of Estimates

The preparation of consolidated financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the related reported amounts of revenues and expenses during the reporting period. Significant areas requiring the use of management estimates relate to the determination of impairment of assets, resource property values, useful lives for amortization, future income taxes, and determination of fair value for stock based transactions. Actual results could differ from those reported. Management believes that the estimates are reasonable.

Income Taxes

The Company accounts for income taxes using the asset and liability method of accounting which focuses on the amounts of income taxes payable or receivable that will arise if an asset is realized or a liability is settled for its carrying amount. The resulting future income tax asset or liability is recorded based on substantively enacted income tax rates. In the case of unused tax losses, income tax reductions and certain items that have a tax basis but cannot be identified with an asset or liability on the balance sheet, the recognition of future income tax assets is determined by reference to the more likely than not realization of such benefits at the balance sheet date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued) . . .

Flow-Through Financing

Under this arrangement, shares are issued which transfer the tax deductibility of mineral property development expenditures to investors. Proceeds received on the issuance of these shares have been credited to share capital and the related development costs will be capitalized to mining and resource properties in the year in which they are incurred.

The entire amount of flow-through financing received was renounced to the investors. Accordingly, as the actual expenditures are incurred, they will carry no tax deductibility and the result will be amounts subject to tax. Future income tax liabilities resulting from these tax differences are recorded in the year in which the expenditures are renounced when the forms are filed with the Canada Revenue Agency and share capital is reduced, provided there is reasonable assurance that the expenditures will be made. Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property development expenditures within a two year period.

During the nine months ended March 31, 2009, the company did not issue any flow-through shares and the company had no commitments to spend flow-through funds.

Stock-Based Compensation

The Company uses the fair value-based method of accounting for stock-based compensation awards based on the Black-Scholes option pricing model with the portion of the fair value of the granted option related to vesting for the period charged to expense with the offset to contributed surplus. On the exercise of stock options, consideration received and the accumulated contributed surplus attributed to the portion exercised is credited to share capital.

Note 14 provides details on stock-based compensation and other stock-based payments.

Property and Equipment

Purchased property and equipment are recorded at cost. Amortization is provided using the declining balance method using annual rates as follows:

Computer Equipment	30-55%
Computer Software	100%
Furniture and Equipment	20%
Exploration Camps	30%

Risk Management

The Company is engaged primarily in the mineral exploration field and manages related industry risk issues directly. The Company is at risk for environmental issues.

The Company's functional currency is the Canadian dollar. All current development occurs within Canada. There is no significant foreign exchange risk to the Company.

Loss Per Share

Loss per share is calculated on the basis of weighted average number of shares outstanding during the year. Diluted earnings per share are computed similar to basic earnings per share except that the weighted average shares outstanding are increased to include additional shares from the exercise of warrants and stock options, if dilutive. For warrants and stock options, the number of additional common shares is calculated by assuming that outstanding warrants and stock options were exercised and that the proceeds from such exercises were used to acquire shares of common stock at the average market price during the reporting period. Diluted loss per share has not been presented as the result is anti-dilutive.

For the nine months ended March 31, 2009, potentially dilutive common shares (relating to options and warrants outstanding at period end) totaling 20,263,150 (June 30, 2008 – 18,738,150) were not included in the computation of loss per share because their effect was anti-dilutive.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued) . . .

Asset Retirement Obligation

CICA 3110, “Asset Retirement Obligations” requires companies to record the fair value of an asset retirement obligation as a liability in the period in which it incurred a legal obligation associated with the retirement of tangible long-lived assets that result from the acquisition, construction, development and/or normal use of the assets. The obligation is measured initially at fair value using discounted future cash flows and the resulting costs are capitalized into the carrying amount of the related asset. In subsequent periods, the liability will be adjusted for any changes in the amount or timing of the underlying future cash flows. Capitalized asset retirement costs are depreciated on the same basis as the related asset and the discounted accretion of the liability is included in determining the results of operations.

The Company has only performed preliminary exploratory work on its mineral properties and has not incurred significant reclamation obligations.

Impairment of Long-lived Assets

The Company periodically evaluates the future recoverability of its long-lived assets. In the situation that events and circumstances indicate impairment is probable, impairment losses or write-downs are measured as the difference between the carrying amount and the fair value. If fair value cannot be determined through market observation or using an undiscounted cash flow technique, then the entire carrying amount is written off.

Financial instruments - recognition and measurement (CICA Handbook Section 3855)

These standards set out criteria for the recognition and measurement of financial instruments for fiscal years beginning on or after October 1, 2006. This standard requires all financial instruments within its scope, including derivatives, to be included on a Company’s balance sheet and measured either at fair value or, in certain circumstances when fair value may not be considered most relevant, at cost or amortized cost. Changes in fair value are to be recognized in the statements of operations and comprehensive income.

All financial assets and liabilities are recognized when the entity becomes a party to the contract creating the item. As such, any of the Company’s outstanding financial assets and liabilities at the effective date of adoption are recognized and measured in accordance with the new requirements as if these requirements had always been in effect. Any changes to the fair values of assets and liabilities prior to July 1, 2007 are recognized by adjusting opening deficit or opening accumulated other comprehensive income.

All financial instruments are classified into one of the following five categories: held for trading, held-to-maturity, loans and receivables, available-for-sale, or other financial liabilities. Initial and subsequent measurement and recognition of changes in the value of financial instruments depend on their initial classification:

Held for trading financial instruments are measured at fair value. All gains and losses are included in net loss in the period in which they arise.

Held-to-maturity investments, loans and receivables, and other financial liabilities are initially measured at fair value and subsequently measured at amortized cost. Amortization of premiums or discounts and losses due to impairment are included in current period net earnings.

Available-for-sale financial assets are measured at fair value. Revaluation gains and losses are included in other comprehensive income until the asset is removed from the balance sheet.

All derivative financial instruments are classified as held for trading financial instruments and are measured at fair value, even when they are part of a hedging relationship. All gains and losses are included in net earnings in the period in which they arise.

The Company has classified its financial instruments at the date of adoption as follows:

Cash, temporary investments and long term investments are classified as held-for-trading. Accounts and other receivables and refundable security deposits are classified as loans and receivables and accounts payable are classified as other financial liabilities.

3. CURRENT AND FUTURE CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION:

Capital Disclosures (CICA Handbook Section 1535)

The Company has early adopted CICA Handbook section 1535, Capital Disclosures in the June 30, 2008 audited financial statements. This section requires the disclosure of both qualitative and quantitative information that provides users of financial statements with information to evaluate the entity's objectives, policies and procedures for managing capital, including disclosures of any externally imposed capital requirements and the consequences of non-compliance. See note 16 for the disclosures related to this standard.

There was no effect on opening equity as of July 1, 2007 as a result of applying these new standards.

Assessing Going Concern (CICA Handbook Section 1400)

The AcSB amended CICA Handbook Section 1400 to include requirements for management to assess and disclose an entity's ability to continue as a going concern. The standard became effective for fiscal years beginning on or after January 1, 2008 and is applicable to the Company as of July 1, 2008. The effect of this accounting change increases disclosures in the consolidated financial statements. See note 1 for the disclosures related to the amended standards.

Financial Instruments – Disclosures (CICA Handbook Section 3862)

The CICA has issued this new handbook section which affected disclosures in the Company's consolidated financial statements beginning on July 1, 2008. The new standards describe the required disclosure for the assessment of the significance of financial instruments for an entity's financial position and performance and of the nature and extent of risks arising from financial instruments to which the entity is exposed and how the entity manages those risks. The new standards increase disclosures in future consolidated financial statements. See note 17 for disclosures related to this new standard.

Financial Instruments – Presentation (CICA Handbook Section 3863)

The CICA has issued this new handbook section which affected disclosures in the Company's consolidated financial statements beginning on July 1, 2008. This new section establishes the standards for presentation of the financial instruments and non-financial derivatives. It carries forward the presentation related requirements of Section 3861 "Financial Instruments – Disclosure and Presentation". The new standards increase disclosures in the consolidated financial statements. See note 17 for disclosures related to this new standard.

International Financial Reporting Standards ("IFRS")

In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008, the AcSB announced that 2011 is the changeover date for publicly accountable enterprises to use IFRS, replacing Canada's own GAAP. The transition date is for interim and annual consolidated financial statements relating to fiscal year's beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended June 30, 2011. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably determined at this time.

4. TEMPORARY INVESTMENTS:

	March 31, 2009	June 30, 2008
Discount note	-	3,969,837
Senior deposit notes	5,795,501	5,606,160
Banker's acceptances	999,608	5,497,511
Treasury bills	-	-
Money Market Mutual funds	3,542,041	-
Guaranteed investment certificates	3,062,464	1,443,445
	<u>\$ 13,399,614</u>	<u>\$ 16,516,953</u>

These funds are available for exploration and other purposes upon the request of the Company.

The senior deposit notes have maturity dates ranging from June 8, 2010 to September 27, 2010 and interest rates ranging from 4.93% to 5.13%.

The banker's acceptance has a maturity of April 28, 2009 and bears interest at 2.757%.

The mutual funds consist of fully liquid, managed money market fund units that yield regular monthly dividends at market rates.

The guaranteed investment certificates have maturity dates ranging from April 28, 2009 to November 7, 2011 and interest rates ranging from 0.75% to 5.04%.

5. LONG-TERM INVESTMENTS:

	March 31, 2009		June 30, 2008	
	Market \$	Cost \$	Market \$	Cost \$
Canadian Equities				
Marathon PGM Corporation	49,200	589,200	408,000	589,200
Bell Copper Corporation	76,050	295,743	-	-
Puget Ventures Inc.	46,395	32,992	-	-
	<u>171,645</u>	<u>917,935</u>	<u>408,000</u>	<u>589,200</u>

The Marathon PGM Corporation ("Marathon") shares are valued at the March 31, 2009 closing price of \$0.41 per common share (June 30, 2008 - \$3.40). These shares were received pursuant to an option agreement with Marathon (see note 7(a)). The closing price of the shares on the date the agreement was executed was \$4.91 per common share. Marathon is listed on the TSX under the symbol "MAR".

The Bell Copper Corporation ("Bell") shares are valued at the March 31, 2009 closing price of \$0.09 per common share. The shares were received pursuant to an amendment to a joint venture agreement with Bell's predecessor, GrandCru Resources, whereby in lieu of cash settlement of an outstanding balance owing to the Company for work performed on the joint venture property, the \$295,743 balance was settled by Bell issuing to the Company 845,000 common shares with an underlying value of \$0.35 per common share. Bell is listed on the TSX Venture Exchange under the symbol "BCU".

The Puget Ventures Inc. ("Puget") shares are valued at the March 31, 2009 closing price of \$0.45 per common shares. These shares were received pursuant to a joint venture agreement with Puget. The closing price of the shares on the date the joint venture agreement was executed was \$0.32 per common share. Puget is listed on the TSX Venture Exchange under the symbol "PVS".

6. PROPERTY AND EQUIPMENT:

	March 31, 2009			June 30, 2008		
	Cost	Accumulated Amortization	Net	Cost	Accumulated Amortization	Net
Computer Equipment	\$ 39,778	27,194	12,584	\$ 38,127	\$ 20,746	\$ 17,381
Furniture and Equipment	54,038	16,254	37,784	53,239	9,657	43,582
Computer Software	72,922	63,807	9,115	72,922	36,461	36,461
Exploration Camps	197,307	67,331	129,976	197,307	29,596	167,711
Total	\$ 364,045	174,586	189,459	\$ 361,595	\$ 96,460	\$ 265,135

7. MINERAL PROPERTIES AND DEFERRED DEVELOPMENT EXPENDITURES:

Mineral property acquisition, exploration and development expenditures are deferred until the properties are placed into production, sold, impaired or abandoned. These deferred costs will be amortized over the estimated useful life of the properties following commencement of production, or written-down if the properties are allowed to lapse, are impaired, or are abandoned. The deferred costs associated with each property is as follows:

<u>For the nine months ended March 31, 2009</u>	<u>Opening balance</u>	<u>Expenditures</u>	<u>Recoveries and write downs</u>	<u>Ending balance</u>
Bermuda/Bamoos/Claw Lake/Four Dams	5,853,422	47,547	-	5,900,969
Copper PGE Properties				
Saganaga Lake Property	323,190	45,331	-	368,521
Nipigon Uranium Property	83,368	-	-	83,368
Flying Loon Property	612,944	-	(612,944)	-
Goodchild and South Goodchild Property	231,999	506,281	(303,227)	435,053
Armit Lake Property	1,236,965	99,011	-	1,335,976
Kingurutik Lake Nickel Property	592,361	(34,689)	-	557,672
Q-9 Gold Property	102,224	24,829	-	127,053
Sibley Basin Property	14,027	45,861	-	59,888
Bark Lake Property	484,056	35,482	-	519,538
Swayze Property	116,173	269,947	(215,201)	170,919
Hope Brook Property	560,253	586,648	-	1,146,901
Rim Property	400,775	120,494	-	521,269
Golden Harp Joint Venture	-	53,500	-	53,500
Other Properties	596,287	536,996	(317,329)	869,454
Total	\$11,208,044	2,337,238	(1,448,701)	12,096,581

7. MINERAL PROPERTIES AND DEFERRED DEVELOPMENT EXPENDITURES (continued)...

<u>For the year ended June 30, 2008</u>	<u>Opening balance</u>	<u>Expenditures</u>	<u>Recoveries and write downs</u>	<u>Ending balance</u>
Bermuda/Bamoos/Claw Lake/Four Dams Copper PGE Properties	4,473,618	1,969,004	(589,200)	5,853,422
Saganaga Lake Property	266,368	56,822	-	323,190
Nipigon Uranium Property	83,302	66	-	83,368
Flying Loon Property	611,644	1,300	-	612,944
Goodchild and South Goodchild Property	220,196	545,136	(533,333)	231,999
Armit Lake Property	361,048	875,917	-	1,236,965
Kingurutik Lake Nickel Property	395,294	304,424	(107,357)	592,361
Q-9 Gold Property	37,200	65,024	-	102,224
Sibley Basin Property	37,022	343,287	(366,282)	14,027
Bark Lake Property	-	484,056	-	484,056
Swayze Property	-	235,715	(119,542)	116,173
Hope Brook Property	-	560,253	-	560,253
Rim Property	-	400,775	-	400,775
Other Properties	126,015	525,226	(54,954)	596,287
Total	<u>\$6,611,707</u>	<u>\$6,367,005</u>	<u>\$(1,770,668)</u>	<u>\$11,208,044</u>

(a) Bermuda/Bamoos/Claw Lake/Four Dams/Copper PGE Properties

Pursuant to an asset purchase and sale and royalty agreement (the "Acquisition Agreement") dated December 15, 2003 between the Company and Stephen Stares, a Director and Shareholder, the Company acquired, subject to a 1% net smelter royalty ("NSR"), a 100% interest in the Bermuda Property, located in the Seeley Lake area of the Thunder Bay Mining Division in Ontario, Canada approximately 215 km east-northeast of the City of Thunder Bay and 12 km north of the Town of Marathon. The Bermuda Property consists of 17 contiguous mineral claims comprising 210 units (approx. 3,400 hectares). Consideration for the acquisition of the Bermuda Property was 2,000,000 Vendors' Special Warrants, exchangeable for common shares, allocated as to 500,000 Vendor Special Warrants to each of Stephen Stares, Michael Stares, Wayne Reed and Paul Degagne at an agreed price of \$0.10 each. The Acquisition Agreement includes an area of interest clause of one kilometre from the outside boundary of the Bermuda Property.

The Bamoos Property consists of a mining lease comprised of 16 units contiguous to the south boundary of the Bermuda Property and the north boundary of Marathon PGM Corp's Property. Pursuant to an option agreement dated May 25, 2005 and amended June 30, 2005, the Company earned a 100% interest (subject to a 2% net smelter royalty) by spending \$400,000 of exploration expenditures over four years and issuing 300,000 units of the Company's stock. Benton has now completed all expenditures required and has earned 100% interest in the Bamoos project subject to royalties pertaining to the underlying agreement. The Claw Lake/Four Dams portion of the BCF property consists of 11 staked claims.

During the previous year, the Company signed an agreement to enter into an Option and Joint Venture Agreement ("OJVA") with Marathon PGM Corporation ("Marathon") on the eastern portion of the Bermuda property named the Bamoos/Claw Lake/Four Dams Property ("BCF"). Under the terms of the agreement, the Company will allow Marathon to earn a 60% interest in the BCF property by (i) issuing to the Company 120,000 common shares of Marathon, (ii) spending \$1.5 million in each of the first four option years and an additional \$2 million on or before the fifth anniversary year, and (iii) issuing to the Company cash payments of \$500,000 per year for the first three years totaling \$1.5 million. In addition, any ore mined on the property during the earn in period would entitle the Company to a 2% NSR royalty payable by Marathon.

During the current period, the Company and Marathon elected to terminate the OJVA and alternatively, the Company agreed to sell to Marathon the Bamoos portion of the property and one additional claim block. Under the terms of the agreement, Marathon will issue to the Company 1,500,000 common shares and \$300,000 in cash. The common shares

7. MINERAL PROPERTIES AND DEFERRED DEVELOPMENT EXPENDITURES (continued)...

will carry with them a two year voting restriction. The Company will retain a 2% net smelter royalty of which 1% can be purchased for \$1 million. Marathon will assume the 2% net smelter royalty that applies to the Bamooos lease and an existing 1% net smelter royalty that applies to the additional claim block included in the land package. At March 31, 2009, this agreement was still subject to Exchange approval and no amounts were paid and as a result, the proceeds will be recorded in the subsequent period upon approval.

The Bermuda West (Redstone) property consists of mining rights for 37 leases and 21 staked claims located in the Seeley Lake, Martinet, Grain, and Foxtrap Lake Townships. Pursuant to a purchase agreement with Redstone Resources Inc. (owned 100% by Newmont Mining Corporation) dated April 20, 2005, the Company acquired a 100% interest in these properties from the vendor for the sum of \$100,000. The vendor will retain a 2% NSR.

(b) Saganaga Lake Property

The Saganaga Lake Property consists of mining rights for 100% of 20 claims totalling 51 units and the Company also has the right to earn 100% in one claim totalling 2 units and 99% of 10 claims under option from Wing Resources in the Saganaga Lake area of Thunder Bay. Pursuant to an option agreement dated September 27, 2005, the Company has the right to acquire a 100% interest in the mining claims by paying the vendor a total of \$100,000 in cash and issuing 100,000 shares over a four year period. The vendor will retain a 3% NSR of which the Company will have the right to buy back up to 50% for \$500,000 per 0.5% NSR.

(c) Nipigon Uranium Property

The Company has acquired the property by staking in the Nipigon basin, 60 km east of Thunder Bay, Ontario. In January 2007, the Company completed a Joint Venture Agreement (the "Agreement") with Tri-Gold Resources Corp. ("Tri-Gold"), whereby Tri-Gold had the right and option to earn up to 60% interest in the Nipigon Uranium Project by spending \$500,000 by September 1, 2007 and making certain commitments to the Company over the duration of the agreement.

(d) Flying Loon Property

The Company has acquired the property by staking a 100% interest in the Flying Loon copper-nickel project. The property consists of 45 claim units located 40 km southeast of the Town of Sioux Lookout, Ontario.

During the period, the Company determined that no further work would be conducted on the property and as a result recorded a write down of all capitalized exploration costs in the current period (see Note 7(p)).

(e) Goodchild and South Goodchild Property

The Company has acquired the property by staking a 100% interest in the Goodchild copper-nickel project. The property consists of 209 claim units located 10 km north of the Town of Marathon, Ontario.

In the 2007 fiscal period, the Company entered into an option agreement to earn a 100% interest in the South Goodchild Property, which is tied directly onto the south end of the Company's 100% owned Goodchild Property. To earn a 100% interest in the South Goodchild Property, the Company must pay the vendors \$105,000 cash, issue 200,000 shares over 4 years and complete development expenditures of \$200,000. The Company has met the abovementioned obligations to date. The agreement is also subject to a 3% Net Smelter Royalty, of which 2% can be purchased by the Company for \$500,000 per each 0.5%.

In the previous year, a new Participation Agreement was formed with Stillwater Mining ("Stillwater") of Billings, Montana, whereby Stillwater can earn up to 70% interest in the project by completing three separate financings in the Company totalling \$6,000,000 over three years and completing \$24,000,000 in development expenditures on the project over the duration of the agreement at which point Stillwater would have a 70% interest in the project.

7. MINERAL PROPERTIES AND DEFERRED DEVELOPMENT EXPENDITURES (continued)...

(f) Armit Lake Property

The Company has acquired the property by staking a 100% interest in the Armit Lake property. The property consists of 141 claim units located 25 km northwest of the Town of Savant Lake, Ontario.

(g) Kingurutik Lake Nickel Property (previously NBK Property)

The Kingurutik Lake property was acquired 100% by staking in late October 2006. The Property is located approximately 60 km north of Voisey's Bay, Labrador and consists of 488 claim units.

The Company has entered into a Participation Agreement with Teck Cominco whereby the Company and Teck Cominco will form the Kingurutik Lake project by amalgamating and jointly exploring certain of their land positions in Labrador. The project is located approximately 60 km north of the Voisey's Bay copper-nickel deposit and consists of 488 claim units held by the Company, (previously known as the NBK property), and 266 claim units held by Teck Cominco.

Under the terms of the Agreement, Teck Cominco completed a private placement financing with the Company during the previous fiscal year whereby the Company issued 1,000,000 common shares at \$0.70 per share for total proceeds of \$700,000 which resulted in the Company and Teck Cominco each holding a 50% interest in the combined properties. The Company then agreed to fund the initial \$600,000 in exploration work to be carried out by Teck Cominco, which Teck Cominco then has the option to increase its interest in the property to 60% by incurring an additional \$4 million in expenditures over the initial three years with an additional right to increase its interest to 70% by incurring an additional \$7 million in expenditures (for a total of \$11 million) over a further three years.

During the previous year, Teck Cominco notified the Company that it has elected to exercise its option to increase its interest in the project to 60% by incurring the aforementioned expenditures.

Teck Cominco will be the initial operator of all programs on the project.

(h) Q-9 Gold Property

The Q-9 property is located approximately 160 km west of Thunder Bay, Ontario and adjoins the Saganaga Gold property. The project is subject to an asset purchase, sale and royalty agreement dated May 8, 2006 between the Company and Stares Contracting Corp., a company controlled by Stephen Stares, Director and Officer and Michael Stares, Director of the Company, whereby the Company can earn a 100% interest subject to a 2% NSR in the project by making payments of \$75,000 cash and issuing 200,000 shares over four years.

(i) Sibley Basin Property

The Company has entered into an agreement with Bell Copper Corporation ("Bell") (formerly Grandcru Resources Corp.) whereby Bell, a company of which a director of the Company is a director of Bell, can earn a 60% interest in the South Sibley Block, Block "B" and Block "D" (collectively the "Property") by spending \$1 million on development. The parties intend to form a joint venture for the further development of the Property once Bell has ceased to increase its interest.

During the period, the option agreement was amended to allow Bell to reimburse the Company for its work commitment on the project in common shares rather than cash. As a result, the \$295,743 outstanding balance was settled by Bell issuing to the Company 845,000 common shares at an underlying price of \$0.35 per common share. The Company derecognized the account receivable and recognized the securities as long-term investments and as such accounted for them in accordance with their policy for held for trading investments.

During the period, Bell notified the Company that it would no longer continue in the option agreement and as a result, the agreement was terminated and the property reverted back to the Company.

7. MINERAL PROPERTIES AND DEFERRED DEVELOPMENT EXPENDITURES (continued)...

(j) Bark Lake Property

The Company previously entered into an option agreement with two prospectors whereby the Company has the right to earn a 100% interest in the Bark Lake claims located in Northern Ontario by making cash payments totaling \$59,000 and issuing 40,000 common shares over a three year period. The property is subject to a 2% NSR royalty, half of which can be purchased by the Company for \$1 million.

(k) Swayze Property (Tooms/Heenan/Kenogaming)

During the previous year, the Company entered into a 50%/50% Joint Venture agreement with Pacific Northwest Capital Corp. ("PFN") to explore the Swayze Nickel Project. The Swayze Property is situated in the Swayze Greenstone Belt, approximately 100km south-west of Timmins, Ontario and incorporates approximately fifty Townships. Under the terms of the agreement, the Company and PFN agree to bear all expenditures equally and participate in a single purpose, unincorporated Joint Venture for the purpose of carrying out all mineral exploration for a three year period, totaling a minimum of \$1,200,000 in aggregate expenditures

The Company acts as the operator of the project and is responsible for carrying out all exploration activities.

The Company has an underlying option agreement dated September 17, 2007 on the claims encompassing the Heenan Lake portion of the joint venture with two arms length individuals. The agreement calls for cash option payments totaling \$100,000 over 4 years of which 50% will be paid by PFN. These payments entitle the Company to acquire a 100% interest in the property subject to a 2% NSR in favour of the optioners, half of which may be purchased by the Company at its option for \$750,000.

During the period, the Company determined that no further work would be conducted on the Heenan Lake claims and as a result recorded a write down in the amount of \$82,326 in the current period (see Note 7(p)).

In addition, the Company has purchased a 100% interest in the claims encompassing the Tooms township portion of the joint venture with two arms length individuals. The amount paid was \$14,000 subject to a 2% NSR, half of which can be purchased back by the Company for \$1 million. PFN will also reimburse the Company for 50% of this cost.

(l) Hope Brook Property

During the previous year, the Company acquired, through staking and option, a large land package consisting of 799 claims that includes the past producing Hope Brook Gold Mine located on the southwest coast of Newfoundland. The Company has staked the gold-bearing trend that hosts the Hope Brook deposit for approximately 30 kilometers and has entered into an option agreement with Quinlan Prospecting (Q.P.) of Newfoundland to acquire 3 separate claim blocks, one of which includes the Hope Brook gold deposit. To earn a 100% interest in the 3 claim blocks, the Company will make cash payments to Q.P. totaling \$170,000 and issue 200,000 shares over 4 years. As well, the Company paid a finder's fee to Alexander Stares, brother of Stephen and Michael Stares, for being introduced to the project, of 25,000 shares and 25,000 share purchase warrants exercisable for 24 months at a price of \$1.00. As well, the 3 claim blocks are subject to a 2% NSR royalty payable to Q.P. with an advance royalty payment of \$10,000 per year to a maximum of \$100,000 commencing upon the Company having exercised the option to acquire the 3 claim blocks. The Company has the right to purchase one half of the 2% NSR royalty for \$1 million.

(m) Rim Property

During the previous year, the Company acquired, through staking, 1,823 claims in Northern Labrador. The property is located nearly 100km south of Voisey's Bay and adjacent to the Pants Lake Intrusion.

7. MINERAL PROPERTIES AND DEFERRED DEVELOPMENT EXPENDITURES (continued)...

(n) Golden Harp Joint Venture

During the period, the Company signed a letter of intent with Golden Harp Resources Inc. (“Golden Harp”) giving the Company the option to earn up to 60% interest in Block A of Golden Harp’s 100%-owned Copper Hill Property which represents 351 claim units. The property is located approximately 100 km south of Timmins, Ontario along Highway 560 between Shining Tree and Gowganda, within the Southern Abitibi Greenstone belt.

Under the terms of the agreement, the Company will make payments to Golden Harp totaling \$75,000 and issue common shares totaling 550,000, all payable over a three-year period. In addition, the Company is required to spend \$2 million in work commitments over the three year period.

The Company can acquire an additional 10% (bringing their interest to 70%) by incurring an additional \$1 million in work commitments over 24 months and by paying an additional \$50,000 to Golden Harp. Once the Company has earned its interest in the project, the project will be subject to a joint venture. In the event that Golden Harp’s interest is reduced to 10%, its interest shall be converted to a 1% NSR on all claims comprising the Copper Hill Block A Property that do not already have an NSR on them and Golden Harp has solely retained the right to purchase the pre-existing NSRs as per the terms under the original agreements. Additionally, Golden Harp retains a \$0.50 per carat royalty on any diamonds taken from the Copper Hill Block A Property.

(o) Other Properties

Included in Other Properties are the following: Delta Property, Rex Lake Property, Cheeseman Lake Property, Whitton Lake Property, Gem Property, Pikitigushi Property, Linklater Lake Property, Blackett Lake Property, Edar Lake Property, Portage Lake Property, Forester Lake Property, McVicar Property, Bedivere Property, Kitchen Lake Property, Williams Port Property, Weston Property, Black Sturgeon, Horne Township, Onion Lake, Spike Lake, Hele Township, Conmee Township, McGregor Township, Caramat Property, Whitehead Property and miscellaneous properties.

(p) Write Down of Mineral Properties

<u>Property Name</u>	<u>March 31, 2009</u>	<u>June 30, 2008</u>
	\$	\$
Flying Loon Property	612,944	-
Swayze – Heenan Property	82,326	-
Other properties	284,327	54,954
Total	<u>979,597</u>	<u>54,954</u>

(q) Recoveries and Earn-ins

During the period the Company received payments on its properties. The earn-in amounts received, which were recorded as a reduction in the carrying cost of the associated property, were as follows:

<u>Property Name</u>	<u>December 31,</u> <u>2008</u>	<u>June 30,</u> <u>2008</u>
	\$	\$
BCF Property	-	589,200
Kingurutik Lake Nickel Property	-	107,357
Sibley Basin Property	-	366,282
Goodchild and South Goodchild Property	303,227	533,333
Swayze Property	132,875	119,542
Rex Lake Property	33,002	-
Total	<u>469,104</u>	<u>1,715,714</u>

8. INVESTMENT IN CORO MINING CORP.:

On January 23, 2009, the Company acquired through a non-brokered private placement 27,272,727 units of Coro Mining Corp. ("Coro") at a price of \$0.11 per unit for a total investment of \$3 million, each unit consisting of one common share and one common share purchase warrant of Coro. Each warrant entitles the Company to purchase one common share of Coro for a period of two years at a price of \$0.18 for the first year from the date of closing and at a price of \$0.20 thereafter until the expiry date.

The warrants are subject to a forced exercise provision which provides that the Company will exercise the warrants if: (i) the trading price of Coro's shares on the TSX trade at a price equal to or greater than \$0.50 for a period of 10 consecutive trading days; (ii) Coro has received approval for its Environmental Impact Study at its San Jorge project; and (iii) at the time of such exercise of warrants, Coro completes a concurrent equity financing at a price of not less than the gross proceeds of the Warrants being exercised. Any warrants not exercised pursuant to the forced exercise provision will expire at the end of the 10 days.

The Company has recorded its investment in Coro as an equity investment. At March 31, 2009, the Company holds approximately 34% of the issued and outstanding shares of Coro with a market value of \$3,818,182 (based on the March 31, 2009 closing price of \$0.14 per share).

For the three months ended March 31, 2009, the Company recorded equity and dilution losses totaling \$99,287.

9. CAPITAL STOCK:

(a) Share Capital

Authorized:

Unlimited common shares

Issued:

69,769,281 common shares

(i) Details of share capital transactions for the year ended June 30, 2008 and the nine months ended March 31, 2009 are as follows:

	Number of <u>Shares</u> #	<u>Amount</u> \$
Balance, June 30, 2007	49,560,083	13,834,676
Issued pursuant to private placements	12,960,322	16,601,500
Less: value ascribed to warrants issued in private placements	-	(4,286,400)
Less: valuation adjustment arising from tax effect of flow-through common share renunciation	-	(870,435)
Less: value of private placements allocated to mineral properties	-	(533,333)
Common shares issued upon exercise of warrants	5,402,304	2,200,662
Reclassified from exercise of warrants	-	709,722
Common shares issued upon exercise of stock options	6,250	2,250
Reclassified from exercise of stock options	-	590
Common shares issued in connection with property option agreements	<u>200,000</u>	<u>200,200</u>
Balance, June 30, 2008	68,128,959	27,859,432
Issued pursuant to private placement	1,290,322	1,999,990
Less: cancellation of shares under normal course issuer bid	(1,020,000)	(418,520)
Less: shares held for cancellation	-	(123,000)
Less: value of private placement allocated to properties	-	(303,227)
Less: premiums on shares issued pursuant to private placement	-	(1,096,763)
Common shares in connection with property option agreements	<u>370,000</u>	<u>83,350</u>
Balance, December 31, 2008	<u>68,769,281</u>	<u>28,001,262</u>

9. CAPITAL STOCK (continued)...

- (ii) During the period, the Company announced its intent to make a normal course issuer bid (the "Bid") to purchase through the facilities of the TSX Venture Exchange (the "Exchange") certain of its outstanding common shares. The number of common shares to be purchased through the Exchange during the period of the Bid from August 26, 2008 to August 26, 2009 will not exceed 3,000,000 common shares. The actual number of shares that may be purchased and the timing of any such purchases will be determined by the Company. All shares purchased under the Bid will be cancelled.

During the nine months ended March 31, 2009, a total of 1,320,000 common shares were acquired at a total cost of \$223,825 of which 1,020,000 were cancelled and 300,000 were held for cancellation.

(b) Share Purchase Warrants

Details of share purchase warrant transactions for the year ended June 30, 2008 and the nine months ended March 31, 2009 are as follows:

	# of Warrants	Weighted Average Exercise Price
Balance, June 30, 2007	6,148,161	\$0.42
Issued during the period to investors	9,600,000	\$1.60
Issued during the period to agents	816,900	\$1.25
Issued during period in connection with property agreements	25,000	\$1.00
Expired during the period	(325,857)	\$0.47
Exercised during the period	(5,402,304)	\$0.41
Balance, June 30, 2008	10,861,900	\$1.54
Expired during the period	(420,000)	\$0.70
Balance, March 31, 2009	10,441,900	\$1.57

The changes in share purchase warrants for the year ended June 30, 2008 and the nine months ended March 31, 2009 are as follows:

	<u>Amount</u>
	\$
Balance, June 30, 2007	801,363
Issued in connection with private placements to investors	4,286,400
Issued in connection with private placements to agents	426,994
Issued in connection with property agreements	7,102
Reclassified to capital stock upon exercise	(709,722)
Reclassified to contributed surplus upon expiration of warrants	(46,113)
Balance, June 30, 2008	4,766,024
Reclassified to contributed surplus upon expiration of warrants	(45,544)
Balance, March 31, 2009	4,720,480

The fair value of the 9,600,000 warrants received by investors in the previous year have been estimated at \$4,286,400. The fair value of the 816,900 warrants received by agents in the previous year have been estimated at \$426,994. The fair value of the 25,000 warrants issued in connection to a property agreement in the previous year have been estimated at \$7,102. For all types of warrants, the fair values have been estimated using the Black-Scholes option pricing model and the following assumptions: dividend yield of 0%, expected volatility of 100%, a risk-free interest rate of 4.27% and an expected life of (i) 18 months for the warrants issued to both investors and agents and; (ii) 2 years for the warrants issued in connection with a property agreement. The value of the investor and agent warrants reduced the proceeds attributed to share capital and are recognized under capital stock as share purchase warrants while the value of the warrants with respect to the property agreement were capitalized in mineral properties and deferred development expenditures.

9. CAPITAL STOCK (continued)...

As at March 31, 2009 and June 30, 2008 the following share purchase warrants were outstanding:

Expiry Dates	March 31,	June 30,
	2009	2008
	# of Warrants	# of Warrants
Year ending June 30, 2009	816,900	10,836,900
Year ending June 30, 2010	9,625,000	25,000
	<u>10,441,900</u>	<u>10,861,900</u>

For the purpose of the information disclosed above, the warrants expiring during the year ending June 30, 2009 have an expiry date of April 16, 2009 with an exercise price of \$1.25. Subsequent to the period ended March 31, 2009, these warrants expired unexercised. During the period ended March 31, 2009, 420,000 warrants exercisable at \$0.70 expired unexercised.

For the purpose of the information disclosed above, the warrants expiring during the year ending June 30, 2010 have expiry dates ranging from February 21, 2010 to April 16, 2010 with exercise prices ranging from \$1.00 to \$1.60 per share. During the period, the Company extended the expiry of 9.6 million warrants included above by one year from April 16, 2009 to a new expiry of April 16, 2010. The extended warrants remain exercisable until expiry at a price of \$1.60 per share. These warrants were issued pursuant to the \$15 million bought deal financing from the previous year.

(c) Stock Options and Contributed Surplus

Details of stock option transactions for the year ended June 30, 2008 and the nine months ended March 31, 2009 are as follows:

	# of Options	Weighted Average Exercise Price
Balance, June 30, 2007	5,817,500	\$0.42
Exercised during the year	(6,250)	\$0.36
Granted during the year	2,065,000	\$0.71
Balance, June 30, 2008	7,876,250	\$0.50
Expired during the period	(200,000)	\$0.40
Granted during the period	2,350,000	\$0.28
Cancelled during the period	(155,000)	\$0.55
Balance, March 31, 2009	<u>9,871,250</u>	<u>\$0.45</u>

The change in contributed surplus for the year ended June 30, 2008 and the nine months ended March 31, 2009 is as follows:

	Amount
	\$
Balance, June 30, 2007	897,497
Stock-based compensation for the year (note 14)	877,392
Reclassified from expiration of warrants	46,113
Reclassified to capital stock upon exercise of options	(590)
Balance, June 30, 2008	1,820,412
Stock-based compensation for the period (note 14)	505,943
Premiums paid on shares issued pursuant to private placement	1,096,763
Reclassified from expiration of warrants	45,544
Cancellation of shares under normal course issuer bid (note 9(a)(ii))	273,195
Shares held for cancellation	44,500
Balance, March 31, 2009	<u>3,786,357</u>

9. CAPITAL STOCK (continued)...

As at March 31, 2009 and June 30, 2008, the following stock options were outstanding:

Expiry Dates	Exercise Price	March 31, 2009 # of Options	June 30, 2008 # of Options
November 21, 2008	\$0.40	-	200,000
April 13, 2010	\$0.30	1,200,000	1,200,000
March 29, 2011	\$0.36	2,020,000	2,030,000
February 7, 2012	\$0.50	2,181,250	2,281,250
May 29, 2012	\$1.08	100,000	100,000
August 17, 2012	\$1.18	50,000	50,000
November 16, 2012	\$0.93	25,000	25,000
March 14, 2013	\$0.70	1,845,000	1,890,000
May 12, 2013	\$0.70	100,000	100,000
March 26, 2014	\$0.28	2,350,000	-
		<u>9,871,250</u>	<u>7,876,250</u>

(d) Private Placements

During the nine month period ended March 31, 2009, the Company completed a private placement with Stillwater Mining Corporation, in which the Company received \$1,999,990. The private placement consisted of 1,290,322 common shares at a value of \$1.55 a share.

(e) Stock Option Plan

The Company has a Stock Option Plan (the "Plan") for directors, officers, employees and consultants. The Plan authorizes the granting of options to purchase 12,982,321 common shares of which 7,521,250 are currently outstanding. The Plan provides that:

- i) any options granted pursuant to the Plan shall expire no later than five year after the date of grant;
- ii) any options granted pursuant to the Plan shall be non-assignable and non-transferable;
- iii) the number of common shares issuable pursuant to the Plan to any one person in any 12 month period shall not exceed 5% of the outstanding common shares;
- iv) the number of common shares issuable pursuant to the Plan to any one consultant in any 12 month period may not exceed 2% of the outstanding common shares;
- v) the number of common shares issuable pursuant to the Plan to persons employed in investor relation activities may not exceed 2% of the outstanding common shares in any 12 month period.
- vi) the Plan provides that options shall expire and terminate 30 days following the date the optionee ceases to be an employee, director or officer of, or consultant to, the Company, provided that if such termination is as a result of death of the optionee, the optionee's personal representative shall have one year to exercise such options.
- vii) The number of common shares: (1) reserved for issuance to insiders of the Company may not exceed 20% of the issued and outstanding common shares; and (2) which may be issued to insiders within a one year period may not exceed 20% of the issued and outstanding common shares.

9. CAPITAL STOCK (continued)...

(f) Shareholder Rights Plan

The board of directors of the Company has approved the adoption of a shareholder rights plan (the "Rights Plan"). The Rights Plan was adopted to ensure the fair treatment of all Company shareholders in connection with any take-over bid for the outstanding common shares of the Company. The Rights Plan will provide the Company's shareholders with adequate time to properly evaluate and assess a take-over bid without facing undue pressure or coercion. The Rights Plan also provides the board of directors of the Company with additional time to consider any take-over bid and, if applicable, to explore alternative transactions in order to maximize shareholder value.

Pursuant to the Rights Plan, any bid that meets certain criteria intended to protect the interests of all shareholders are deemed to be "Permitted Bids". A Permitted Bid must be made by way of a take-over bid circular prepared in compliance with applicable securities laws and, in addition to certain other conditions, must remain open for 60 days. In the event a take-over bid does not meet the Permitted Bid requirements of the Rights Plan, the rights issued under the plan will entitle shareholders, other than any shareholder or shareholders involved in the take-over bid, to purchase additional common shares of the Company at a significant discount to the market price of the common shares at that time.

10. RELATED PARTY TRANSACTIONS:

The Company paid or accrued the following amounts to related parties during the nine months ended March 31, 2009 and March 31, 2008:

Payee	Description of Relationship	Nature of Transaction	2009 Amount (\$) (Unaudited)	2008 Amount (\$) (Unaudited)
Stares Contracting Corp.	Company controlled by Stephen Stares, Director and Michael Stares, Director	Payments for equipment rentals, supply of labour and reimbursement of expenses capitalized in deferred development expenditures and for office costs included in general and administrative expenses	471,696	818,596
Barr Geological Consulting	Company controlled by Clinton Barr, Director and Officer	Payments for geological services, equipment rentals and reimbursement of expenses capitalized in deferred development expenditures and for promotional activities included in advertising and promotion expenses	-	88,964
Gordon J. Fretwell Law Corporation	Company controlled by Gordon Fretwell, Director and Officer	Legal fees charged/accrued during the period	113,081	110,920
Stares Prospecting	Company controlled by Alexander Stares, Brother of Stephen and Michael Stares	Prospecting services	-	94,160

10. RELATED PARTY TRANSACTIONS (continued)...

Newfie Shores	Partnership controlled by Stephen Stares, Director and Officer, and Michael Stares, Director	Payments for cabin rentals capitalized in deferred development expenditures	-	11,275
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The purchases from and fees charged by the related parties are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Included in accounts payable and accrued liabilities is \$37,769 (2008 - \$63,019) to Stares Contracting Corp., \$10,517 (2008 - \$8,911) to Gordon J. Fretwell Law Corporation, and \$nil (2008 - \$924) to Newfie Shores. The repayment terms are similar to the repayment terms of non-related party trade payables.

11. FINANCIAL INSTRUMENTS:

The Company's financial instruments consist of cash, temporary investments, long-term investments, accounts and other receivables, refundable security deposits and accounts payable and accrued liabilities.

Fair Value

Canadian generally accepted accounting principles require that the Company disclose information about the fair value of its financial assets and liabilities. Fair value estimates are made at the balance sheet date based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties in significant matters of judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates.

The carrying amounts for cash, temporary investments, long-term investments, accounts and other receivables, refundable security deposits and accounts payable and accrued liabilities reflected on the balance sheet approximate fair market value because of the limited term of these instruments.

12. LOSS PER SHARE:

Basic loss per share figures are calculated using the weighted average number of common shares outstanding. Fully diluted loss per share figures are calculated after taking into account all stock options and warrants granted. Exercise of the outstanding warrants and options would be anti-dilutive with respect to loss per share calculations, and therefore fully-diluted loss per share is not presented.

13. INCOME TAXES:

(a) Provision for Current Income Taxes

The provision for (recovery of) income taxes differs from the amount that would have resulted by applying Canadian federal and provincial statutory tax rates of 33.25%.

	<u>March 31,</u> <u>2009</u> \$
Net loss before taxes	(2,520,337)
<u>Income tax expense reconciliation</u>	
Expected income tax expense (recovery) calculated using statutory rates	(838,012)
Tax effect of the following items:	
Non-deductible stock based compensation	168,226
Non-deductible expenses and other items	61,346
Non-deductible write-down of mineral properties	325,716
Adjustment to fair market value of held for trading investments	165,269
Recognized benefit of future tax assets	<u>(291,576)</u>
Expected income tax expense (recovery) calculated for tax purposes	(409,031)
Valuation allowance	<u>-</u>
Income tax recovery	<u>(409,031)</u>
Income tax recovery consists of:	
Current income taxes	-
Future income taxes	<u>(409,031)</u>
	<u>(409,031)</u>

(b) Future Tax Balances

The tax effect of temporary differences that give rise to future income tax assets and future income tax liabilities at the combined Canadian federal and provincial statutory tax rates are as follows:

	<u>March 31,</u> <u>2009</u> \$	<u>June 30,</u> <u>2008</u> \$
Future tax assets (liabilities) – long term		
Share issue costs	289,578	375,497
Non-capital losses	1,117,660	929,450
Property and equipment	48,526	25,870
Deferred development expenditures	(2,172,318)	(2,456,402)
Valuation allowance	<u>(97,150)</u>	<u>(97,150)</u>
Net future income tax liability	<u>(813,704)</u>	<u>(1,222,735)</u>

13. INCOME TAXES (continued)...

(c) Income Tax Information

The company has common share issue costs of approximately \$998,546 and non-capital losses of approximately \$3,854,000 available to reduce taxable income in future years. These non-capital losses expire as follows:

<u>Year of Loss</u>	<u>Amount \$</u>	<u>Available To</u>
2004	58,000	2014
2005	277,000	2015
2006	669,000	2026
2007	1,201,000	2027
2008	1,000,000	2028
2009	649,000	2029
	<u>3,854,000</u>	

The current period benefit of the share issue costs and \$649,000 (June 30, 2008 - \$2,870,000) of the loss carry forwards have been recognized for accounting purposes in the current period.

14. STOCK-BASED COMPENSATION AND COSTS:

Stock options granted to directors, officers and employees vested during the nine months ended March 31, 2009 are as follows:

<u>Grant Date</u>	<u># of Options</u>	<u>Exercise Price</u>	<u>Expiry Date</u>
February 7, 2007	36,647	\$0.50	February 7, 2012
November 16, 2007	5,487	\$0.93	November 16, 2012
March 14, 2008	704,931	\$0.70	March 14, 2013
May 12, 2008	49,414	\$0.70	May 12, 2013
March 26, 2009	476,901	\$0.28	March 26, 2014
	<u>1,273,380</u>		

The Company applies the fair value method of accounting for stock-based compensation awards to employees and officers and accordingly \$439,399 is recorded as compensation expense and under capital stock as contributed surplus for the 1,273,380 options vesting to directors, officers and employees during the period.

For the purposes of the above calculations for the options granted February 7, 2007, the fair value of each option is \$0.38 and was estimated on the grant date using the Black-Scholes option pricing model, with the following assumptions: dividend yield of 0%, expected volatility of 100%, a risk-free interest rate of 4.0% and an expected life of approximately 5 years.

For the purposes of the above calculations for the options granted November 16, 2007, the fair value of each option is \$0.71 and was estimated on the grant date using the Black-Scholes option pricing model, with the following assumptions: dividend yield of 0%, expected volatility of 100%, a risk-free interest rate of 4.17% and an expected life of approximately 5 years.

For the purposes of the above calculations for the options granted March 14, 2008, the fair value of each option is \$0.43 and was estimated on the grant date using the Black-Scholes option pricing model, with the following assumptions: dividend yield of 0%, expected volatility of 100%, a risk-free interest rate of 2.98% and an expected life of approximately 5 years.

For the purposes of the above calculations for the options granted May 12, 2008, the fair value of each option is \$0.44 and was estimated on the grant date using the Black-Scholes option pricing model, with the following assumptions: dividend yield of 0%, expected volatility of 100%, a risk-free interest rate of 3.00% and an expected life of approximately 5 years.

14. STOCK-BASED COMPENSATION AND COSTS (continued)...

For the purposes of the above calculations for the options granted March 26, 2009, the fair value of each option is \$0.20 and was estimated on the grant date using the Black-Scholes option pricing model, with the following assumptions: dividend yield of 0%, expected volatility of 100%, a risk-free interest rate of 0.50% and an expected life of approximately 5 years.

Stock options granted to non-employees vested during the nine months ended March 31, 2009 are as follows:

<u>Grant Date</u>	<u># of Options</u>	<u>Exercise Price</u>	<u>Expiry Date</u>
February 7, 2007	2,557	\$0.50	February 7, 2012
May 29, 2007	7,347	\$1.08	May 29, 2012
August 17, 2007	6,882	\$1.18	August 17, 2012
March 14, 2008	56,394	\$0.70	March 14, 2013
March 26, 2009	145,720	\$0.28	March 26, 2014
	<u>218,900</u>		

The Company applies the fair value method of accounting for stock-based compensation awards to non-employees and accordingly \$66,544 is recorded as consulting fees and under capital stock as contributed surplus for the 218,900 options vesting to non-employees during the period.

For the purposes of the above calculations for the options granted February 7, 2007 and May 29, 2007, the fair value of each option is \$0.38 and \$0.82 respectively and was estimated on the grant date using the Black-Scholes option pricing model, with the following assumptions: dividend yield of 0%, expected volatility of 100%, a risk-free interest rate of 4.0% and an expected life of approximately 5 years.

For the purposes of the above calculations for the options granted August 17, 2007, the fair value of each option is \$0.90 and was estimated on the grant date using the Black-Scholes option pricing model, with the following assumptions: dividend yield of 0%, expected volatility of 100%, a risk-free interest rate of 4.25% and an expected life of approximately 5 years.

For the purposes of the above calculations for the options granted March 14, 2008, the fair value of each option is \$0.43 and was estimated on the grant date using the Black-Scholes option pricing model, with the following assumptions: dividend yield of 0%, expected volatility of 100%, a risk-free interest rate of 2.98% and an expected life of approximately 5 years.

For the purposes of the above calculations for the options granted March 26, 2009, the fair value of each option is \$0.20 and was estimated on the grant date using the Black-Scholes option pricing model, with the following assumptions: dividend yield of 0%, expected volatility of 100%, a risk-free interest rate of 0.50% and an expected life of approximately 5 years.

15. SUPPLEMENTAL CASH FLOW INFORMATION:

The following transactions did not result in cash flows and have been excluded from operating, financing and investing activities:

	<u>March 31, 2009</u>	<u>June 30, 2008</u>
Non-cash operating activities		
Decrease in accounts receivable as a result of settlement in shares	\$295,743	\$ -
Non-cash financing activities		
Common shares issued for non-cash consideration	83,350	200,200
Warrants issued for non-cash consideration	-	7,102
Non-cash investing activities		
Mineral properties financed through common share issuance	(83,350)	(200,200)

15. SUPPLEMENTAL CASH FLOW INFORMATION (continued)...

Mineral properties financed through warrant issuance	-	(7,102)
Common shares received pursuant to property option agreement for non-cash consideration	32,992	589,200
Increase in long term investments	(328,735)	(589,200)

16. CAPITAL DISCLOSURES:

CICA Handbook Section 1535 requires disclosure of an entity's objectives, policies and process for managing capital, qualitative data about what an entity regards as capital and whether the entity has complied with any capital requirements and, if it has not complied, the consequences of such non-compliance.

The Company's objectives when managing capital are as follows:

- i) To safeguard the Company's ability to continue as a going concern;
- ii) To raise sufficient capital to finance its exploration and development activities on its mineral exploration properties;
- iii) To raise sufficient capital to meet its general and administrative expenditures.

The Company manages its capital structure and makes adjustments to it based on the general economic conditions, its short term working capital requirements, and its planned exploration and development program expenditure requirement. The capital structure of the Company is composed of working capital and shareholders' equity. The Company may manage its capital by issuing flow through or common shares, or by obtaining additional financing.

The Company utilizes annual capital and operating expenditure budgets to facilitate the management of its capital requirement. These budgets are approved by management and updated for changes in the budgets underlying assumptions as necessary.

There were no changes in the Company's approach to managing capital during the period.

17. FINANCIAL RISK MANAGEMENT

The Company's financial instruments are exposed to certain risks, including credit risk, interest rate risk and liquidity risk.

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Financial instruments that potentially subject the Company to credit risk consist of cash, temporary investments, accounts and other receivables and refundable security deposits. The Company's cash is held through a large Canadian Financial Institution. The temporary investments are held through major Canadian Financial Institutions with only the highest credit quality as determined by rating agencies. The temporary investments are available for cash requirement purposes at the request of the Company. Refundable security deposits are held by the Government of Newfoundland. The Company has no significant concentration of credit risk arising from operations. Management believes the risk of loss to be remote.

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. While management feels the risk of capital loss on its temporary investments is remote given its investment in only highly rated, investment grade fixed income securities with reputable Canadian financial institutions, the income derived from these securities can fluctuate as a result of changes in interest rates upon reinvestment of matured funds. The Company's temporary investments are purchased at fixed interest rates and are either fully liquid or bear short staggered maturity dates to mitigate the risk of fluctuating interest rates.

17. FINANCIAL RISK MANAGEMENT (continued)...

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. The Company monitors and reviews current and future cash requirements and matches the maturity profile of financial assets and liabilities. This is generally accomplished by ensuring that cash and temporary investments are always available to settle financial liabilities. At March 31, 2009, the Company had cash on hand of \$575,775 and temporary investments available to the Company of \$13,399,614 to settle current liabilities of \$79,169. All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

(d) Currency risk

The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars. All of the Company's operations are in Canada; therefore, management believes the foreign exchange risk derived from any currency conversions is negligible and therefore does not hedge its foreign exchange risk.

(e) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices and is comprised of currency risk, interest rate risk, and equity price risk. The fair value of the Company's long term investments are impacted by changes in the quoted market price of the underlying issuer's securities with the resulting change impacting net income.

18. REFUNDABLE SECURITY DEPOSITS:

Refundable security deposits of \$82,242 (June 30, 2008 - \$188,842) represents security deposits paid to the Government of Newfoundland and Labrador in connection with mineral property claims located in the Province of Newfoundland. These refundable security deposits are refundable to the Company upon submission by the Company of a report covering the first year work requirements, which meets the requirements of the Government of Newfoundland and Labrador.

19. COMMITMENTS:

The Company leases automobiles under various operating leases, which have expiry dates ranging from April 2011 to May 2011. The future minimum annual fiscal lease payments over the term of the leases is as follows:

2009	\$ 3,365
2010	\$ 13,460
2011	\$ 11,733

The company also has commitments as described in note 7 related to mineral properties and deferred development expenditures.

20. COMPARATIVE FIGURES:

Certain financial statement line items from prior year have been reclassified to conform with the current period's presentation. These reclassifications had no effect on the net loss, loss per share and accumulated deficit as previously presented.