

# **BENTON**

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## **RESOURCES CORP.**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

**For the nine months ended March 31, 2011**

**May 30, 2011**

#### **GENERAL**

Benton Resources Corp. (the "Company") is a development stage public company engaged in exploration for mineral deposits in Canada. The Company is in the early exploration stage with respect to all of its properties.

The following discussion of the financial condition and results of operations of the Company constitutes management's review of the factors that affected the Company's financial and operating performance for the nine month period ended March 31, 2011. The discussion should be read in conjunction with the audited annual consolidated financial statements of the Company for the year ended June 30, 2010, including the notes thereto.

Unless otherwise stated, all amounts discussed herein are denominated in Canadian dollars and all financial information (as derived from the Company's consolidated financial statements) has been prepared in accordance with Canadian generally accepted accounting principles.

#### **FORWARD-LOOKING INFORMATION**

Certain information regarding the Company within Management's Discussion and Analysis (MD & A) may include "forward-looking statements" within the meaning of applicable Canadian securities legislation. All statements, other than statements of historical facts, included in this MD & A that address activities, events or developments that the Company expects or anticipates will or may occur in the future, including such things as future business strategy, goals, expansion and growth of the Company's businesses, operations, plans and other such matters are forward-looking statements. When used in this MD & A the words "estimate", "plan", "anticipate", "expect", "intend", "believe" and similar expressions are intended to identify forward-looking statements. Such statements are subject to known and unknown risks and uncertainties that may cause actual results in the future to differ materially from those anticipated in forward-looking statements. Although the Company has attempted to identify important factors that could cause actual results to differ materially, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

#### **OVERVIEW OF BUSINESS**

The focus of the Company is to seek out and explore mineral properties of potential economic significance and advance these projects through prospecting, sampling, geological mapping and geophysical surveying, trenching, and diamond drilling in order for management to determine if further work is justified. The Company's property portfolio consists of projects focusing on gold, base metals, uranium, and platinum group metals.

## FINANCIAL & OPERATIONAL OVERVIEW

### Overall Performance

Recent times have witnessed the drastic decline and continued volatility of the global financial markets. Share prices of junior exploration companies listed on the exchange, including the Company, have experienced a significant impact as a result. Equity financing activity for the junior resource sector, its primary source of capital, is currently extremely difficult to obtain as the level of these financings that occurred in this sector in the most recent quarter declined sharply.

In response to this extreme volatility and uncertainty, the Company has taken several steps to ensure that it will endure the current economic environment and position itself favourably for the recovery by preserving capital. Company management has refocused the planned project expenditures by significantly reducing expenditures directed at new project evaluation and generation. As well, it has carefully budgeted to advance only key projects forward during this time and as a result, has reduced its field personnel to conserve capital. It has also reviewed its land positions and where favourable, will reduce its claim position to eliminate surplus claims and reduce costs. In addition, the Company has sought and is actively seeking interested partners on many of its projects in order to continue to advance them and conserve capital in the process by forming strategic joint ventures. Finally, the Company has reviewed its corporate overhead expenditures and reduced or eliminated the expenditures on all non-essential corporate costs.

While the Company currently holds no long-term debt and has significant working capital to fund current operations, the timing of the recovery of the financial markets cannot be determined. This will pose a challenge in the interim for the Company to effectively manage its capital through the down turn. The Company also feels however that during this time, there will be immense opportunities to add undervalued assets to its portfolio of projects for when the recovery does occur. Management has and will continue to evaluate strategic opportunities to aggressively acquire favourable advanced assets at depressed prices. This was demonstrated in its investment in the common shares of Coro Mining Corp. in early 2009.

Overall, the Company feels it can effectively balance its growth opportunities with its need to conserve capital at this time. Planned project expenditures are continually reviewed to ensure efficient and effective exploration is conducted and if needed, to reduce costs accordingly.

More recently, stronger commodity prices and an increase in the amount of capital available for equity financings has been an encouraging signal to the Company moving forward. However, the approach is still to proceed cautiously and effectively manage the capital of the Company.

### Financial Condition

The Company's cash balance as at March 31, 2011 was \$731,810 compared to \$151,133 as at June 30, 2010. Current assets of the Company as at March 31, 2011 were \$15,685,520 compared to \$9,304,748 as at June 30, 2010. The increase in current assets and cash was attributable to the sale of the Bermuda property to Stillwater Mining Company Limited for \$14 million, \$7 million of which was received in cash during the period. Total assets as at March 31, 2011 were \$49,270,414 compared to \$31,853,263 as at June 30, 2010. The increase in total assets was attributable to the increase in fair market value of the long term investments namely the increase in value related to the Marathon PGM and Stillwater Mining plan of arrangement that occurred during the period and as a result of the above noted sale of the Bermuda property. Current liabilities as at March 31, 2011 were \$561,344 compared to \$142,028 as at June 30, 2010. This increase is attributable to an increase in activity in exploration activities and general operating expenses just prior to the end of the period and settlements of liabilities prior to the end of the period and a current income tax payable amount of \$298,547 pertaining to taxable income in excess of available deductions and carry forwards due to the dispositions that occurred during the current and previous period.

### Results of Operations

The net income and comprehensive income for the period ended March 31, 2011 was \$14,843,446 (\$0.20 per common share) as compared to a net loss and comprehensive loss of \$1,053,226 (\$0.01 per common share) for the same period in the previous year. The substantial change is due predominantly to the large increase in both the fair value of long term investments and the equity and dilution gains recognized from the investment of Coro Mining

Corp during the current period as well as the disposition of the Bermuda property to Stillwater Mining for \$14 million during the period.

The Company has seen a continual decline in the interest rates implicit on its investments in short term fixed income instruments throughout the economic down turn. This decline has impacted and will continue to impact the level of interest income that can be earned on these investments as these funds mature and are reinvested.

### **Cash Flows**

The cash used in operating activities was \$951,087 for the nine month period ended March 31, 2011 compared to cash used by operating activities of \$324,311 for the same period in the prior year. This change is primarily due to the larger use of cash in working capital balances over the prior period and the larger non-cash deductions from income in the current period over the prior period. Cash used in financing activities was \$664,551 for the period ended March 31, 2011 as compared to cash provided by financing activities of \$2,645,463 for the same period in 2010; this change arose due to no private placement financings completed during the current period and the Company purchasing back shares under the normal course issuer bid during the current period. Cash from investing activities was \$2,196,315 for the period ended March 31, 2011 as compared to cash used in investing of \$2,652,619 for the same period in the 2010 year. This change arose due to \$2,777,875 in cash proceeds on the exchange of Marathon PGM shares that occurred during the current period, the cash proceeds from Stillwater Mining for the sale of the Berumda property, and from the disposition of 175,000 shares of Stillwater Mining during the current period.

### **Investment in Coro Mining Corp.**

During the year ended June 30, 2009, the Company announced that it completed a non-brokered private placement in Coro Mining Corp. (COP-TSX) ("Coro") by acquiring 27,272,727 units of Coro at a price of \$0.11 per unit for a total investment of \$3,000,000 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 of January 23, 2011. 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. Upon closing of the Coro financing, the Company owned approximately 34% of the issued shares of Coro prior to the Company exercising any of the warrants. During the previous fiscal year the company sold and transferred 5 million warrants to an arms-length party at a price of \$0.07 per warrant for gross proceeds of \$350,000. The cost associated with the warrants sold was \$206,884 (using the Black-Scholes option pricing model). The Company recorded the net proceeds of \$143,116 in income during the fiscal 2010 period. Also, during fiscal 2010 the Company exercised 5.6 million of its warrants at a price of \$0.18 per warrant for an aggregate cost of \$1,008,000.

Coro is a Latin America focused exploration and development company whose principal asset is the San Jorge copper gold project, located in the Province of Mendoza, Argentina. In April 2008, Coro announced the conclusions of an independent Preliminary Economic Assessment ("PEA"), for a Float Only project at San Jorge which contemplates the production of an average of 39,500 metric tonnes (approximately 90,000,000 lbs) per year of copper and 39,000 oz per year of gold contained in concentrate for a period of 16 years. The Float Only project has NI 43-101 compliant Measured and Indicated Resources of 152 million tonnes at 0.48%CuT and 0.20g/t Au containing approximately 719,000 tonnes (1,584 million lbs) of copper and 984,000 ounces of gold. It also has Inferred Resources of 11 million tonnes at 0.38%CuT and 0.16g/t Au containing approximately 43,000 tonnes (95 million lbs) of copper and 57,000 ounces of gold. At a copper price of US\$1.65/lb and a gold price of US\$600/oz, the PEA concluded that the project has an after tax NPV 10 of US\$82 million with an IRR of 17.7%. At US\$2.00/lb copper and US\$600/oz gold, the NPV 10 increases to US\$220 million with an IRR of 28.6%. Note: for the purposes of the PEA mineral resources that are not mineral reserves do not have demonstrated economic viability.

During the 2010 fiscal year, Coro announced that the National Technological University ("UTN") of Mendoza has completed its evaluation of the San Jorge Project Environmental Impact Study (EIS) on behalf of the Provincial Government of Mendoza. This report is an important milestone in the EIS approval process as it provides the government and people of Mendoza with an impartial and independent evaluation of the Project. The UTN report states that the San Jorge Project EIS has satisfactorily complied with all national and provincial environmental

regulations, and has concluded that the Project, if developed in full compliance with these regulations, would have a highly positive economic impact on the Province of Mendoza in general and the district of Uspallata in particular. The report makes a number of observations and recommendations for further work to be carried out by the Company in the subsequent phases of the Project's development. During the current period, Coro announced that the Provincial Government of Mendoza, Argentina had approved the EIS and that the resulting Environmental Impact Declaration ("EID") was to be submitted to the Provincial Legislature for ratification. The Company anxiously awaits this ratification as it will allow Coro to move San Jorge into feasibility and towards mine development.

Coro's management has significant exploration and mine development experience in Latin America, and is led by President, CEO & Director, Alan Stephens, who prior to co-founding Coro in 2005, was VP Exploration for First Quantum Minerals. Other key members of the Coro management team include Juan Carlos Roman, Senior VP and Chief Operating Officer (ex Antofagasta Minerals), Michael Philpot, Executive VP, Secretary & Director and Damian Towns, CFO, (both ex First Quantum Minerals), Angelo Peri, VP Exploration (ex Vale) and Marcelo Cortes, Environmental and Infrastructure Manager (ex Antofagasta Minerals).

During the fiscal 2010 year, the Company acquired through a non-brokered private placement, an additional 4,875,000 units of Coro at a price of \$0.36 for a total additional investment of \$1.755 million, each unit consisting of one common share and one half of one non-transferable common share purchase warrant of Coro. Each whole warrant entitles the Company to purchase one common share of Coro for a period of two years at a price of \$0.50 on or before June 1, 2011 and at a price of \$0.65 thereafter until the expiry date of June 1, 2012. Such warrants, at the Company's election, are subject to accelerated expiry in the event that the Company's San Jorge copper gold project receives approval of its Environmental Impact Study and the market price of the Company's common shares is equal to or greater than \$0.625 prior to June 1, 2011 or equal to or greater than \$0.8125 thereafter, for 10 consecutive days.

Also during the 2010 year the Company acquired an additional 953,500 shares of Coro on the open market at a total cost of \$377,203. During the period ended March 31, 2011, the Company exercised 16,672,727 of the 19,110,227 warrants at an exercise price of \$0.20 per share for a cash outlay of \$3,334,545 and purchased an additional 55,300 shares on the open market at a cost of \$79,067. The Company holds a total of 55,429,254 common shares and 2,437,500 share purchase warrants in Coro at an exercise price of \$0.50.

Benton views the investment in Coro as an excellent opportunity to become involved in an exciting portfolio of advanced projects and looks forward to working closely with Coro's management.

The Company has recorded its investment in Coro as an equity investment. At March 31, 2011, the Company holds approximately 41.3% of the issued and outstanding shares of Coro with a market value of \$70,395,153 (based on the March 31, 2011 closing price of \$1.27 per share).

For the nine months ended March 31, 2011, the Company recorded net equity and dilution gains totaling \$3,512,905.

## **Exploration Projects**

### **BERMUDA/BAMOOS/CLAW LAKE/FOUR DAMS COPPER PGE PROPERTIES**

In the 2008 fiscal year, the Company signed an agreement to enter into an Option and Joint Venture Agreement with Marathon PGM Corporation ("Marathon") on the eastern portion of the Bermuda property named the Bamooos/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 2009 fiscal year, the Company and Marathon elected to terminate the OJVA and alternatively, the Company agreed to sell to Marathon the Bamooos 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 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.

The western portion of the Bermuda property consists of mining rights for 37 leases covering 87 claim units located in the Seeley Lake, Martinet, Grain, and Foxtrap Lake. Pursuant to a purchase agreement dated April 20, 2005, the Company acquired a 100% interest in these properties from Redstone Resources Inc. (owned 100% by Newmont Mining Corporation) for the sum of \$100,000. Redstone Resources Inc. will retain a 2% NSR.

This portion of the property hosts two large low grade deposits containing historical resources of 60 million tons grading 0.2% Cu, 5% Ti, 27% Fe, 5% P and 32 million tons grading 0.3% Cu, 2.48% Ti, 23% Fe, 0.02% Ni and 0.36% P located near Sally and Wullie Lake respectively. Previous operator Redstone Resources Inc. estimated the resources in 1991 using historical diamond drill information completed in the 1950's and 1960's by Lakehead Mines Ltd. and filed in the Ontario government assessment archives (Ministry of Northern Development and Mines branch, "MNDM"). The resources are also referenced from Ontario Geological Survey (Schneider et al, 2004; OFR 6148, p.36). The reader should be cautioned that the resources and reserve estimates are historical in nature, have not been verified by the issuer's qualified person, and should not be relied upon. However, the Company believes them to be relevant due to the association between elevated titanium and PGE mineralization located to the east on the same mineralized horizon and the apparent lack of PGE assaying in the titanium-rich deposits by previous operators.

During the 2008 fiscal year, the company announced that drilling has commenced on the Sally Lake and Area 41 Copper-PGM (platinum group metal) mineralized zones located on the western extent of the Company's Bermuda Property near Marathon, Ontario. In Area 41, previous drilling completed by Benton returned significant intersections of TPM (Total Precious Metal = Pt + Pd + Au) and Cu including hole SL-06-01 which returned 0.28% Cu with 1.27 gpt TPM (0.42gpt Pt + 0.74gpt Pd + 0.11gpt Au) and 0.28% Cu over 57.7m (metres) including a 24.6m intersection grading 0.35% Cu with 2.02gpt TPM (0.67gpt Pt + 1.17gpt Pd + 0.18gpt Au). All intervals reflect drill thickness (drill thickness).

The first hole of the 2008 drill program intersected 61.5m grading 1.29gpt TPM and 0.17% Cu. Several higher grade sections within the above intersection include 4.06gpt TPM and 0.17% Cu over 4.5m and 4.34gpt TPM and 0.29% Cu over 3.0m. The Company views the new results as very significant as they extend the known mineralization to depth and confirm high platinum to palladium ratios at Area 41. The Pt:Pd ratio at Area 41 is approximately 1:2 versus the historical ratio of 1:4 on the remainder of the Bermuda Property.

Highlights of the remaining four drill holes in Area 41 include 39.0m grading 0.18% Copper and 1.37gpt TPM (total precious metals = Pt+Pd+Au). The results of the drilling and surface sampling to date on the Area 41 zone continually demonstrate the continuity of the zone for at least 900m in strike length and exhibits similar grades and thicknesses to the Marathon deposit. Benton is planning further drilling on the Area 41 zone in order to determine the size of the deposit.

During the current period, the Company announced that it had entered into an asset purchase and sale agreement with Stillwater Mining Company ("Stillwater") whereby Stillwater agreed to purchase the Bermuda property and the Company's 2% net smelter royalty that the Company retained on the Bamooos lease for \$14 million on a one-half cash (\$7 million), one-half Stillwater common share basis (347,773 shares). The Company will retain a 1% net smelter royalty on Bermuda should more than 2.5 million ounces of Pd+Pt+Au combined be produced from the property.

#### GOODCHILD AND SOUTH GOODCHILD PROPERTY (STILLWATER JOINT VENTURE)

The Goodchild Project is located approximately 15 kilometres north of Marathon, Ontario and is host to several nickel showings with grab samples assaying up to 6.72% nickel (Falconbridge/Xstrata personnel). The large ultramafic intrusion measures approximately 5 by 8km and has numerous untested airborne electromagnetic anomalies detected from a survey completed almost 20 years ago.

On the Goodchild project the Company has completed a detailed airborne survey over the entire property and entered into a joint venture with Stillwater Mining Company of Montana, USA ("SWC") on the project. The company has also completed additional prospecting, line cutting, and geological mapping.

During the year ended June 30, 2009, the company announced that it had received \$2 million on the exercise of a warrant by SWC in accordance with the first anniversary requirements of the participation agreement dated July 10, 2007 whereby SWC has the exclusive right to earn up to a 50% interest in the Goodchild and South Goodchild Ni-

Cu-PGE projects. Pursuant to the exercise of the warrant the Company issued 1,290,322 common shares to SWC at an effective price of \$1.55 representing a 200% premium to the current market.

In accordance with the Agreement to earn an initial 50% interest in the Goodchild Project SWC is required to complete three separate financings over three years into the Company in the aggregate amount of \$6 million (\$3 million of which must be spent on the Goodchild Project) as follows:

- a) a \$1.6 million private placement (of which \$600,000 is to be spent on the Goodchild Project) at an issuance price of \$1.24 per share, which was completed in July, 2007;
- b) a \$2 million financing (of which \$1 million is required to be spent on the Goodchild Project) pursuant to the exercise of a warrant issued pursuant to the Agreement and having an effective exercise price of \$1.55 per share, which was completed on July 10, 2008; and
- c) a \$2.4 million financing ( of which \$1.4 million is required to be spent on the Goodchild Project) to be completed by July 10, 2009 pursuant to a warrant issued pursuant to the Agreement, such warrant to have an exercise price equal to a 50% premium to the trading price of Benton's shares at the time of exercise.

Upon fulfilling the requirements to earn an initial 50% interest, SWC and the Company shall form a 50/50 joint venture (the "Joint Venture") for the further development of the Goodchild Project subject to SWC's right to earn a further 10% interest in the Joint Venture (to 60%) by directly funding an additional \$4 million in exploration expenditures over the following two year period.

Provided it earns a 60% interest in the Joint Venture SWC will have the right to earn a further 10% interest in the Joint Venture (to 70%) by directly funding over the following three year period an additional \$20 million in exploration expenditures or the completion of a Feasibility Study, whichever occurs first.

At the Company's sole election, following completion of the Feasibility Study, the Company may cause SWC to arrange total project financing for placing the Goodchild Project into commercial production by granting SWC an additional 5% interest in the Goodchild Project (to 75%). In such case, SWC would be reimbursed for the Company's proportionate share of the financing from 80% of the Company's share of net revenue from the Goodchild Project with interest at the prime rate of the Royal Bank of Canada plus 1%.

During the year ended June 30, 2009, the company announced phase one drilling results on the Goodchild project. This first phase program consisted of approximately 2000 metres of diamond drilling to test numerous conductive responses delineated by airborne and ground geophysics near and along strike from high grade surface nickel showings. Planned exploration for the upcoming periods include prospecting and mapping previously identified geophysical targets for potential follow up diamond drilling in the summer. During the year ended June 30, 2010, the Company announced that phase 2 drilling had been completed. The program targeted several electromagnetic VTEM responses along the eastern margins of the Goodchild Ultramafic Intrusion. Several of the drill holes cut various narrow intervals of massive sulphide but only anomalous amounts of base and precious metals were returned. Two of the drill holes contained minor amounts of native copper in the ultramafic indicating a sulphur under-saturated situation and combined with extremely low nickel values locally of less than 100 ppm in the ultramafic may suggest that the nickel has been previously removed from the ultramafic melt and formed a nickel-rich sulphide deposit at depth. In addition, the Company was informed that SWC elected to terminate its option in the project and as a result, 100% of the project will revert back to the Company. The Company plans to find another partner to further explore the property.

#### KINGURUTIK LAKE NICKEL PROPERTY

The Company has spent the initial \$600,000 on the property under the Agreement and the exploration completed to date includes a large airborne survey, geological mapping, prospecting, sampling, and limited Deep EM ground geophysics. Due to weather conditions, additional ground geophysics will be completed in the spring to be followed by diamond drilling and will be funded by Teck Resources Limited ("Teck Resources"). Teck Resources has the right under the Agreement to increase their 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.

Teck Resources is currently completing exploration work under the joint venture agreement to increase its interest in the project to 60% by incurring the aforementioned expenditures.

Teck Resources initiated a 1,673 line-kilometre AeroTEM II airborne survey during the period on the remaining ground not covered by last year's survey on the Kingurutik Lake joint venture land package. The new airborne survey is designed to delineate conductive sources associated with nickel and copper mineralization similar to that discovered as part of the airborne follow-up program last summer.

During the year ended June 30, 2009, the Company was advised that Teck Resources mobilized a ground geological and geophysical crew to evaluate strong conductive zones identified from the recently flown AeroTEM II airborne survey on the remaining ground not covered by the 2007 survey on the Kingurutik Lake joint venture land package. The ground crew will conduct mapping, sampling and ground geophysics with hope of discovering new nickel and copper mineralization in addition to mineralization discovered as part of the airborne follow-up program last summer.

To date a total of 324 grab samples have been collected from numerous conductive target areas identified by the 2007 survey. The selected samples from many of the targets returned encouraging nickel, copper, and cobalt values. Ground geophysical (UTEM) surveying over one of the targets, target "P", detected a strong conductive response that may form part of a future drill program.

During the year ended June 30, 2010, the Company announced that it would commence drilling on the Kingurutik Lake property in July 2010. Benton has designed a diamond drill program comprised of 12 holes totaling approximately 3,000 meters to test the various targets outlined by Teck's work programs. Benton will act as operator as Teck has elected not to participate in the proposed program choosing to focus their exploration efforts on their core commodities in 2010.

During the period ended March 31, 2011 the Company received assay results from the drill program. Teck did not contribute to the current program and as a result will incur dilution of its interest which was 50% prior to the program. The amount of dilution will be calculated once the final program expenditures have been approved. Several of the drill targets tested intersected magmatic sulphide mineralization that returned significant amounts of nickel, copper, and cobalt values that suggests further work is warranted to evaluate the size of these mineralized zones. Of particular interest are the results from the A Zone area that was tested with a single drill hole (KL10-11). This hole intersected multiple intervals of semi-massive sulphide with several sections grading better than 1% nickel and 1% copper. Follow-up work is currently being planned for early spring to explore and delineate the significant mineralization.

#### Q-9 GOLD AND SAGANAGA LAKE PROPERTIES

During the year ended June 30, 2009 the Company completed line cutting on the 100%-owned Saganaga property along with extensive ground geophysics and grid mapping and diamond drilling commenced.

During fiscal 2010, the Company announced drilling results from its drill program that consisted of approximately 2,700 metres in 20 drill holes of which assay results for 16 of the holes have been received. Drill holes SAG09-01 to SAG09-12 tested the historical Powell vein of which 8 holes intersected significant gold values. Drill holes SAG09-13 and 14 tested the Starr zone mineralization below where Teck Cominco Ltd intersected 20.0m grading 5.36gpt gold in 2006. Both holes intersected significant gold mineralization. Hole SAG09-13 cut 20.5m grading 3.0gpt Au including 4.0m grading 7.3gpt Au and a second lower zone grading 8.26gpt Au over 1.0m. Holes SAG09-15 and 16 were drilled in the North Starr area where significant gold assays were also encountered such as 3.6gpt Au over 4.3m including 2m grading 7.2gpt Au in SAG09-16. Results for drill holes SAG09-17 (North Starr showing) and SAG09-19 and 20 (Megan Showing) are pending. Not only did the drill program intersect numerous shallow gold zones but it also provided valuable information on the nature and controls of the gold mineralization. The current drill results are being compiled with the recent geological mapping, ground geophysics (induced polarization and magnetics), soil geochemistry, and prospecting to help prioritize a second phase of diamond drilling scheduled for 2010. New gold zones uncovered by prospecting and the soil geochemical survey will be followed up with surface trenching and additional diamond drill testing.

#### ARMIT LAKE PROPERTY

The Company had previously completed line cutting and ground geophysics consisting of ground magnetics, HLEM (Max-Min) surveys, geological mapping, soil sampling, prospecting and has completed an induced polarization survey (I.P) and trenching.

During the year ended June 30, 2008, the company completed a thirteen-hole 2,151 metre diamond drilling program on the property. Three significant zones have been discovered in this exciting early stage project, the significant results include a mineralized zone in Hole 08 that assayed 1.57% nickel (Ni) and 0.08% cobalt (Co) over 7.8 metres (m) from 32.0m to 39.8m down hole in an altered ultramafic rock unit. Within this intersection, was a narrower but higher grading material of 3.7% Ni and 0.2% Co over 2.55m. Hole 08 was drilled under the DC Creek nickel showing where selected surface grab samples returned up to 4.17% Ni. The second significant intersection is a new gold (Au) discovery which comes from Hole 07, drilled 800m to the east of Hole 08, this zone intersected 23.03grams per tonne (gpt) Au over 1.5m at 100m down hole. The newest intersection comes from hole 12 located 1400 metres SW of hole 07 which intersected 10.58gpt gold and 0.30% copper over 0.8 metres within altered volcanics associated with quartz veining, quartz carbonate and 2-3% sulfides at 40m down hole..

The Armit Lake property has seen limited historical exploration efforts so the new gold and nickel discoveries in the first phase of drilling are extremely significant. The Company feels that given the large size of the property and the distance between the current drill holes the potential to discover additional mineralized zones of economic interest is high.

### NIPIGON URANIUM PROPERTIES

The Company has numerous claim blocks in the Nipigon Basin covering structures and geology favorable for hosting uranium mineralization. The Company has recently signed joint venture agreements with Tri-Gold Resources Corp. ("Tri-Gold") and Bell Copper Corporation ("Bell") (formerly Grandcru Resources Corp.) for all the claims held in the area. Work completed to date include, airborne geophysics, prospecting, line cutting, trenching, and geological mapping. Exploration on both projects is ongoing and includes diamond drilling on the Tri-Gold joint venture and additional line cutting to be followed by diamond drilling on the Bell joint venture ground. Both Tri-Gold and Bell can earn up to 60% interest in their respective joint venture properties with the Company by spending the initial \$1 million each on the blocks they have under joint venture.

During the year ended June 30, 2009, the Company amended its agreement with Bell to allow for settlement of Bell's outstanding work commitment totaling \$295,743 in common shares in lieu of cash. As a result, the Company was issued 845,000 common shares of Bell at an underlying price of \$0.35. The account receivable was derecognized and a long term equity investment was recorded and is carried at market value of the closing trading price of Bell at June 30, 2009. Also, during the period, Bell notified the Company that it no longer was going to participate in the joint venture and the property reverted 100% back to the Company. During the current period, 20,000 shares of Bell were sold for gross proceeds of \$7,100. The Company still holds 825,000 common shares.

### BARK LAKE PROPERTY

The Company entered into an option agreement with Joseph Hackl Sr. and Joseph Christopher Hackl Jr. 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 issue 40,000 common shares over a three year period (completed). The property is subject to a 2% NSR royalty, half of which can be purchased by the Company for \$1 million. The Company has completed all commitments under the option agreement and now holds the project 100%.

The Bark Lake property is host to numerous newly discovered platinum (Pt), palladium (Pd), gold (Au), copper (Cu) and nickel (Ni) showings consisting of mineralized ultramafic rock either in outcrop or dozens of mineralized boulders. The mineralized occurrences are situated along the Quetico Fault, a major crustal-scale east west oriented structure. Samples collected during the first phase prospecting program have identified high grade nickel (Ni) and copper (Cu), along with platinum (Pt), palladium (Pd), and gold (Au). These samples, which were taken approximately 200 meters to the north of the initial mineralized zone, have returned individual assays grading up to 1.5% Ni, 1.2% Cu, 2.6 gram per tone (gpt) of Pd and 0.7gpt Au.

Through additional staking, the Company has more than doubled its initial land position and has completed its initial prospecting and line cutting programs as well as geological mapping and ground geophysics including magnetic, Max-Min electromagnetic and an induced polarization survey.

During the year ended June 30, 2008, the Company completed a 1,414 meter diamond drill program in seven holes to test various geophysical anomalies. Two of the drill holes intersected the mineralized mafic-ultramafic intrusive rock unit that may represent the source of the high-grade mineralized boulders located due south. Although the

platinum (Pt) to palladium (Pd) ratios in the drill core and mineralized boulders are similar, additional drilling is required to determine the exact location of the mineralized boulders. The next drill phase on the Bark Lake property will target the distinct high magnetic anomaly to search for mineralized basal and potential feeder zones to the mineralized ultramafic body.

During the period ended March 31, 2011, the Company announced that it had optioned the Bark Lake property to Platinum Group Metals Ltd. (“PTM”) granting PTM the exclusive right to earn up to a 75% interest by paying the Company \$145,000, 215,000 common shares and expending \$1,625,000 in exploration over a seven-year period. PTM has the right to earn the final 5% (75% total) by completing a prefeasibility study. The agreement is subject to regulatory approvals.

#### PORTAGE LAKE JOINT VENTURE

During the year ended June 30, 2008, the company entered into an option agreement to acquire 70% of the Portage Lake Nickel-Copper-Cobalt (Ni-Cu-Co) property located in Central Newfoundland. The property consists of seven unpatented mining licenses totaling 593 units. The project is Joint Ventured with Golden Dory Resources (“Golden Dory”) which has an option to acquire the remaining 30% interest and which will be funding 30% of exploration costs. To earn its 70% interest the Company will make payments totaling \$87,000 in cash and issue to the vendors 136,000 shares over 3 years. The property is also subject to a 2% NSR payable to the vendors of which the Company and Golden Dory can buy back 1% for \$1 million. The property is host to several newly discovered Cu-Ni-Co showings that lie within a large mafic intrusion which has been recently identified and mapped by the Newfoundland government.

During the June 30, 2009 period, a new joint venture was formed between the Company, Golden Dory and Buchans Minerals Corporation (“Buchans”) (formerly Royal Roads Corporation) whereby Buchans will operate the project and will have a 40% interest in the project while the Company will hold a 40% interest and Golden Dory will hold a 20% interest.

During the 2009 fiscal period, Golden Dory announced that they were no longer going to continue with the joint venture and as a result, both the Company and Buchans have increased their respective interests to 50%. Buchans will continue to operate the project.

During the fiscal 2010, the Company and Buchans announced the discovery of a new copper sulphide zone. Follow up prospecting on airborne conductive anomalies defined by VTEM airborne geophysical surveys completed by Geotech Ltd. in 2008, has resulted in the discovery of a copper mineralized zone consisting of disseminated to locally banded massive sulphides. Based on limited exposure, the mineralized zone is estimated to be between 20 and 30 metres thick and is located adjacent to a 400 metre long VTEM conductive anomaly previously described by Geotech Ltd., as “a relatively strong conductor consistent with massive sulphides”. The mineralized zone is peripheral to the conductive anomaly’s axis which lies beneath a lake. Although bedrock exposure along the lake shore is limited, 14 variably oxidized bedrock grab samples were taken, with six of the samples returning assays of greater than 0.20% copper, with a high value of 1.77% copper. Other conductive anomalies examined by prospecting elsewhere on the property have returned encouraging results considered favourable for the discovery of nickel-copper magmatic sulphides as well as polymetallic volcanogenic massive sulphides. Among these are anomalies, where grab samples collected from float believed to be locally derived, have returned assays of up to 0.75% nickel and 0.64% copper. Additional fall programs are currently being planned for these areas. The Joint Venture has acquired by staking, an additional 13.5 km<sup>2</sup> in response to these positive results.

During the 2010 year, the Company announced the discovery of a new zone of magmatic nickel sulphide mineralization within gabbro of the Puddle Pond Complex on their Long Range joint venture in central Newfoundland. The discovery was made by bedrock trenching of a VTEM conductive anomaly within gabbro and returned assays of up to 2.70% nickel, 0.58% copper and 0.24% cobalt in grab samples, as well as sawed channel samples averaging 0.99% nickel, 0.22% copper and 0.05% cobalt over 3.0 metres, including 2.18% nickel, 0.19% copper and 0.11% cobalt over 1.0 metre. Highlights also include bedrock grab samples assaying up to 5.30% copper, 1.13% nickel, 0.04% cobalt and 0.06 g/t gold. Platinum, palladium and sulphur analyses are pending.

Samples were collected from a trenched bedrock exposure of mineralized gabbro measuring approximately 25 metres by 5 metres and hosting 5% to 15% disseminated sulphides dominated by pyrrhotite with lesser chalcopyrite and pentlandite. The higher nickel assays are derived from samples that include material from a 10 to 15 cm thick, sulphide-rich band hosting approximately 30 - 40% pyrrhotite and pentlandite with lesser chalcopyrite within the

mineralized gabbro. The band has been exposed for a minimum strike length of 5 metres and likely continues under overburden to the east and west. Furthermore, the mineralized band has the same trend as and is potentially correlative with a weak VTEM conductive anomaly. This anomaly is located approximately 200 metres northeast and along trend of mineralized float discovered by prospecting this past summer assaying up to 0.75% nickel and 0.64% copper (news release dated September 14, 2009). The VTEM anomaly is estimated to have a minimum strike length of 200 metres and may remain open to the north where it is likely occluded by conductivity associated with overhead power lines.

In addition during the year ended June 30, 2010, the Company and Buchans announced that drilling would commence in mid-October 2009 to test the recently discovered copper sulphide zone on the Property. During the current period, the Company announced results from a recently completed four-hole diamond drilling program designed to test the recently discovered Portage Nickel-Sulphide Prospect on the Long Range property in central Newfoundland. The 265 metre program was undertaken as a shallow test of trenched bedrock mineralization where recent sampling returned assays up to 2.70% nickel, 0.58% copper and 0.24% cobalt in grab samples, as well as sawed channel samples assaying up to 2.18% nickel, 0.19% copper and 0.11% cobalt over 1.0 metre. Three of the holes intersected mineralization including an intersection of 1.36% nickel, 0.36% copper and 0.039% cobalt over a 1 metre core length. Assay results for the fourth hole are not yet available, but are not anticipated to return significant base metal mineralization.

During the year ended June 30, 2010, the Company along with Buchans announced the completion of a four-hole diamond drill program. Four holes and an extension of a previous hole were drilled to test the zone over a 200 m strike with all holes failing to intercept significant sulphide mineralization. As a result, the zone is now believed to have a different geometry than originally interpreted. Borehole geophysical surveys completed during the program on three of the available drill holes confirm the existence of the conductor associated with the zone; however, rugged terrain and an adjacent lake limited accessibility for positioning of subsequent drill holes. As a result, two holes undertaken after completion of borehole geophysics were unable to effectively test the prospect. The Companies believe additional ground geophysics and diamond drilling may be warranted in early 2011, when frozen lake conditions allow access over the prospect. The Range Prospect is still considered significant. Planned exploration activities over other portions of the joint venture property are currently set to commence May 18th, with a contract awarded to Fugro Airborne Surveys Corp of Mississauga, Ontario to complete over 1,400 line kilometres of helicopter-borne HELITEM® geophysical surveys over additional claims acquired since September 2009, totaling more than 200 km<sup>2</sup>. The additional claims cover unexplored gabbro bodies recently recognized as being prospective for magmatic nickel-copper sulphide deposits. Surveys will be followed up by prospecting upon receipt of results.

During the period ended March 31, 2011, the Company and Buchans announced the discovery of the “Goldquest” gold prospect. Results from recently completed prospecting activities undertaken as part of the 2010 exploration program have identified abundant mineralized quartz vein material containing trace to several percent sulphides and assaying up to 106.38 g/t gold and 364.3 g/t silver in float samples as well as grab samples from outcrop assaying up to 8.52 g/t gold and 30.7 g/t silver.

The prospecting program that made the original Goldquest discovery utilized local forestry tracks and successfully identified two areas of highly anomalous samples located on two separate logging tracks located more than 1 kilometre apart. Samples derived from float and subcrop material at the original discovery site (north area) returned values as high as 18.3 g/t gold and 87.1 g/t silver, whilst samples derived from the second anomalous area (south area) returned assays as high as 106.38 g/t gold and 364.3 g/t silver. Numerous other samples located in close proximity to these two main anomalous areas returned gold assays in excess of 10 g/t.

A subsequent soil sampling grid measuring 1,000m x 600m over the original Goldquest discovery site successfully identified an anomalous trend whose orientation pointed from the north area down to the south area located more than 1 kilometre away, leading to the current interpretation that a mineralized trend extends between the two mineralized areas and remains open in both strike directions. At this time there has been no prospecting or sampling in the area between the two mineralized areas. In addition, several gold-bearing float samples have been discovered up to 150 to 325 metres off the main Goldquest trend, including samples assaying up to 21.99 g/t gold and 84.0 g/t silver, and suggest additional parallel mineralized trends may be present.

Subsequent to the prospecting program and soil grid, a two-day excavating program was undertaken over the original discovery site in the north area that successfully exposed mineralized quartz veins within meta-granitic bedrock measuring up to 0.7 metres wide and returning grab samples assaying up to 8.52 g/t gold and 30.7 g/t silver.

The Companies are greatly encouraged by the high gold values and wide spread mineralization associated with the Goldquest discovery and have expanded the land position by staking 128 additional claims covering 32 square kilometers. Ongoing work on the prospect will initially focus on expanding the soil geochemistry grid over the upcoming winter months in preparation for more expansive prospecting and trenching once the winter thaw is over. The goal of the spring prospecting and trenching will be aimed towards identifying future drill targets for the second half of 2011.

These results represent the first recorded discovery of gold in this particular geologic environment of interior Newfoundland. A search of previous exploration work filed with the government of Newfoundland and Labrador indicates no previous exploration has been filed within several kilometres of the discovery. The discovery is located less than 10 kilometres from paved highway 480 and less than 10 kilometres south of existing power lines.

Additional drilling is anticipated for the first quarter of 2011 dependent upon conditions and results will be released as they are received.

### GOLDEN HARP JOINT VENTURE

During the year ended June 30, 2009, 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 of Golden Harp's 855 claim units covering several historic gold occurrences including the Cook Zone and the newly discovered MC Zone. 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.

The Cook Zone, first discovered in the 1930's, is hosted within silicified and carbonate altered mafic and ultramafic volcanic rocks that have been intruded by altered felsic porphyry dykes. The zone has been subject to several diamond drilling campaigns which have intersected significant gold mineralization from several sub-parallel zones. Some of the better down hole drill intersections include 54.2 gpt Au (gram per tonne gold) over 4.0m (metres) (hole B-04) and 5.71 gpt Au over 4.6m (hole B-06) drilled in 1952 by Bessey Mining Syndicate; 5.4 gpt Au over 7.6m (hole T-14) drilled in 1953 by Tenendo Mining and 10.6 gpt Au over 3.1m (hole ORC-01) drilled by Orcana in the 1980's; and 2.7 gpt Au over 13m (KC-12) drilled by KRL Resources in 1995. The MC Zone, discovered by Golden Harp in 2008, located 1.3 km east southeast of the Cook Zone, is hosted in a thick package of pyritic, green carbonate, albite and hematite altered ultramafic and mafic volcanic rocks. To date, five holes have tested the MC Zone over a strike length of 220m. All holes intersected widespread anomalous gold mineralization with some of the better down hole mineralized intervals returning 44.0m of 0.89 gpt Au including 2.0m of 4.01 gpt Au from hole GH-025 and 9.0m of 3.6 gpt Au including 2.0m grading 14.29 gpt Au from hole GH-019.

During the period ended June 30, 2009 the Company announced the results of the phase one, 7 hole 1,625m diamond drill program. The purpose of the drill program was to verify gold mineralization intersected in historic drilling on the Cook Zone as well as to test the continuity of the mineralization at depth and on strike. This successful drill campaign contributes to the understanding of the geometry, geology, and control of the gold mineralization and will be used to help plan the next drill program.

Table of assay composites the phase one program are as follows:

<b>Drill Hole</b>	<b>From (m)</b>	<b>To (m)</b>	<b>Length (m)</b>	<b>Au (gpt)</b>
GH09-01	204.9	234.3	29.4	2.10
includes	214.1	222.6	8.5	5.03
includes	220.1	222.6	2.5	10.73
GH09-02	114.7	117.7	3.0	2.40
and	130.4	135.9	5.5	11.97
and	152.0	157.3	5.3	3.04
GH09-03	138.3	139.8	1.5	2.79
and	217.6	220.1	2.5	2.50
GH09-04	125.7	127.2	1.5	2.62
and	143.5	145.1	1.6	2.13
and	166.7	169.4	2.7	1.19
GH09-05	196.5	204.0	7.5	0.69
includes	201.0	202.5	1.5	1.72
GH09-06	174.5	177.5	3.0	21.41
includes	176.0	177.5	1.5	40.20
GH09-07	122.0	123.3	1.3	1.5

Surface exploration is well underway with the establishment of a 41 kilometre (km) grid. Ground geophysics (magnetics and induced polarization) and a soil sampling survey are currently in progress. Follow-up prospecting and geological mapping began in early July. The new grid extends southeast from the Cook Zone through to the MC Zone discovered by Golden Harp in 2008. The MC Zone, located 1.3 km east-southeast of the Cook Zone, is hosted in a thick package of pyritic, green carbonate, albite and hematite altered ultramafic and mafic volcanic rocks. To date five holes have tested the MC Zone over a strike length of 220m. All holes intersected widespread anomalous gold mineralization with some of the better down hole mineralized intervals returning 44.0m of 0.89 gpt Au (including 2.0m of 4.01 gpt Au) from hole GH-025 and 9.0m of 3.6 gpt Au (including 2.0m grading 14.29 gpt Au) from hole GH-019.

During the year ended June 30, 2010, the Company announced that phase two drilling has commenced and is designed to follow up on the previously released high grade results from the Cook Zone and to test the strike length of the MC Zone. The remaining bulk of the drilling will focus on the MC zone where exploration programs this summer identified a strike extensive coincident induced polarization chargeability response and soil geochemical anomaly up to 900m long. This target occurs along strike to the north west of the MC Zone where diamond drilling in 2008 by Golden Harp intersected 3.6 gpt gold over 9.0m (including 14.29 gpt Au over 2.0m) from hole GH-019. Benton has planned a substantial drill program to systematically test the new coincident soil and IP anomaly and the MC Zone. The Company will also continue prospecting and geological mapping programs to identify new targets on the project.

Also during the current year, the Company announced the results from the second phase drill program on the Golden Harp Option. A compilation of Phase 1 and Phase 2 results for holes GH09-01 to GH09-10 on the Cook Zone has identified a bulk tonnage gold target which includes intercepts of 1.69 gpt gold over 37.6 meters from GH09-01, 2.05 gpt gold over 45.1 metres from GH09-02, 1.36 gpt gold over 15 metres from GH09-09 and 0.92 gpt gold over 27 meters in GH09-10. In addition, drilling identified wide zones of highly anomalous gold mineralization from the MC zone as well as from several Induced Polarization (IP) and soil geochemical targets located between the Cook and MC zones. The Phase Two drill program included three holes (GH09-08 to GH09-10) which tested the Cook zone, three holes (GH09-21 to GH09-23) which tested the MC zone and 11 holes (GH09-11 to 20 and GH09-23) which tested various IP and soil geochemical exploration targets located between the Cook and MC zones.

During the year ended June 30, 2010, the Company announced that the third phase of diamond drilling on the Copper Hill Block A property optioned from Golden Harp Resources Inc. ("Golden Harp") has been initiated. The drill program is designed to test beneath the surface mineralization of the Crocker zone as well as the low grade bulk tonnage potential of the MC zone. The Crocker zone was discovered by Benton in the fall of 2009 and is hosted within brecciated felsic (syenite fragmental) and lesser ultramafic volcanic rocks. The showing is defined by a distinct B-horizon soil anomaly of >50 ppb Au (with individual soil samples up to 6,840 ppb Au) and surface grab samples grading up to 9.65 gpt gold. Work to date suggests mineralization associated with the Crocker zone is controlled by a NNW trending structure splaying off of the Hydro Creek fault. At the MC Zone, Benton's Phase 2 drill program completed during 2009 intersected thick intervals of anomalous gold mineralization. Drill core intervals included 0.25 gpt gold over 142.9m in drill hole GH09-21 and 0.33 gpt gold over 122m in drill hole GH09-22. The drilling program was cut short due to the spring breakup. Future drilling anticipated further on this year will also focus on the Cook Zone. Last year Benton completed two drill programs that returned 5.03 gpt over 8.5m in GH09-01, 11.9 gpt Au over 5.5m in GH09-02 and 21.41 gpt Au over 3.0m in GH09-06.

The Company is very encouraged about the exploration and drilling on the Block A Option to date as these programs have clearly identified a large gold-bearing alteration system with the potential to host significant gold mineralization.

During the period ended March 31, 2011, the Company transferred (the "transfer") its option and all of its rights and obligations under the option agreement between the Company and Golden Harp to Mineral Mountain Resources Ltd. ("Mineral Mountain"). In consideration for the transfer, Mineral Mountain will issue to the Company a total of 8 million common shares staged in three payments consisting of 4 million common shares on approval from the TSX Venture Exchange (subsequently received), a further 2 million common shares within 12 months of the agreement, and a final 2 million common shares (for a total of 8 million common shares) within 18 months of the agreement. In addition, Mineral Mountain will grant a 1% NSR to the Company over certain claims encompassing the original agreement with Golden Harp.

#### DELORO PROPERTY

The Deloro property consists of two mining patents and one mining claim located 5 km southeast of the city of Timmins along the Dome-Aunor-Delnite mine trend.

During the current year, the Company entered into an agreement with Deloro Mining and Smelting whereby the Company can acquire a 100% interest in the project by paying \$60,000 cash (paid) and issuing 400,000 shares of the Company (paid) to Deloro Mining and Smelting on signing and a further 1.1 million shares of the Company within 24 months following the date of the agreement.

The property is host to at least three separate bands of quartz-ankerite veining hosted within a package of strong carbonate altered and sheared mafic volcanic rocks containing pyrite and trace chalcopyrite. Records indicate that the property has not been worked since the late 1930's and there is no record of any diamond drilling on the claims. Known historic work includes the sinking of a 125 foot shaft on the south quartz vein system and trenching and

pitting of quartz veins on the south central vein systems. Reports dated 1913 (Dobbs) and 1939 (B.S.W. Buffam) report grab samples from the south zone returning up to 0.75 ounces per ton (opt) gold (Au) over an average thickness of 4 feet and values of up to 2.3 opt Au from the central vein. A third quartz vein system hosted within a strong carbonate altered shear zone cuts through the northern part of the property and is believed to represent the west extension of the Delnite mine horizon. All information was obtained from MNM assessment files and is presented for information purposes only and that the historical data and should not be relied upon. A trenching program was completed during the period to expose the areas of quartz veining. In addition, a grid was established on the claims and mapping and geophysical surveys was also completed. This information was used to help the first-phase diamond drilling program.

During the year ended June 30, 2010, the Company announced results from the first 12 diamond drill holes completed on the Deloro project and confirms the presence of high grade gold mineralization on the property. Highlights of the drilling include 8.57gpt Au (grams per tonne gold) over 3.5 metres including 11.86 gpt over 2.5 metres from hole D09-12, the western most and deepest hole drilled to date. Also during the period, the final 15 holes were announced and summarized below.

HOLE	FROM	TO	Au g/t	DDH THICKNESS (m)	GRID LINE
D10-13	114.0	115.0	0.55	1.0	505+50
D10-14	113.8	114.8	1.11	1.0	505+50
and	139.0	142.0	2.52	3.0	
incl.	140.0	141.0	5.32	1.0	
D10-15	98.8	100.0	1.29	1.2	505+00
D10-16	132.0	139.0	0.58	7.0	505+00
incl.	137.5	138.0	2.17	0.5	
D10-17	96.0	97.0	0.38	1.0	504+00
D10-18	124.0	130.0	0.43	6.0	504+00
incl.	128.0	128.5	1.56	0.5	
and	136.0	136.5	1.34	0.5	
D10-19			no significant results		503+00
D10-20			no significant results		503+00
D10-21	86.0	87.0	0.66	1.0	504+00
D10-22	139.0	140.0	0.82	1.0	506+00
D10-23	143.0	144.0	1.57	1.0	505+50
D10-24			no significant results		505+50
D10-25	133.5	139.5	0.49	6.0	505+00
incl.	139.0	139.5	1.11	0.5	
D10-26			no significant results		505+00
D10-27	119.5	121.0	3.02	1.5	504+50
incl.	120.0	120.5	8.68	0.5	

The drill program has focused on drilling stratigraphic holes on 50 metre spaced lines, starting at the east property boundary (L508E) and working westwards, testing for mineralized structures along the south vein horizon. Of particular interest is the fact that the best results received have come from the most westerly and deepest hole (D09-12) drilled to date (L506+00E at approximately 100 metres below surface). Gold mineralization occurs within a distinct quartz breccia hosted within a zone of heavy pyrite and strong sericite altered mafic volcanic rocks.

During the period ended March 31, 2011, the Company determined that the results from the drill programs to date did not warrant further exploration or follow up work and as a result terminated the option on the property and all capitalized costs associated with the project were written off during the period.

#### SHEBANDOWAN PROPERTY/TRILLIUM NORTH JOINT VENTURE

During the period ended March 31, 2011, the Company announced that it had signed a letter of intent with Trillium North Minerals Ltd. ("Trillium") (TNM.TSX-V) which grants Benton the exclusive right to earn up to 70% interest in 5 mineral claims totaling 27 units by making various option payments and work commitments. Under the terms set out in the letter of intent, Benton can earn an initial 50% interest in the property by paying \$80,000 in cash and 100,000 shares to Trillium and completing \$200,000 in exploration expenditures over 3 years. Benton can earn an additional 10% (taking its interest to 60%) by completing a further \$200,000 in exploration expenditures over a

further 2 years and can earn an additional 10% (taking its interest to 70%) by completing a further \$600,000 in exploration expenditures over a further 2 years.

The Shebandowan North property is located approximately 90 km west of Thunder Bay, Ontario and adjoins Benton's newly acquired 100%-owned Shebandowan project located in the central portion of the Shebandowan greenstone belt. Located less than 20 km along strike to the west are the past producing Ardeen and Coldstream gold deposits as well as the Moss Lake gold deposit. The Moss Lake deposit hosts a NI 43-101 compliant resource of 56.1Mt grading 0.92 g/t gold containing approximately 1.51 million ounces of gold ([www.mosslakegold.com](http://www.mosslakegold.com)). The Coldstream deposit contains a historic resource (non NI 43-101 compliant) of 5.1Mt grading 1.4 g/t gold ([www.altoventures.com](http://www.altoventures.com)). Approximately 20 km along strike to the west of the North Shebandowan project sits the Swamp River / Band-Ore gold deposit with a historic resource (non NI 43-101 compliant; Canadian Mines Handbook, 1998-99, p.63) of 998,000T grading 0.12 oz/T gold (approximately 905,000t grading 4.11 g/t) and the Vanguard Copper-Zinc-Gold deposit is situated only 4 km along strike to the east ([www.trilliumnorth.com](http://www.trilliumnorth.com)). Historic base metal production from the Shebandowan greenstone belt consisted of of 8.7 million tons grading 2.07% nickel, 1% copper and approximately 3 g/t combined platinum group metals plus gold ([www.nap.com](http://www.nap.com)) with current measured and indicated resources (NI 43-101 compliant) totaling 2.58 million tonnes grading 0.91% nickel, 0.62% copper, 1.09 g/t palladium, 0.34 g/t platinum, and 0.23 g/t gold (NAP NR, October 25, 2007).

A till sampling survey covering the Shebandowan greenstone belt was completed by the Ontario Geological Survey ("OGS") in 2002. The survey identified a 5 km trend of samples containing high counts of pristine gold grains taken on Benton's newly acquired ground. Other OGS till sampling programs completed in northern Ontario have identified similar areas of anomalous gold grain counts in the samples which have led to significant gold discoveries. The recent gold discovery by Northern Superior Resources Inc and Rainy River Resources Ltd on their TKP joint venture in Northern Ontario and the Rainy River deposit located near Emo, Ontario are two such examples. In addition, historical prospecting has identified high grade copper values with associated highly anomalous gold. Benton has initiated an exploration program consisting of grid establishment and ground geophysical surveys (magnetic and induced polarization) and also conducted a 7 hole, 1,280m diamond drill program and is currently awaiting final results. The Company plans to complete a soil sampling survey over certain areas of the property in the spring and summer of 2011.

#### OTHER PROPERTIES

The Company has several early stage projects some of which include the Forester Lake Property, Horne Township, Onion Lake, Gorham Township Property, Brunswick Property, Cracker Property, Analaktalik Property, Cape Ray East Property, Crabbes Property, Abernethy and miscellaneous properties.

#### **Plan of Arrangement**

During the period, the Company announced that it is initiating a process of separating its investment in Coro Mining Corp. ("Coro") from substantially all of its other assets and activities. It is anticipated that this will be implemented by a spin out of the majority of Benton's projects, cash and equity investments (other than Coro) into a new exploration company ("Newco"). After the spin out is completed Benton's assets will consist of 55.4 million common shares of Coro (representing approximately 41.6% of the issued capital of Coro), 2.43 million share purchase warrants of Coro exercisable at \$0.50, one 43-101 compliant project and a cash balance in a yet to be determined amount sufficient to maintain ongoing operations and objectives. Benton's ongoing exploration activities will thereafter be carried out through Newco.

Benton's current market capitalization is significantly below the market value of its equity holdings in other listed companies. Moreover, the market is attributing no value to Benton's current cash position or its extensive property portfolio and joint ventures with companies such as Teck Resources and Rio Tinto Exploration. This substantial disconnect between the underlying value of Benton's assets and its stock market valuation has prompted Benton to propose the spin out to its shareholders in order to maximize the value of its cash, equities and exploration assets as well as to unlock the value of its holding in Coro. Benton is currently working with its financial advisors Stifel Nicolaus Weisel and has retained Canadian taxation advisors in order to determine a separation of the Company's assets for the spin out that achieves optimal tax efficiency and fairness. The share ratio was announced as a one for one basis. The spin out transaction will be completed pursuant to a plan of arrangement and remains subject to regulatory and shareholder approvals.

## 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 cost associated with each property is as follows for March 31, 2011:

<u>For the nine months ended March 31, 2011</u>	<u>Opening balance</u>	<u>Expenditures</u>	<u>Recoveries/write downs/disposals</u>	<u>Ending balance</u>
Bermuda/Claw Lake/Four Dams	4,789,537	6,318	(4,795,855)	-
Saganaga Lake Property	1,115,724	169,920	-	1,285,644
Goodchild and South Goodchild Property	627,960	-	-	627,960
Armit Lake Property	1,340,071	160	-	1,340,231
Kingurutik Lake Nickel Property	615,385	800,574	-	1,415,959
Q-9 Gold Property	163,896	55,250	-	219,146
Sibley Basin Property	1,279	121,579	(25,000)	97,858
Bark Lake Property	581,779	30,623	(35,000)	577,402
Rim Property	543,566	10,494	-	554,060
Golden Harp Joint Venture	1,239,271	46,636	(1,285,907)	-
Deloro Property	998,166	152,494	(1,150,660)	-
Other Properties	1,281,689	825,793	(50,000)	2,057,482
<b>Total</b>	<b>13,298,323</b>	<b>2,219,841</b>	<b>(7,342,422)</b>	<b>8,175,742</b>

Management of the Company has reviewed all ongoing exploration projects and determined that no further write downs of capitalized exploration and development expenditures would be required at this time other than what has been written down already in the period. The Company will continue to assess the exploration potential of each project on a recurring basis and make adjustments when necessary.

## SELECTED ANNUAL FINANCIAL INFORMATION

<b>Description</b>	<b>Nine Months Ended March 31, 2011</b>	<b>Year ended June 30, 2010</b>	<b>Year ended June 30, 2009</b>	<b>Year ended June 30, 2008</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Operating expenses	1,778,600	2,455,082	2,046,132	2,185,953
Interest income	131,667	588,567	626,478	588,524
Adjustment to fair market value of held for trading investments	6,083,842	751,101	(9,145)	(107,480)
Write down of mineral properties	(1,150,660)	1,823,115	1,266,959	54,954
Net income (loss) being comprehensive income (loss)	14,843,446	(1,117,834)	(2,278,403)	(463,250)
Net loss per share – basic (1) (2)	0.20	(0.02)	(0.03)	(0.01)
Cumulative mineral properties and deferred development expenditures	8,175,742	13,298,323	11,592,324	11,208,044
Total assets	49,270,414	31,853,263	29,501,504	30,174,127

- (1) Basic per share calculations are made using the weighted-average number of shares outstanding during the year.
- (2) Loss per share on a diluted basis is the same as the basic calculation per share as all factors are anti-dilutive.

## SUMMARY OF QUARTERLY RESULTS

Three Month Period Ending	Net Earnings/(Loss) \$	Net Earnings/(Loss) per Share Basic and Diluted (1) (2) \$
March 31, 2011	4,724,860	0.06
December 31, 2010	6,814,026	0.09
September 30, 2010	3,304,560	0.04
June 30, 2010	(64,608)	(0.00)
March 31, 2010	(470,335)	(0.01)
December 31, 2009	(953)	(0.00)
September 30, 2009	(581,938)	(0.01)
June 30, 2009	(167,097)	(0.01)
March 31, 2009	(83,916)	(0.00)
December 31, 2008	(1,499,262)	(0.02)

- (1) Basic loss per share calculations are made using the weighted-average number of shares outstanding during the period.
- (2) Loss per share on a diluted basis is the same as the basic calculation per share as all factors are anti-dilutive.

In the nine months ended September 30, 2011, the Company's cash on hand increased by \$580,677 to \$731,810 as compared to \$92,984 for the same period in 2010. The increase in cash on hand is attributed to the timing of redemptions of temporary investments to fund operations and exploration activity. Temporary investments increased from \$8,931,276 at June 30, 2010 to \$14,600,301 at March 31, 2011 as a result of the sale of the Bermuda property for \$14 million. Accounts and other receivables increased from \$152,146 at June 30, 2010 to \$279,747 at March 31, 2011 related to accrued interest on temporary investments recorded during the period and HST receivables. Mineral properties decreased from \$13,298,323 at June 30, 2010 to \$8,175,742 at March 31, 2011 due mainly to the disposition of the Bermuda property during the period. Share Capital increased from \$30,621,168 at June 30, 2010 to \$31,632,577 at March 31, 2011 due mainly to the exercise of stock options during the period.

## SHARE DATA

As at May 30, 2011, the Company has 77,116,431 common shares issued and outstanding as well as: (a) stock options to purchase an aggregate of 12,846,250 common shares expiring at various dates between February 7, 2012 and April 14, 2016 and exercisable at various prices between \$0.28 and \$1.18 per share. For additional details of share data, please refer to note 9 of the March 31, 2011 interim consolidated financial statements.

## FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, temporary investments, accounts and other receivables, long-term investments, refundable security deposits and accounts payable and accrued liabilities. It is management's opinion that the Company is not exposed to significant interest or credit risks arising from these financial instruments.

## LIQUIDITY AND CAPITAL RESOURCES

The Company has a net working capital as at March 31, 2011 of \$15,124,176 (\$9,162,720 as at June 30, 2010) and cash on hand of \$731,810 (\$151,133 as at June 30, 2010) and retained earnings of \$5,608,606 (deficit of \$9,234,840 as at June 30, 2010).

During the year ended June 30, 2010, the Company completed a non-brokered private placement for gross proceeds of \$2.8 million by issuing 5.6 million flow-through common shares. Pursuant to the private placement, cash

commissions totaling \$168,000 (6% of gross proceeds) and 336,000 broker warrants were paid to the finder. The warrants will be exercisable at a price of \$0.50 for a period of 18 months following the closing of the private placement.

During the 2009 fiscal year, 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 were cancelled.

During the year ended June 30, 2010, a total of 20,000 common shares were acquired at a total cost of \$7,600 all of which were cancelled. During the year ended June 30, 2009, a total of 1,459,000 common shares were acquired at a total cost of \$275,555 all of which were cancelled. The Bid expired during the current period and was renewed to June 18, 2011 giving the Company the ability to buy back no more than 5 million common shares for cancellation. To date, the Company has repurchased a total of 2,126,500 shares under the plan at a total cost of \$2,173,979.

The Company's interim 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. The audited 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.

The recovery of amounts shown as mineral properties and deferred development expenditures is dependent upon the discovery of economically recoverable resources, the ability of the Company to obtain adequate financing to complete development, and upon future profitable operations from the properties or proceeds from the dispositions thereof.

The Company currently has no operations that generate cash flow and its long-term financial success is contingent upon management's ability to locate economically recoverable resources. This process can take many years to complete, cannot be guaranteed of success, and is also subject to factors beyond the control of management. Factors such as commodity prices, the health of the equity markets and the track record and experience of management all impact the Company's ability to raise funds to complete exploration and development programs.

The Company has taken numerous steps to ensure that it will continue to have adequate working capital to fund operations. The Company has set a conservative exploration budget for the upcoming year that will focus on a few key project advancement initiatives. It has reduced its budget for new project evaluation and generation substantially to ensure exploration is focused on advancing primary projects. This has also reduced the need for additional field personnel which will reduce labour costs. As well, the Company has and will continue to actively seek out strategic joint venture partners on certain of its projects to ensure that they will be advanced while at the same time preserving its capital. The Company has also reviewed corporate overhead costs to allow for only essential expenditures.

The Company anticipates that the continued sale of Flow Through shares/warrants should enable it to maintain exploration activities on its mineral properties. However, there can be no assurance that these activities will be sufficient to enable the Company to carry on its planned activities given the current economic climate.

## **CAPITAL MANAGEMENT**

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.

## **CRITICAL ACCOUNTING ESTIMATES**

The preparation of 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 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.

While the Company feels that its estimates are reasonable at this time, a prolonged decline in commodity prices may impact the Company's estimate of capitalized mineral properties and deferred development expenditures and as a result, future write downs of these capitalized expenditures may be necessary given the current economic environment. As well, if the current economic conditions persist, the ability for the company to realize its future income tax assets may also change given the difficulty in establishing future profitable operations at these current depressed commodity prices.

## **OFF-BALANCE SHEET ARRANGEMENTS**

The Company has not participated in any off-balance sheet or income statement arrangements.

## **CURRENT AND FUTURE CHANGES IN ACCOUNTING POLICY INCLUDING INITIAL ADOPTION**

### Financial Instruments – Disclosures (CICA Handbook Section 3862)

The CICA has issued this new handbook section which will affect disclosures in the Company's 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 financial statements. See note 17 in the audited consolidated financial statements for disclosures related to this new standard.

### Financial Instruments – Presentation (CICA Handbook Section 3863)

The CICA has issued this new handbook section which will affect disclosures in the Company's 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 financial statements. See note 17 in the audited consolidated financial statements for disclosures related to this new standard.

### Comprehensive Income (CICA Handbook Section 1530)

Comprehensive income is the change in shareholders' equity during the period from transactions and other events from non-owner sources. This standard requires certain gains and losses that would otherwise be recorded as part of net loss to be presented in other "comprehensive income" until it is considered appropriate to recognize into net loss. This standard requires the presentation of comprehensive income, and its components in a separate financial statement that is displayed with the same prominence as the other financial statements. The company currently does not have any comprehensive income.

### 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 company has included disclosures recommended by this amendment in note 1 of the audited consolidated financial statements for the year ended June 30, 2010.

### Capital Disclosures (CICA Handbook Section 1535)

CICA Handbook section 1535 requires disclosures of an entity's objectives, policies and process for managing capital, quantitative data about what the 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 has included disclosures recommended by this new CICA Handbook section in note 16 of the audited consolidated financial statements for the year ended June 30, 2010.

### International Financial Reporting Standards (IFRS)

In February 2008, the CICA announced that Canadian GAAP for publicly accountable enterprises will be replaced by International Financial Reporting Standards ("IFRS") for interim and annual financial statements for fiscal years beginning on or after January 1, 2011. The standard also requires that the comparative figures for 2010 be based on IFRS.

The Company has implemented a four stage conversion process into IFRS. Phase 1 – preliminary plan and scoping, Phase 2 – detailed assessment, conversion planning and development, Phase 3 – Implementation and parallel reporting and Phase 4 – ongoing monitoring and IFRS updates. As of June 30, 2010 the Company is in Phase 1 which includes putting together an initial project plan with the Audit Committee oversight, education, scoping relevant IFRS and identification of policy differences between IFRS and Canadian GAAP.

Phase 1 has identified some areas where there is the most potential for a significant impact. These areas do not represent a complete list of expected changes and may be subject to change as the Company progresses through the second phase. These areas are:

- IFRS 1 – First Time Adoption of International Financial Standards requires that an entity apply all standards effective at the end of its first reporting period retrospectively, and provides entities adopting IFRS for the first time with a number of optional exemptions and mandatory exceptions in certain areas. The Company is currently analyzing the various exemptions available and will elect those determined to be most appropriate. The IFRS 1 exemptions that are the most significant to the Company are noted against each specific area that we have identified to date.
- Stock based compensation - is largely consistent with Canadian GAAP and requires estimates of the fair value of stock options to be made at the date of the grant and recognition of the related expense in income as the options vest. For stock options that vest in installments, IFRS 2 requires the Company to determine the fair value of each installment as a separate share option grant. Currently the Company records forfeitures as they occur, however under IFRS, the Company is required to make an estimate of the forfeiture rates for the use in determination of the total share based compensation expense. The Company is assessing the impact of this difference on its financial statements. The use of the Black- Scholes model is an acceptable method to estimate the fair value of the options at the date of grant, and is consistent with the Company's current practice.
- Financial Statement Disclosure - there are generally more extensive presentation and disclosure requirements under IFRS compared to Canadian GAAP.
- Extractive Activities Project – the IASB currently has an Extractive Activities project underway to develop accounting standards for extractive activities. A working draft of the discussion paper has been released with the official discussion paper scheduled for release in the first quarter of 2010. Any changes to IFRS as a result of the project will not be effective until after the Company implements IFRS in 2011. Therefore the Company's accounting policies specific to mining and related activities may be impacted once final IFRS

are released on this topic, subsequent to IFRS adoption. The Company will monitor any developments in this project.

The second phase will involve a detailed impact assessment and gap analysis, drafting IFRS policies, planning and tracking a conversion approach and application of IFRS 1 "First Time Adoption of International Financial Reporting Standards". The Company plans to be into this phase by the first quarter of 2010. The third phase will be implementation where we will finalize our IFRS policies while revising accounting and business processes, create financial statement templates, consider tax implications, revise internal controls over financial reporting and calculate an opening balance sheet for July 1, 2010. The fourth phase will be post implementation when we will be fully IFRS compliant reporting and will involve ongoing education and training planning with continuous monitoring of changes in IFRS.

Other areas that have had an impact on the Company relating to IFRS include:

- Information systems - the Company is evaluating the potential impact of IFRS on its information systems and business processes and does not anticipate any changes or material impacts with our current systems being capable of collecting financial information necessary for IFRS compliance.
- Internal controls over financial reporting - as part of the assessment of IFRS in phase two of the Company's project, internal controls over financial reporting and disclosure controls and procedures will be considered. For example, any changes in accounting policies could result in additional controls or procedures being required to address the reporting of the Company's first time adoption and on-going reporting requirements. The certifying officers plan to complete the design, and initially evaluate the effectiveness of any key controls implemented as a result of IFRS in the fourth quarter of 2010, to prepare for certification under IFRS in 2011.
- Financial reporting expertise – given the current size of the Company the IFRS project team is comprised only of senior management with the CFO being the lead on the project reporting to the President and Audit Committee. The CFO has attended various external IFRS training sessions that covered overall general IFRS standards as well mining industry specific training. The Audit Committee will receive regular updates on the status of the project.

Company personnel have undergone preliminary IFRS professional development in order to effectively manage the conversion. In addition, the Company engaged an outside consultant to assist with a detailed scoping analysis and to provide support in preparing the Company's first full set of IFRS-compliant interim financial statements including all requisite note disclosures and conversion reconciliations. After initial discussions with the consultant, management does not feel the financial impact of IFRS will be extensive given the nature of the Company's operations the fact that it is a development stage enterprise. Management feels that the current accounting system will be able to handle the conversion and the majority of the changes to its current balances will not be material.

#### Business Combinations (CICA Handbook Section 1582)

In January 2009, the CICA issued Handbook Section 1582, "Business combinations," which replaces the existing standards. This section establishes the standards for the accounting of business combinations, and states that all assets and liabilities of an acquired business will be recorded at fair value. Obligations for contingent considerations and contingencies will also be recorded at fair value at the acquisition date. The standard also states that acquisition-related costs will be expensed as incurred and that restructuring charges will be expensed in the periods after the acquisition date. This standard is equivalent to the International Financial Reporting Standards on business combinations. This standard is applied prospectively to business combinations with acquisition dates on or after January 1, 2011. Earlier adoption is permitted. Management is currently evaluating the impact of adopting this standard on the Company's financial statements.

#### Non-controlling Interests (CICA Handbook Section 1602)

In January 2009, the CICA issued Handbook Section 1602, "Non-controlling interests," which establishes standards for the accounting of non-controlling interests of a subsidiary in the preparation of consolidated financial statements subsequent to a business combination. This standard is equivalent to the International Financial Reporting Standards

on consolidated and separate financial statements. This standard is effective for 2011. Earlier adoption is permitted. Management is currently evaluating the impact of adopting this standard on the Company's financial statements.

#### Consolidated Financial Statements (CICA Handbook Section 1601)

In January 2009, the CICA issued Handbook Section 1601, "Consolidated financial statements," which replaces the existing standards. This section establishes the standards for preparing consolidated financial statements and is effective for 2011. Earlier adoption is permitted. Management is currently evaluating the impact of adopting this standard on the Company's financial statements.

## **RISKS AND UNCERTAINTIES**

### Nature of Mineral Exploration and Mining

At the present time, the Company does not hold any interest in a mining property in production. The Company's viability and potential success lie in its ability to discover, develop, exploit and generate revenue out of mineral deposits. The exploration and development of mineral deposits involve significant financial risks over a significant period of time which even a combination of careful evaluation, experience and knowledge may not eliminate. While discovery of a mine may result in substantial rewards, few properties which are explored are ultimately developed into producing mines. Major expenses may be required to establish reserves by drilling and to construct mining and processing facilities at a site. It is impossible to ensure that the current or proposed exploration programs on exploration properties in which the Company has an interest will result in a profitable commercial mining operation.

The operations of the Company are subject to all of the hazards and risks normally incidental to exploration and development of mineral properties, any of which could result in damage to life or property, environmental damage and possible legal liability for any or all damage. The activities of the Company may be subject to prolonged disruptions due to weather conditions depending on the location of operations in which the Company has interests. Hazards, such as unusual or unexpected formation, rock bursts, pressures, cave-ins, flooding or other conditions may be encountered in the drilling and removal of material. While the Company may obtain insurance against certain risks in such amounts as it considers adequate, the nature of these risks is such that liabilities could exceed policy limits or could be excluded from coverage. There are also risks against which the Company cannot insure or against which it may elect not to insure. The potential costs which could be associated with any liabilities not covered by insurance or in excess of insurance coverage or compliance with applicable laws and regulations may cause substantial delays and require significant capital outlays, adversely affecting the future earnings and competitive position of the Company and, potentially, its financial position.

Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are the particular attributes of the deposit, such as its size and grade, proximity to infrastructure, financing costs and governmental regulations, including regulations relating to prices, taxes, royalties, infrastructure, land use, importing and exporting and environmental protection. The effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital.

### Fluctuating Prices

Factors beyond the control of the Company may affect the marketability of any copper, nickel, gold, platinum or any other minerals discovered. Resource prices have fluctuated widely and are affected by numerous factors beyond the Company's control. The effect of these factors cannot accurately be predicted.

### Competition

The mineral exploration and mining business is competitive in all of its phases. The Company competes with numerous other companies and individuals, including competitors with greater financial, technical and other resources than the Company, in the search for and acquisition of attractive mineral properties. The ability of the Company to acquire properties in the future will depend not only on its ability to develop its present properties, but also on its ability to select and acquire suitable properties or prospects for mineral exploration. There is no assurance that the Company will continue to be able to compete successfully with its competitors in acquiring such properties or prospects.

### Financing Risks

The Company has limited financial resources and no current revenues. There is no assurance that additional funding will be available to it for further exploration and development of its projects or to fulfill its obligations under applicable agreements. Although the Company has been successful in the past in obtaining financing through the sale of equity securities, there can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of the property interests of the Company with the possible dilution or loss of such interests.

### Permits and Licenses

The operations of the Company may require licenses and permits from various governmental authorities. The Corporation believes that it presently holds all necessary licenses and permits required to carry on with activities which it is currently conducting under applicable laws and regulations and the Company believes it is presently complying in all material respects with the terms of such laws and regulations. However, such laws and regulations are subject to change. There can be no assurance that the Company will be able to obtain all necessary licenses and permits required to carry out exploration, development and mining operations at its projects.

### No Assurance of Titles

The acquisition of title to mineral projects is a very detailed and time consuming process. Although the Company has taken precautions to ensure that legal title to its property interests is properly recorded in the name of the Company where possible, there can be no assurance that such title will ultimately be secured. Furthermore, there is no assurance that the interest of the Company in any of its properties may not be challenged or impugned.

### Environmental Regulations

The operations of the Company are subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mineral exploration and mining operations, which would result in environmental pollution. A breach of such legislation may result in the imposition of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner which means stricter standards, and enforcement, fines and penalties for non-compliance are more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and their directors, officers and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations.

### Conflicts of Interest

The directors and officers of the Company may serve as directors or officers of other public resource companies or have significant shareholdings in other public resource companies. Situations may arise in connection with potential acquisitions and investments where the other interests of these directors and officers may conflict with the interest of the Company. In the event that such a conflict of interest arises at a meeting of the directors of the Company, a director is required by the *Business Corporations Act* (Ontario) to disclose the conflict of interest and to abstain from voting on the matter.

From time to time several companies may participate in the acquisition, exploration and development of natural resource properties thereby allowing for their participation in larger programs, permitting involvement in a greater number of programs and reducing financial exposure in respect of any one program. It may also occur that a particular company will assign all or a portion of its interest in a particular program to another of these companies due to the financial position of the company making the assignment. In determining whether or not the Company will participate in a particular program and the interest therein to be acquired by it, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

### Dependence on Key Personnel

The Company is dependent on a relatively small number of key people, the loss of any of whom could have an adverse effect on its operations. Any key person insurance which the Company may have on these individuals may not adequately compensate for the loss of the value of their services.

The MD&A was reviewed and approved by the Audit Committee and Board of Directors and is effective as of May 30, 2011

#### **ADDITIONAL INFORMATION**

Additional information relating to the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com).