NOTICE TO SHAREHOLDERS

BENTON
RESOURCES INC.

(A Development Stage Enterprise)

Condensed Interim Financial Statements
For the six months ended December 31, 2016

(Stated in Canadian Dollars)

Responsibility for Financial Statements

The accompanying financial statements for Benton Resources Inc. have been prepared by management in accordance with International Financial Reporting Standards ("IFRS") consistently applied. Only changes in accounting policies have been disclosed in these unaudited condensed interim financial statements. Recognizing that the Company is responsible for both the integrity and objectivity of the financial statements, management is satisfied that these financial statements have been fairly presented. In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the unaudited condensed interim financial statements for the period ended December 31, 2016.

BENTON RESOURCES INC.
(A Development Stage Enterprise)

December 31, 2016

BENTON RESOURCES INC.
(A Development Stage Enterprise)

CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
(Prepared by Management – Unaudited)

As at	December 31, 2016 $	June 30, 2016 $
ASSETS		
Current		
Cash	**84,376**	148,370
Temporary investments (note 3)	**2,686,940**	3,540,393
Temporary investments – restricted (note 4)	**46,103**	-
Accounts and other receivables	**85,165**	105,897
Prepaid expenses	**88,750**	15,654
Refundable deposits (note 13)	**87,369**	81,605
	3,078,703	3,891,919
Long-term investments (note 5)	**710,203**	956,441
Property and equipment, net (note 6)	**99,517**	109,272
Exploration and evaluation assets (note 7)	**3,868,961**	3,592,113
	7,757,384	8,549,745
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities		
Current		
Accounts payable and accrued liabilities (note 9)	**24,358**	42,106
Deferred premium on flow-though shares (note 8(d))	**9,221**	-
	33,579	42,106
Shareholders' Equity		
Capital Stock (note 8)		
Share capital	**27,424,174**	27,230,424
Reserves	**1,668,326**	1,662,543
Deficit	**(21,368,695)**	(20,385,328)
	7,723,805	8,507,639
	7,757,384	8,549,745

See Nature of Operations and Going Concern – Note 1
Commitments – Notes 7 and 14
Subsequent Event Note 5 (ii)

These financial statements are authorized for issue by the Board of Directors on February 21 2017. They are signed on the Corporation's behalf by:

"Stephen Stares" President, Chief Executive Officer and Director
"Clint Barr" Director

See accompanying notes to the condensed interim financial statements

BENTON RESOURCES INC.
(A Development Stage Enterprise)

CONSENSED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Prepared by Management – Unaudited)

	Three Months Ended Dec. 31, 2016 $	Three Months Ended Dec. 31, 2015 $	Six Months Ended Dec. 31, 2016 $	Six Months Ended Dec. 31, 2015 $
EXPENSES				
Advertising and promotion	45,553	41,821	66,513	70,600
Share-based payments (note 11)	1,872	18,769	5,783	46,666
General and administrative	203,049	196,085	376,270	379,801
Professional fees	20,321	9,819	27,001	20,297
Consulting fees	25,000	-	33,333	-
Stock exchange and filing fees	4,589	2,667	6,839	5,167
Depreciation expense	7,218	6,506	14,436	13,013
Pre-acquisition exploration and evaluation	22,300	13,761	65,665	21,596
Write-down of exploration and evaluation assets	-	6,334	-	6,334
Foreign currency translation adjustment	(11,042)	(17,567)	(18,159)	(47,851)
	(318,860)	(278,195)	(577,681)	(515,623)
Other income (expense):				
Interest and investment income	11,613	25,649	27,253	54,254
Other income	-	-	1,656	-
Gain on sale or option of exploration and evaluation assets	3,136	-	3,136	-
Adjustment to fair value for fair value through profit and loss investments	(452,651)	(89,394)	(470,980)	(271,035)
Loss on disposal of property and equipment	-	(4,546)	-	(4,546)
Gain on sale of long-term investments	790	-	2,470	-
	(437,112)	(68,291)	(436,465)	(221,327)
Loss before deferred tax recovery	(755,972)	(346,486)	(1,014,146)	(736,950)
Deferred tax recovery – flow-through (note 8(d))	20,012	-	30,779	-
Loss and comprehensive loss for the period	(735,960)	(346,486)	(983,367)	(736,950)
Loss and comprehensive loss per common share – basic and diluted (note 10)	$0.01	$0.00	$0.01	$0.01
Weighted average shares outstanding – basic and diluted	79,092,988	76,881,031	78,046,248	76,868,531

See accompanying notes to the condensed interim financial statements

BENTON RESOURCES INC.
(A Development Stage Enterprise)

CONDENSED INTEIRM STATEMENTS OF CHANGES IN EQUITY
(Prepared by Management – Unaudited)
For the six months ended December 31, 2016 and 2015

	Share Capital			Retained earnings (deficit)	Total shareholders' equity
	Number	Amount $	Reserves $	$	$
Balance at June 30, 2015	**76,856,031**	**27,226,924**	**1,597,552**	**(19,933,680)**	**8,890,796**
Loss and comprehensive loss for the period	-	-	-	(736,950)	(736,950)
Issued in connection with property option agreements	100,000	3,500			3,500
Share-based payments	-	-	46,666	-	46,666
Balance at December 31, 2015	**76,956,031**	**27,230,424**	**1,644,218**	**(20,670,630)**	**8,204,012**
Balance at June 30, 2016	**76,956,031**	**27,230,424**	**1,662,543**	**(20,385,328)**	**8,507,639**
Loss and comprehensive loss for the period	-	-	-	(983,367)	(983,367)
Private placement	2,000,000	200,000	-	-	200,000
Flow-through share premium (note 8(d))	-	(40,000)	-	-	(40,000)
Issued in connection with property option agreements	450,000	33,750	-	-	33,750
Share-based payments	-	-	5,783	-	5,783
Balance at December 31, 2016	**79,406,031**	**27,424,174**	**1,668,326**	**(21,368,695)**	**7,723,805**

See accompanying notes to the condensed interim financial statements

BENTON RESOURCES INC.

CONDENSED INTERIM STATEMENTS OF CASH FLOWS
(Prepared by Management – Unaudited)

	Six Months Ended Dec. 31, 2016 $	Six Months Ended Dec. 31, 2015 $
CASH FLOWS FROM (USED IN):		
OPERATING ACTIVITIES		
Loss and comprehensive loss for the period	(983,367)	(736,950)
Deferred tax recovery – flow-through	(30,779)	-
Unrealized change in fair value for fair value through profit and loss investments	470,980	271,035
Loss on disposal of property and equipment	-	4,546
Depreciation expense	14,436	13,013
Share-based payments	5,783	46,666
Write-down of exploration and evaluation assets	-	6,334
Net change in non-cash working capital balances related to operating activities (note 12)	(229,105)	(62,492)
Cash flows used in operating activities	(752,052)	(457,848)
FINANCING ACTIVITIES		
Issuance of capital stock for cash	200,000	-
Cash flows from financing activities	200,000	-
INVESTING ACTIVITIES		
Exploration and evaluation expenditures	(270,177)	(702,827)
Expenditure recoveries on exploration and evaluation assets	27,079	34,693
Purchase of property and equipment	(4,680)	(25,232)
Gain on sale of long-term investments	(2,470)	-
Proceeds on disposal of property and equipment	-	1,000
Acquisition of long term investments in private placement	(100,000)	-
Unrealized change in fair market value of temporary investments included in cash	23,256	(152,000)
Net proceeds on sale of long-term investments	7,700	-
Cash flows used in investing activities	(319,292)	(844,366)
Decrease in cash and temporary investments	(871,344)	(1,302,214)
Cash and cash equivalents - beginning of period	3,688,763	5,405,742
Cash and cash equivalents – end of period	2,817,419	4,103,528
Cash and cash equivalents consists of the following:		
Cash	84,376	30,819
Temporary investments	2,686,940	4,072,709
Temporary investments - restricted	46,103	-
	2,817,419	4,103,528

Supplemental cash flow information (note 12)

See accompanying notes to the condensed interim financial statements

BENTON RESOURCES INC.
(A Development Stage Enterprise)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

December 31, 2016

1. NATURE OF OPERATIONS AND GOING CONCERN:

Benton Resources Inc. ("Benton" or the "Company") was incorporated on November 8, 2011 as 0924698 B.C. Ltd. (renamed Benton Resources Inc. on July 25, 2012) under the laws of British Columbia and is a development stage public company whose shares began trading on the TSX Venture Exchange on August 1, 2012. Its principal business activities are the acquisition, exploration and development of mineral properties. On July 27, 2012, the Company received certain assets by way of a court-approved plan of arrangement (the "Arrangement") from Benton Capital Corp. (formerly Benton Resources Corp.).

Benton's head office is located at 684 Squier Street, Thunder Bay, Ontario, P7B 4A8.

The accompanying 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. These 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.

	December 31, 2016	June 30, 2016
Working capital	$3,045,124	$3,849,813
Deficit	$21,368,695	$20,403,008

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Statement of Compliance to International Financial Reporting Standards ("IFRS")

These condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the IASB ("International Accounting Standards Board") applicable to the preparation of interim financial statements, including International Accounting Standard ("IAS") 34- Interim Financial Reporting. The accounting policies followed in these condensed interim financial statements are the same as those applied in the audited annual financial statements of the Company for the year ended June 30, 2016 ("Fiscal 2016").

The policies applied in these interim condensed financial statements are based on IFRS issued and outstanding as of February 21, 2017 (the "Report Date"), the date the Audit Committee approved the statements. Any subsequent changes to IFRS after this date could result in changes to the financial statements for the period ended December 31, 2016.

The condensed interim financial statements do not contain all disclosures required under IFRS and should be read in conjunction with the audited annual financial statements and the notes thereto for Benton Resources Inc. for the year ended June 30, 2016.

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates, and assumptions that affect the application of policies and reported amounts of assets and liabilities and disclosures of contingent assets and contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant accounts that require estimates as the basis for determining the stated amounts include exploration and evaluation assets, share-based payments, allocation of financing proceeds, and income taxes. Differences may be material.

3. TEMPORARY INVESTMENTS:

	December 31, 2016 $	June 30, 2016 $
Money Market Mutual funds	2,733,043	3,128,893
Investment Trust	-	411,500
Subtotal	2,733,043	3,540,393
Less: Portion restricted for flow-through purposes (note 4)	46,103	-
Temporary investments, net	2,686,940	3,540,393

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

The mutual funds consist of fully liquid, managed money market fund units that yield regular monthly dividends at market rates. Included in the money market funds are USD denominated money market funds amounting to $356,415 USD (June 30, 2016 - $355,614 USD) translated at the USD/CDN conversion rate at December 31, 2016 of $1.3427 (June 30, 2016 - $1.2917).

4. RESTRICTION ON THE USE OF CASH AND CASH EQUIVALENTS:

During the period ended December 31, 2016 the Company issued common shares that were designated as being flow-through shares. One of the conditions of issuing flow-through shares is that the Company is required to retain the gross proceeds for the exclusive purpose of paying for qualified Canadian exploration and development expenditures associated with its exploration and evaluation assets.

	December 31, 2016	June 30, 2016
Restricted short term investments, beginning of period	$ -	$ -
Gross proceeds received upon issuance of flow-through shares	200,000	-
Qualified exploration expenditures paid from these funds	(153,897)	-
Restricted short term investments, end of period	$ 46,103	$ -

5. LONG-TERM INVESTMENTS:

	December 31, 2016		June 30, 2016	
	Market $	Cost $	Market $	Cost $
Canadian Equities				
Mineral Mountain Resources (i)	362,541	3,107,500	420,807	3,107,500
Alabama Graphite Corp. (ii)	29,683	45,960	28,725	45,960
Alset Energy Corp. (iii)	286,081	383,229	470,000	130,000
Other	31,898	1,144,386	36,909	1,150,556
	710,203	4,681,075	956,441	4,434,016

(i) The 1,294,791 Mineral Mountain Resources ("Mineral Mountain") common shares are valued at the December 31, 2016 closing price of $0.28 per share (June 30, 2016 - $0.325). Mineral Mountain is listed on the TSX Venture Exchange under the symbol "MMV".

(ii) The 191,500 Alabama Graphite Corp. ("Alabama Graphite") common shares are listed on the TSX Venture Exchange under the symbol "ALP" and are valued at the December 31, 2016 closing price of $0.155 per share (June 30, 2016 - $0.15). The shares were received by the Company as part of the consideration received pursuant to the sale on August 19, 2013 of 16 claim units that were acquired by staking by the Company near Hearst, Ontario. Subsequent to December 31, 2016, the shares were disposed of for gross proceeds of $31,055.

The Company retains a 2% NSR on the property with Alabama Graphite having the right to buy back 50% of the NSR (i.e. 1%) for $1 million.

(iii) The 3,178,680 million Alset Energy Corp. ("Alset") common shares are listed on the TSX Venture Exchange under the symbol "ION" and are valued at the December 31, 2016 closing price of $0.09 per share (1,000,000 shares as at June 30, 2016 at $0.47 per share). The Company received 1,000,000 of the shares as consideration for the sale of the Champion Graphite project to Alset during the year ended June 30, 2016. Benton retained a 2% NSR on the project and Alset has the option to buy back 1% of the NSR for $500,000. During the current period, Benton participated in a private placement financing with Alset acquiring an additional 1 million common units of Alset at a price of $0.10 per unit for a gross investment of $100,000. Each unit consists of one common share of Alset and one common share purchase warrant exercisable at $0.20 until October 17, 2018. In addition, Benton settled $153,229 in costs invoiced to Alset by Benton for personnel and related expenses in exchange for 1,178,680 common shares of Alset at a value of $0.13 per share.

6. PROPERTY AND EQUIPMENT:

	December 31, 2016			June 30, 2016		
	Cost	Accumulated Amortization	Net	Cost	Accumulated Amortization	Net
Computer Equipment	$ 61,140	$ 59,516	$ 1,624	$ 61,140	$ 58,957	$ 2,183
Furniture and Equipment	128,643	84,088	44,555	128,643	79,137	49,506
Computer Software	114,942	111,432	3,510	110,262	110,262	-
Exploration Camps	220,532	198,996	21,536	220,532	195,196	25,336
Automotive	47,671	39,526	8,145	47,671	38,089	9,582
Leaseholds	25,184	5,037	20,147	25,184	2,519	22,666
Total	$ 598,112	$ 498,595	$ 99,517	$ 593,432	$ 484,160	$ 109,272

7. EXPLORATION AND EVALUATION ASSETS:

Mineral property acquisition, exploration and development expenditures are deferred until the properties are placed into production, sold, impaired or abandoned. These deferred costs will be amortized over the estimated useful life of the properties following commencement of production, or written-down if the properties are allowed to lapse, are impaired, or are abandoned. The deferred costs associated with each property for the six month period ended December 31, 2016 and year ended June 30, 2016 is summarized in the tables below:

For the six months ended December 31, 2016

		Saganaga/Q9 (a)	Abernethy (b)	Cape Ray (c)	Bedivere (d)	Other (e)	Total
June 30, 2016 - Acquisition Costs	$	284,083	13,569	835,352	-	91,078	1,224,082
Additions		-	-	1,060	77,739	67,329	146,128
Write-downs/Recoveries/Disposals **(e)**		-	-	-		(4,727)	(4,727)
Subtotal	$	-	-	1,060	77,739	62,602	141,401
Dec. 31, 2016 - Acquisition Costs	$	**284,083**	**13,569**	**836,412**	**77,739**	**153,680**	**1,365,483**
June 30, 2016 - Exploration and Evaluation Expenditures	$	1,367	377,925	1,335,245	-	653,494	2,368,031
Assaying		-	-	-	5,538	7,001	12,539
Prospecting		-	-	-	21,161	26,542	47,703
Geological		-	-	13,132	2,800	6,594	22,526
Geophysical		-	-	-	13,940	-	13,940
Linecutting		-	-	-	2,837	-	2,837
Trenching		-	-	-	-	17,904	17,904
Diamond Drilling		-	-	28,765	-	879	29,644
Compilation		-	-	2,405	-	-	2,405
Miscellaneous		-	400	4,391	8,400	8,904	22,095
Write-downs/Recoveries/Disposals **(e)**		-	-	(27,079)	-	(9,067)	(36,146)
Subtotal	$	-	400	21,614	54,676	58,757	135,447
Dec. 31, 2016 - Exploration and Evaluation Expenditures	$	**1,367**	**378,325**	**1,356,859**	**54,676**	**712,251**	**2,503,478**
Dec. 31, 2016 - Total	$	**285,450**	**391,894**	**2,193,271**	**132,415**	**865,931**	**3,868,961**

For the year ended June 30, 2016

		Saganaga/Q9 (a)	Abernethy (b)	Cape Ray (c)	Other (e)	Total
June 30, 2015 - Acquisition Costs	$	281,753	13,569	833,095	31,142	1,159,559
Additions		2,330	-	2,257	70,007	74,594
Write-downs/Recoveries/Disposals **(e)**		-	-	-	(10,071)	(10,071)
Subtotal	$	2,330	13,569	2,257	59,936	64,523
June 30, 2016 - Acquisition Costs	$	**284,083**	**13,569**	**835,352**	**91,078**	**1,224,082**
June 30, 2015 - Exploration and Evaluation Expenditures	$	-	365,163	1,272,974	130,626	1,768,763
Assaying		-	179	-	88,251	88,430
Prospecting		167	-	4,966	135,554	140,687
Geological		-	2,512	37,976	53,794	94,282
Geophysical		-	-	2,405	59,375	61,780
Linecutting		-	-	-	24,613	24,613
Trenching		-	-	27,448	35,949	63,397
Diamond Drilling		-	-	3,736	209,872	213,608
Metallurgy		-	-	480	-	480
Resource Modeling		-	-	2,880	-	2,880
NI 43-101 Reporting		-	1,600	6,721	-	8,321
Permitting		-	-	-	-	-
Environmental		-	-	-	-	-
Compilation		-	-	5,848	-	5,848
Miscellaneous		1,200	8,471	8,649	21,809	40,129
Write-downs/Recoveries/Disposals **(e)**		-	-	(38,838)	(106,349)	(145,187)
Subtotal	$	1,367	12,762	62,271	522,868	599,268
June 30, 2016 - Exploration and Evaluation Expenditures	$	**1,367**	**377,925**	**1,335,245**	**653,494**	**2,368,031**
June 30, 2016 - Total	$	**285,450**	**391,494**	**2,170,597**	**744,572**	**3,592,113**

(a) **Saganaga Lake/Q9 Property**

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

The Q-9 property is located approximately 160km west of Thunder Bay, Ontario and adjoins the Saganaga Gold property. The project was subject to an asset purchase, sale and royalty agreement dated May 8, 2006 between the Company and Stares Contracting Corp., a company controlled by Stephen Stares, Director and Officer and Michael Stares, Director of the Company, whereby the Company has a 100% interest subject to a 2% NSR in the project as a result of the Company having paid $75,000 and issued 200,000 shares. During Fiscal 2015, the Company wrote off $2,042,527 in deferred exploration and evaluation expenditures due to there being no current or future work programs planned for the project. The Company is seeking a partner to help advance the project.

(b) **Abernethy Property**

The Abernethy property is located 10km southwest of Kenora, Ontario. The Company acquired through staking, a 100% interest in the property which consists of 9 claims totaling 67 units.

During the year ended June 30, 2015, the Company executed a letter of intent (“LOI”) with Element 79 Capital Inc. (“Element 79”) pursuant to which Element 79 can earn up a 100% interest in the Abernethy.

During the period ended December 31, 2016, Element 79 informed the Company that it was unable to raise the required capital in order to complete their Qualifying Transaction and fulfill the terms of the LOI and therefore the agreement with the Company was cancelled. The Company retains the project 100%.

(c) **Cape Ray**

The Cape Ray project is comprised of the following groups of claims:

Windowglass Hill and 51 Zone Deposits

During Fiscal 2013, the Company signed a binding letter of intent with Cornerstone Capital Resources Inc. (“Cornerstone”) to acquire up to a 75% interest in Cornerstone’s Windowglass Hill and 51 Zone deposits (collectively the “Property”), located approximately 25km northeast of the town of Port aux Basques in southwestern Newfoundland. The Property consists of a single 183-claim mineral license which covers an area of 4,575 ha. To earn the initial 70%, the Company must make cash payments totaling $125,000 ($20,000 paid on signing) and 155,000 common shares of the Company (25,000 shares paid on signing) as well as work commitments totaling $2 million, all over a period of four years. The Company can earn the additional 5% (taking its interest to 75%) by incurring an additional $1 million in exploration expenditures at its sole election but such election must be made within a period that is 18 months from the date that the Company’s interest vests at 70%.

During Fiscal 2014, the Company amended its agreement with Cornerstone. Pursuant to the terms of the amended agreement, the Company has acquired a 100% interest in the Cape Ray Gold project by paying, in addition to the on signing payments made above, $200,000 and issuing 350,000 common shares of the Company. Under the amended agreement, Cornerstone received an additional 0.25% NSR thereby increasing the total NSR on the project to 2%, of which the Company has the right to purchase back 1% for $1 million.

During Fiscal 2015, the Company received a grant from the Government of Newfoundland and Labrador in the amount of $100,000 (2014 - $56,392) for exploration work completed at the Cape Ray property. The grant was recorded as a reduction of deferred exploration and evaluation assets during the year ended June 30, 2015. During Fiscal 2015, the Company executed a Letter of Intent with Nordmin Engineering Ltd. on certain of the deposits at Cape Ray as further described below.

04/41/Isle Aux Mort/Big Pond Deposits

During Fiscal 2014, the Company entered into an option agreement with Tenacity Gold Mining Company Ltd. ("Tenacity") to purchase a 100% interest in four mining claims which encompasses the 04 , 41 , Isle Aux Mort and the Big Pond gold deposits located in southwest Newfoundland. The Company paid $400,000 and issued 1.5 million common shares valued at $105,000 to Tenacity in connection with the agreement. During Fiscal 2015 the Company exercised its option to acquire a 100% interest by issuing a further 1.5 million common shares valued at $75,000 (accordingly a total of 3 million shares were issued by the Company for the property). The acquired claims are subject to a sliding scale net smelter returns royalty (NSR) on the production of metals: a 3% NSR on production when the price of gold is below $2,000 per ounce; a 4% NSR when the price of gold is from $2,000 to less than $3,000 per ounce subject to the right of the Company to buy back 1% for $500,000; and a 5% NSR when the price of gold is $3,000 or above subject to the right of the Company to buy back 1% for $500,000.

Cape Ray East

The 100% owned Cape Ray East Property was acquired by staking and is comprised of 510 contiguous claims. The property is located approximately 30 km northeast of Port aux Basques, southwestern Newfoundland, at the southernmost point and continues in a northeast and easterly direction for approximately 40 km.

Nordmin Engineering Option/Joint Venture

During Fiscal 2015, the Company entered into a definitive agreement (the "Agreement") with Nordmin Engineering Ltd. ("Nordmin") to advance towards production four of the six gold deposits at the Company's Cape Ray project located in southwest Newfoundland, should the economic viability of the project be established. The Agreement was also amended during the period ended December 31, 2016. The 04, 41, 51 and Windowglass Hill deposits (the "Project") are included in the Agreement while the Isle Aux Morts and Big Pond deposits will be retained 100% by Benton. Pursuant to the Agreement, Benton and Nordmin will form a joint venture pursuant to which Nordmin will have the right to earn up to a 50% interest in the Project in return for incurring expenditures and providing services at its expense in connection with the Project as further described herein.

Upon signing the Agreement, Benton will form a wholly-owned subsidiary, ("SubCo B" for illustrative purposes) (pending completion) and transfer 100% of Benton's property rights in the Project to SubCo B. Nordmin may then earn up to 50% of the Project held by SubCo B by completing a series of work commitments and project milestones, certain of which have been completed, to advance the Project towards production as follows:

- Benton will lead the exploration effort for the Project which will be funded by Nordmin up to the completion of the Feasibility Study. This includes any infill drilling to allow the deposits to be brought up to National Instrument 43-101 status ("NI 43-101"). The necessity for further exploration will be determined and approved by the management committee;
- Nordmin earned a 5% interest in the Project by making a $250,000 cash payment in two tranches to SubCo B in connection with an exploration program. The first tranche of $125,000 was paid upon signing of the Agreement and the second tranche of $125,000 was received during Fiscal 2015; Nordmin earned a further 15% interest by funding and providing the services required to complete NI 43-101 resource estimates for the 04, 41, 51, and Windowglass Hill deposits, and completing a resource model, a preliminary economic assessment (PEA), a detailed assessment of the Geology, Mining, Metallurgy, Environmental, Engineering, Construction, Economics and a Schedule for the Project (completed);
- Nordmin, under an amendment to the Agreement, agreed to drill not less than 10,000 meters by August 30, 2017. The first 5,000m portion of this program is to be completed by November 15, 2016 (subsequently completed) and is designed to assist with the preparation of a pre-feasibility study by January 31, 2017 (postponed until after 2017 drill program). The second 5,000m phase of drilling will commence no later than June 15, 2017 and is designed to assist with the preparation of a feasibility study on the main deposits of the project by October 31, 2018. Should Nordmin fail to complete the second phase of drilling, the pre-feasiblity study or the feasibility study in the timelines described, the option will revert to a joint venture under the applicable earned interest.
- Nordmin was initially required by August 31, 2016, in order to earn a further 10% interest, to complete the Environmental Assessment and Impact reviews, and secure the necessary permits for a mine, mill and related plant in order for the Project to move forward. Under an amendment to the Agreement during the current period, the Company and Nordmin have agreed to remove this term from the agreement and replace it with the requirement to complete an Environmental Assessment and Environmental Impact Study and the

requirement to secure the necessary permits for a mine, mill and related plant by a date that is to be agreed upon by both parties within 30 days after the Newfoundland government responds to the Project Description. Should Benton and Nordmin not reach an agreed upon completion date, one will be determined by arbitration. Completion of this amended term will take Nordmin's interest to 30%;

- Nordmin was initially required by August 31, 2017, in order to earn a further 10% interest, to complete a feasibility study for the Project (detailing and advancing all of the same issues within the PEA). During the current period, this term was amended to allow Nordmin until October 31, 2018 to complete the bankable feasibility study;
- Nordmin, by August 31, 2018 in order to earn a further 10% interest, must complete the detailed design of the mine, mill and related plant and work to arrange a minimum of 50% of the Project financing;
- Nordmin will assume operatorship of the Project upon signing of the Agreement;
- Nordmin will provide the procurement, project and construction management for the Project, including commissioning and start-up. The costs and fees associated with this effort will be part of the Project financing;
- Nordmin must spend a minimum of $4.5 million of expenditures and equivalent services, with any excess going towards Project development;
- Should Nordmin fail to earn a 50% interest, operatorship will revert back to Benton;
- Should Nordmin not participate in the Project development on a pro-rata basis after the earn-in period, Nordmin will suffer a standard dilution to their pro-rata interest – such clause also applies to Benton; and
- The intent is that the work proposed within the LOI will be completed in a minimum of three (3) years and a maximum of five (5) years, dependent upon market conditions or other outside factors that are beyond the control of the parties.

As at December 31, 2016, Nordmin has a 20% interest in the Project and has the right to acquire up to an additional 30% as described above. If Nordmin only earns a 20% interest and then gets diluted to less than 10% its interest will be converted to a 0.5% NSR, one-half of which can be purchased by Benton for $400,000. If Nordmin only earns between 20% and 49% interest and then gets diluted to less than 10% its interest will be converted to a 0.5% NSR, which can be purchased by Benton for $600,000. If Nordmin earns a 50% interest and then gets diluted to less than 10% its interest will be converted to a 1% NSR, one-half of which can be purchased by Benton for $1,000,000.

(d) **Bedivere**

During the period ended December 31, 2016, the Company signed a binding Letter of Intent ("LOI") to enter into an option agreement with Traxxin Resources ("Traxxin"), a privately owned company, to acquire a 100% interest in their Bedivere Property located 130km west of Thunder Bay, Ontario and 18km north of Highway 11/17 accessible by new logging roads in the area. Under the terms of the option agreement and subject to regulatory approval, Benton can earn a 100% interest in the Property which consists of 109 units in 12 claims by paying to Traxxin $450,000 and issuing 3,000,000 shares over a four year period on the following schedule:

- $45,000 and 300,000 Company common shares on October 31, 2016 (paid);
- $85,000 and 600,000 Company common shares on October 31, 2017;
- $95,000 and 600,000 Company common shares on October 31, 2018;
- $100,000 and 600,000 Company common shares on October 31, 2019, and;
- $125,000 and 900,000 Company common shares on October 31, 2020.

The Property will be subject to a 3% NSR royalty in favour of Traxxin of which 1% can be purchased by Benton at the Company's election for $1 million. In addition, the Company must spend a total of $1 million in exploration expenditures over the four year period with a minimum of $250,000 expended within the first year from the date of the LOI. The Company will also grant to Traxxin a 1% NSR on surrounding ground staked by the Company as long as the Company or any of its affiliates holds an interest in the optioned claims.

(e) **Other Properties**

Other Properties consists of several early stage projects that the Company is evaluating for exploration potential. Included in Other Properties are certain projects that are subject to agreements that are more fully described below.

(i) Kingurutik Lake Property

The Kingurutik Lake property was acquired 100% by staking in late October 2006.

The Company entered into a Participation Agreement (the "Teck Agreement") with Teck Resources Ltd. ("Teck") whereby the Company and Teck formed the Kingurutik Lake project by amalgamating and jointly exploring certain of their land positions in Labrador. The project is located approximately 60km north of the Voisey's Bay copper-nickel deposit and consists of the 116 claim units held by the Company, (previously known as the NBK property), and 56 claim units held by Teck.

(ii) Staghorn Option

During Fiscal 2015, the Company executed an option agreement (the "Agreement") with Metals Creek Resources Corp. ("MEK") whereby the Company can earn up to a 70% interest in MEK's 100% owned Staghorn Gold project in Newfoundland.

To earn an initial 60% interest, the Company must make cash payments totaling $50,000 ($20,000 paid), issue a total of 500,000 (200,000 issued valued at $7,000) common shares of the Company and incur work expenditures of $500,000 (expended), all over a three year period from the date of the Agreement. The Company will be the operator during the earn-in period. Once a 60% interest is earned by Benton, either a 60/40 joint venture will be formed, or Benton may elect to earn an additional 10% interest to bring its total property interest to 70% by paying $50,000 cash and issuing an additional 500,000 common shares within 60 days of the 3rd anniversary date of the Agreement and incurring an additional $500,000 in exploration expenditures (incurred) by the 5th anniversary date. Cumulative exploration and evaluation expenditures on Staghorn included in other properties at June 30, 2016 amounted to $644,805 (June 30, 2015 - $141,801). During the year ended June 30, 2016, the Company received a grant from the Government of Newfoundland and Labrador totaling $100,000 under the Junior Company Exploration Assistance Program. The grant recorded as a reduction to the carrying amount of the Staghorn project in exploration and evaluation assets.

(iii) Bark Lake

During the period ended December 31, 2016, the Company executed an option agreement with Rio Tinto Exploration Canada Inc. ("RTEC") (a wholly-owned subsidiary of Rio Tinto) on the Company's 100%-owned Bark Lake copper, nickel and platinum group elements ("Cu-Ni-PGE") project. Under the terms of the option, RTEC can earn a 70% interest by incurring $3 million in exploration expenditures and by paying Benton $50,000 cash over 5 years (the "First Option") ($10,000 received). After the First Option period, RTEC may either form a joint venture with Benton on a 70/30 basis or, at its election, increase its interest to 80% (the "Second Option") by spending an additional $5 million in exploration expenditures over the next 4 years and by paying Benton $100,000 cash within 30 days after electing to exercise the Second Option. Upon exercising the Second Option, RTEC may elect to form a joint venture with Benton on an 80/20 basis.

(iv) Alder East

During the period ended December 31, 2016, the Company executed an option agreement with Sokoman Iron Corp. ("Sokoman") on the Company's Alder East property consisting of a single licence, containing 20 units, located in central Newfoundland. Under the terms of the option, Sokoman will have the option to earn a 100% interest in the Alder East property under the following terms:

- Paying Benton $1,500 cash (subsequently received) and issuing 1 million shares (issued and pending receipt) of Sokoman upon signing, acceptance and approval by the TSX Venture Exchange (accepted and approved);
- Issuing 500,000 shares to Benton on the first anniversary of the option agreement;
- Issuing 500,000 shares to Benton on second anniversary of the option agreement;
- Benton will retain a 2% NSR on the Alder East project with Sokoman having the option to buy-back 1% for $1 million;
- Sokoman agrees to keep ground in good standing throughout the option period and if the property is returned to Benton, it is returned with at least 6 months of assessment credit;
- Paying Benton $100,000 in cash, shares or a combination of cash and shares upon completion of a NI 43-101 compliant mineral resource;
- Paying Benton $200,000 in cash, shares or a combination of cash and shares upon completion of a pre-feasibility study; and

- Paying Benton $300,000 in cash, shares or a combination of cash and shares upon completion of a final/full/bankable feasibility.

(v) Shebandowan

During the period ended December 31, 2016, the company executed an option agreement with White Metal Resources Corp. ("White Metal") (a company related by common director Michael Stares) on the Company's Shebandowan project which consists of 135 units in 12 claims in the Burchell Lake, Greenwater Lake and Kashabowie Lake areas in the Thunder Bay mining district. White Metal will have the option to earn a 100% interest in the Shebandowan property under the following terms:

- Paying Benton $15,000 cash (subsequently received) and issuing 200,000 shares (subsequently received) of White Metal on signing, acceptance and approval by the TSX Venture Exchange (accepted and approved);
- Benton will retain a 2% NSR on the Shebandowan property with White Metal having the option to buy-back 1% for $1 million;
- White Metal agrees to keep all claims in good standing and should White Metal elect to drop any claims contained within the option agreement, they will do so with at least 6 months of assessment credit; and
- Paying Benton $500,000 in cash, shares or a combination of cash and shares at White Metal's election upon completion of a NI 43-101 compliant resource on any claims contained within the option agreement.

(f) **Write-downs/Recoveries/Disposals**

Reductions to the carrying costs of mineral properties result from amounts recorded for write-downs and for cost recoveries or earn-ins or dispositions during the period ended December 31, 2016 and the year ended June 30, 2016 were as follows:

		Dec. 31, 2016 $	June 30, 2016 $
Write-downs/Dispositions:			
Other Properties		9,067	16,420
	Subtotal	9,067	16,420
Recoveries:			
Cape Ray		27,079	38,838
Other – Staghorn		-	100,000
	Subtotal	27,079	138,838
Total		**36,146**	**155,258**

8. CAPITAL STOCK:

(a) Share Capital

Authorized:
Unlimited common shares without par value
One voting preference share

Issued and outstanding:
79,406,031 common shares
Nil preference shares

(b) Stock Options

Details of stock option transactions for the period ended December 31, 2016 and year ended June 30, 2016 are as follows:

	# of Options	Weighted Average Exercise Price
Balance, June 30, 2015	13,540,000	$0.13
Expired during the period	(1,100,000)	$0.13
Balance, June 30, 2016	12,440,000	$0.13
Expired during the period	(700,000)	$0.13
Balance, December 31, 2016	11,740,000	$0.13

The following table summarizes information about the options outstanding at December 31, 2016 and June 30, 2016:

Expiry Date	Exercise Price	December 31, 2016 # of Options	June 30, 2016 # of Options
August 15, 2017	$0.15	6,950,000	7,350,000
January 21, 2019	$0.10	2,470,000	2,620,000
May 13, 2020	$0.10	2,320,000	2,470,000
		11,740,000	12,440,000

(c) Stock Option Plan

The Company has a Stock Option Plan (the "Plan") for directors, officers, employees and consultants. The Plan authorizes the granting of options to purchase up to a maximum of 15,524,706 common shares of which 11,740,000 are outstanding at December 31, 2016. The Plan provides that:

i) any options granted pursuant to the Plan shall expire no later than five years after the date of grant;

ii) any options granted pursuant to the Plan shall be non-assignable and non-transferable;

iii) the number of common shares issuable pursuant to the Plan to any one person in any 12 month period shall not exceed 5% of the outstanding common shares;

iv) the number of common shares issuable pursuant to the Plan to any one consultant in any 12 month period may not exceed 2% of the outstanding common shares;

v) the number of common shares issuable pursuant to the Plan to persons employed in investor relation activities may not exceed 2% of the outstanding common shares in any 12 month period.

vi) the Plan provides that options shall expire and terminate 30 days following the date the optionee ceases to be an employee, director or officer of, or consultant to, the Company, provided that if such termination is as a result of death of the optionee, the optionee's personal representative shall have one year to exercise such options.

vii) The number of common shares: (1) reserved for issuance to insiders of the Company may not exceed 20% of the issued and outstanding common shares; and (2) which may be issued to insiders within a one year period may not exceed 20% of the issued and outstanding common shares.

viii) the Plan provides that options granted under the plan shall vest in the optionee, and may be exercisable by the optionee as follows: (1) 25% on the date of granting; (2) 25% six months from the date of granting; (3) 25% twelve months from the date of granting; and (4) 25% eighteen months from the date of granting.

(d) Private Placements

During the period ended December 31, 2016, the Company completed a non-brokered flow-through private placement by issuing 2,000,000 flow-through shares at a price of $0.10 per share for aggregate proceeds of $200,000. Funds raised in the private placement will be used to advance the Company's current and ongoing exploration stage projects such as the Iron Duke and Panama gold projects located in Ontario.

The deferred premium on the issuance of the 2,000,000 flow-through shares was $40,000. This difference between the proceeds of the placement and the net amount recorded in the Company's share capital account is treated as a liability in accordance with IFRS. This liability is reversed into earnings as the Company incurs flow-through eligible exploration and evaluation expenditures. This reversal amounted to $30,779 for the period ended December 31, 2016 (June 30, 2016 –nil) resulting in a deferred premium balance of $9,221 at December 31, 2016 (June 30, 2016 – nil).

9. RELATED PARTY TRANSACTIONS:

The Company paid or accrued the following amounts to related parties during the period ended December 31, 2016 and 2015:

Payee	Description of Relationship	Nature of Transaction	Dec. 31, 2016 Amount ($)	Dec. 31, 2015 Amount ($)
Stares Contracting Corp.	Company controlled by Stephen Stares, Director and Officer and Michael Stares, Director	Payments for office rental and maintenance costs included in general and administrative expenses and for staking costs included in exploration and evaluation assets	-	10,500
Gordon J. Fretwell Law Corporation	Company controlled by Gordon Fretwell, Officer and former director	Legal fees and disbursements charged/accrued during the period	13,161	4,998
Stares Prospecting Ltd.	Company controlled by Alexander Stares, Brother of Stephen and Michael Stares	Prospecting services, equipment rentals and expenses included in exploration and evaluation assets	20,594	53,136
Newfie Shores	Partnership controlled by Stephen Stares, Director and Officer, and Michael Stares, Director	Payments for cabin rentals capitalized in deferred development expenditures	3,750	-

The purchases from and fees charged by the related parties are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

During the period ended December 31, 2016, the Company paid director fees to one of its directors totaling $5,000 for services rendered on the Company's Audit Committee (December 31, 2015 - $5,000). The director is to receive $2,500 per quarter. During the year ended June 30, 2015, the Company executed a letter of intent to option the Staghorn Gold property from Metals Creek Resources Corp., a company related by common directors (see 7(e(ii)).

Included in accounts payable and accrued liabilities is $4,238 (December 31, 2015 - nil) to Newfie Shores (inclusive of HST) The repayment terms are similar to the repayment terms of non-related party trade payables.

During the period ended December 31, 2016, the Company invoiced $95,073 inclusive of HST to Alset Energy Corp. (Fiscal 2016: $89,729) for field support personnel, executive support, equipment rentals, expense reimbursements and general and administrative costs incurred on Alset's behalf. Included in accounts and other receivables at December 31, 2016 is $29,073 owing to the Company by Alset Energy Corp. During the period ended December 31, 2016, Alset settled $153,229 owing to Benton by issuing to it 1,178,680 common shares of Alset at a value of $0.13 per share. In addition, during the period ended December 31, 2016, Benton purchased from Alset 1,000,000 private placement units, each unit consisting of one common share and one common share purchase warrant of Alset, for $100,000 ($0.10 per unit, see Note 5(iii)).

During the year ended June 30, 2016, the Company sold a 100% interest in the Champion Graphite project to Alset Energy Corp. (a company related by common directorships) for 1 million common shares of Alset Energy Corp. and subject to a 2% NSR on the project of which Alset will have the option to buy back 1% of the NSR for $500,000.

Key management personnel remuneration during current period included $257,296 (December 31, 2016 - $258,218) in salaries and benefits and $3,733 (December 31, 2015 - $29,651) in share-based payments. There were no post-retirement or other long-term benefits paid to key management personnel during the current period.

10. LOSS PER SHARE:

Basic loss per common share has been calculated using the weighted average number of common shares outstanding in each respective period. As the issue of shares upon the exercise of stock options would be anti-dilutive, diluted loss per common share is equivalent to basic loss per common share.

11. SHARE-BASED PAYMENTS:

The Company applies the fair value method of accounting for share-based payments to directors, officers, employees and consultants and accordingly $5,783 is recorded as share-based payments in profit and loss and under reserves in shareholders' equity as equity settled benefits for the 152,691 options that vested during the current period. The fair value of the options vesting below during the period ended December 31, 2016 was estimated on the grant date using the Black-Scholes option pricing model with the following assumptions:

Grant Date	# of Options Vested	Exercise Price	Expiry Date	Fair Value of Option	Dividend Yield	Volatility	Risk-free Interest Rate	Expected Life
May 13, 2015	152,691	$0.10	May 13, 2020	$0.038	0%	120%	1.20%	5 yrs
	152,691							

12. SUPPLEMENTAL CASH FLOW INFORMATION:

Net change in non-cash working capital balances related to operating activities consists of:

	December 31, 2016 $	December 31, 2015 $
Accounts and other receivables	(132,497)	10,485
Prepaid expenses	(73,096)	(5,690)
Refundable deposits	(5,764)	(49,570)
Accounts payable and accrued liabilities	(17,748)	(17,717)
Total	(229,105)	(62,492)

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

	Dec. 31, 2016 $	Dec. 31, 2015 $
Non-cash operating activities		
Settlement of accounts and other receivables in debtor shares	(153,229)	-
Non-cash financing activities		
Common shares issued for mineral property option	33,750	3,500
Non-cash investing activities		
Mineral property option financed through common share issuance	(33,750)	(3,500)
Shares received on settlement of accounts and other receivables	153,229	-

13. REFUNDABLE DEPOSITS:

Refundable security deposits of $87,369 (June 30, 2016 - $81,605) represents security deposits paid to the Government of Newfoundland and Labrador in connection with mineral property claims located in the Province of Newfoundland. These refundable security deposits are refundable to the Company upon submission by the Company of a report covering the first year work requirements, which meets the requirements of the Government of Newfoundland and Labrador.

14. COMMITMENTS:

The Company has commitments as described in note 7 related to its exploration and evaluation assets.

During the year ended June 30, 2016, the Company entered into an office lease agreement for its head office premises. The initial term of the lease is for three years commencing on June 1, 2016 and will terminate on the last day of May, 2019. The lease is a triple net lease paid in monthly installments of $3,100 plus HST which includes base rent and prescribed additional rents as per the agreement with annual adjustments to additional rents based on actual costs. Pursuant to the lease, the Company is entitled to an extension at the end of the initial three year term for an additional two year term and, following that, an additional extension at the end of the fifth year of the term for an additional five year period at amounts negotiated at that time.