



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

**For the six months ended December 31, 2017**

**February 21, 2018**

### GENERAL

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 under the symbol "BEX". 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") with Benton Capital Corp. (formerly Benton Resources Corp.).

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 six months ended December 31, 2017. The discussion should be read in conjunction with the condensed interim financial statements of Benton Resources Inc. for the period ended December 31, 2017, 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 condensed interim financial statements) has been prepared in accordance with International Financial Reporting Standards ("IFRS").

### 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 and platinum group metals.

## FINANCIAL & OPERATIONAL OVERVIEW

### Overall Performance

Within the last decade, the global financial markets have experienced a significant amount of volatility and uncertainty. Share prices of junior exploration companies listed on the TSX Venture Exchange, including the Company, have experienced a significant impact as a result. Equity financing for the junior resource sector, its primary source of capital, can be difficult to obtain in such conditions. While conditions have improved as of late, obtaining financing in the junior exploration environment can still present challenges.

While the Company has no long-term debt and has sufficient working capital to fund current operations, the sustainability of the financial markets related to the mineral exploration sector cannot be determined. This continually poses a challenge for the Company to effectively manage its capital. Management has and will continue to evaluate strategic opportunities to aggressively acquire favourable advanced assets at depressed prices.

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.

### Financial Condition

The Company's cash balance as at December 31, 2017 was \$107,855 compared to \$146,733 at June 30, 2017 along with \$1,109,518 in temporary investments compared to \$1,952,168 as at June 30, 2017 as well as \$42,181 in temporary investments restricted for flow-through purposes (June 30, 2017 – \$nil). Cash and temporary investments decreased during the current period due to general and administrative expenditures incurred during the period and ongoing exploration at the Company's Bedivere project. Current assets of the Company as at December 31, 2017 were \$1,545,880 compared to \$2,283,709 as at June 30, 2017, a change related to the abovementioned expenditures. Total assets as at December 31, 2017 were \$6,446,827 compared to \$6,524,917 as at June 30, 2017. Current liabilities as at December 31, 2017 were \$96,889 compared to \$38,703 as at June 30, 2017, an increase related to the timing of settlement of liabilities at or around the period end and a \$15,291 deferred premium on flow-through shares (June 30, 2017 – \$nil).

### Results of Operations

The loss and comprehensive loss for the period ended December 31, 2017 was \$385,175 (\$nil loss per common share) as compared to a loss and comprehensive loss of \$983,367 (\$nil loss per common share) in the previous year's comparative period, the change due mainly to a current period positive swing in the value of the Company's equity investments.

Expenses incurred during the six month period ended December 31, 2017 consist of:

- i) Advertising and promotion expenses of \$29,216 (December 31, 2016 - \$66,513)
- ii) Share-based payments of \$36,337 (December 31, 2016 - \$5,783) (recorded upon vesting of stock options to employees, directors and officers and is dependent upon vesting levels in a given year).
- iii) General and administrative expenses of \$367,514 (December 31, 2016 - \$376,270) (includes salaries and benefits as well as office and related costs).
- iv) Professional fees of \$29,518 (December 31, 2016 - \$27,001) (varies upon timing of the provision of professional services).
- v) Consulting fees of \$16,667 (December 31, 2016 – \$33,333) (declined due to expired consulting contract in August 2017).
- vi) Stock exchange and filing fees of \$2,890 (December 31, 2016 - \$6,839) (dependent upon transactions requiring exchange approval and their timing).
- vii) Depreciation expense of \$12,661 (December 31, 2016 - \$14,436).
- viii) Pre-acquisition exploration and evaluation expenses of \$5,965 (December 31, 2016 - \$65,665) (decreased due to less project generative activity in the current period).
- ix) Foreign currency translation adjustment of \$15,198 (December 31, 2016 – \$(18,159) (change based upon period end value of US dollar relative to Cdn dollar for purposes of translating US money market funds).

The Company has seen a continual decline in the implicit interest rates of its investments in short-term fixed income instruments throughout the economic downturn. This decline, which has now stabilized, 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 \$702,770 for the six months ended December 31, 2017 compared to cash used in operating activities of \$752,052 in the prior year due in large part to the large change in accounts receivables between the periods which effected the non-cash working capital balances related to operating activities as well as the impact of the non-cash swing in value of the Company's equity investments which affected cash flows. Cash flows from financing activities were \$290,125 for the period ended December 31, 2017 compared to \$200,000 in the previous year due to flow-through share private placements that were completed in both the current and previous year's period. Cash used in investing activities was \$426,702 for the period ended December 31, 2017 as compared to cash used in investing activities of \$319,292 in the previous year's comparative period, the increase due to largely to an increase in exploration activity related to the Bedivere project in the current period versus the previous year.

## **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. It should be noted that unless otherwise stated in the discussion below, any quoted assay widths or intervals are core lengths and do not necessarily represent true thicknesses, generally because not enough technical information is available to estimate these. The deferred costs associated with each property for the period ended December 31, 2017 and year ended June 30, 2017 are summarized in the tables below:

**For the six months ended December 31, 2017**

	<b>Saganaga/Q9</b>	<b>Abernethy</b>	<b>Cape Ray</b>	<b>Bedivere</b>	<b>Other</b>	<b>Total</b>
	<b>(a)</b>	<b>(b)</b>	<b>(c)</b>	<b>(d)</b>	<b>(e)</b>	
<b>June 30, 2017 - Acquisition Costs</b>	\$ -	-	836,412	89,914	148,780	1,075,106
Additions	-	-	-	118,441	8,767	127,208
Write-downs/Recoveries/Disposals (f)	-	-	-	-	(50,953)	(50,953)
<i>Subtotal</i>	\$ -	-	-	118,441	(42,186)	76,255
<b>Dec. 31, 2017 - Acquisition Costs</b>	\$ -	-	<b>836,412</b>	<b>208,355</b>	<b>106,594</b>	<b>1,151,361</b>
<b>June 30, 2017 - Exploration and Evaluation Expenditures</b>	\$ -	-	1,406,990	272,345	731,183	2,410,518
Assaying	-	-	6,567	15,073	1,682	23,332
Prospecting	-	-	50,340	14,829	4,836	70,005
Geological	-	-	15,177	4,067	-	19,244
Geophysical	-	-	5,506	55,870	-	61,376
Line Cutting	-	-	-	28,469	-	28,469
Trenching	-	-	-	8,055	-	8,055
Diamond Drilling	-	-	30,230	434,950	3,500	468,680
Metallurgy	-	-	4,597	-	-	4,597
Resource Modeling	-	-	1,924	-	-	1,924
NI 43-101 Reporting	-	-	481	-	20	501
Environmental	-	-	481	-	-	481
Miscellaneous	-	-	725	4,486	462	5,673
Write-downs/Recoveries/Disposals (f)	-	-	-	-	(639,104)	(639,104)
<i>Subtotal</i>	\$ -	-	116,028	565,799	(628,604)	53,223
<b>Dec. 31, 2017 - Exploration and Evaluation Expenditures</b>	\$ -	-	<b>1,523,018</b>	<b>838,144</b>	<b>102,579</b>	<b>2,463,741</b>
<b>Dec. 31, 2017 - Total</b>	\$ -	-	<b>2,359,430</b>	<b>1,046,499</b>	<b>209,173</b>	<b>3,615,102</b>

**For the year ended June 30, 2017**

	<b>Saganaga/Q9</b>	<b>Abernethy</b>	<b>Cape Ray</b>	<b>Bedivere</b>	<b>Other</b>	<b>Total</b>
	<b>(a)</b>	<b>(b)</b>	<b>(c)</b>	<b>(d)</b>	<b>(e)</b>	
<b>June 30, 2016 - Acquisition Costs</b>	\$ 284,083	13,569	835,352	-	91,078	1,224,082
Additions	-	-	1,060	89,914	72,176	163,150
Write-downs/Recoveries/Disposals (f)	(284,083)	(13,569)	-	-	(14,474)	(312,126)
<i>Subtotal</i>	\$ (284,083)	(13,569)	1,060	89,914	57,702	(148,976)
<b>June 30, 2017 - Acquisition Costs</b>	\$ -	-	<b>836,412</b>	<b>89,914</b>	<b>148,780</b>	<b>1,075,106</b>
<b>June 30, 2016 - Exploration and Evaluation Expenditures</b>	\$ 1,367	377,925	1,335,245	-	653,494	2,368,031
Assaying	-	-	-	22,961	7,644	30,605
Prospecting	-	-	678	77,279	37,300	115,257
Geological	-	-	24,195	3,907	6,594	34,696
Geophysical	-	-	15,628	72,887	-	88,515
Line Cutting	-	-	-	14,231	-	14,231
Trenching	-	-	-	54,321	18,304	72,625
Diamond Drilling	-	-	35,326	3,160	1,329	39,815
Resource Modeling	-	-	3,336	-	-	3,336
NI 43-101 Reporting	-	-	1,443	-	3,045	4,488
Compilation	-	-	2,886	-	-	2,886
Aboriginal Consultation	-	-	-	2,116	-	2,116
Miscellaneous	-	400	15,332	21,483	20,042	57,257
Write-downs/Recoveries/Disposals (f)	(1,367)	(378,325)	(27,079)	-	(16,569)	(423,340)
<i>Subtotal</i>	\$ (1,367)	(377,925)	71,745	272,345	77,689	42,487
<b>June 30, 2017 - Exploration and Evaluation Expenditures</b>	\$ -	-	<b>1,406,990</b>	<b>272,345</b>	<b>731,183</b>	<b>2,410,518</b>
<b>June 30, 2017 - Total</b>	\$ -	-	<b>2,243,402</b>	<b>362,259</b>	<b>879,963</b>	<b>3,485,624</b>

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

#### Highlights:

- 100% owned by the Company subject to two underlying NSR agreements
- Properties consist of 55 claims totaling 369 claim units that cover a number of high-grade gold occurrences within a 20km segment of the south-western section of the Shebandowan Greenstone belt.
- The property is located approximately 120km west of Thunder Bay and accessed by a well-maintained logging road. New access has recently been provided to the centre of property due to the creation of logging roads for the forestry industry.
- Contains four historical showing areas; the Powell Zone, Beaver Pond Zone, Minnow Pond Zone and the Starr Zone. With the exception of the Powell Zone, most gold showings occur along the western contact of the gabbro plug.
- In 2006, Teck Cominco completed a 2,003m (11 hole) drill program on the Saganaga property (focused on the Starr zone) and found that highly anomalous gold values (up to 5.36gpt over 20m) were returned from areas where the host rock is strongly albitized with high percentages of clotted pyrite. The results of this program indicated a strong correlation between anomalous gold values and areas of weak to strong albite alteration.
- The Q9 property contains the historical Lake Shore showing, and now a new showing called the Megan zone, which was recently trenched with channel samples assaying up to 8.16gpt gold and 124.85gpt silver. Trenching in the vicinity of the Megan zone also uncovered an altered quartz vein that assayed 61.2gpt gold over 0.25m. The quartz vein was encountered again approximately 50m to the south-west and channel samples here assayed up to 4.4gpt gold over 2.5m.
- Early in 2012, Benton Completed a 2,654m drill program at Saganaga and the results of this campaign are as follows:

## SAGANAGA 2012 DRILL HOLES

Drill Hole	From (m)	To (m)	Interval (m)	Au (gpt)
SAG12-21	18.7	19.7	1	3.19
	55.1	62.9	7.8	0.81
incl	60.4	62.9	2.5	1.98
SAG12-22	85.55	101.6	16.05	0.385
incl	85.55	94.2	8.65	0.546
incl	87.7	94.2	6.5	0.618
and	166.3	167.3	1	0.558
SAG12-23				nsa
SAG12-24	7.5	14.05	6.55	0.213
SAG12-25	48.1	52.4	4.3	0.299
SAG12-26	6.9	13.5	6.6	0.189
and	25.5	31.5	6	0.92
and	110.2	124.5	14.3	0.158
and	150	151.4	1.4	0.543
SAG12-27	135.5	203.2	67.7	0.153
incl	151.2	186.5	35.3	0.18
incl	175	185.5	11.5	0.254
incl	199.9	203.2	3.3	0.624
SAG12-28	144.5	172.75	28.25	1.004
incl	144.5	154.5	10	2.012
and	164	170	6	0.883
SAG12-29				nsa
SAG12-30	16.25	17.1	0.85	1.313
and	43.55	44.35	0.8	1.094
SAG12-31	6	6.55	0.55	1.264
SAG12-32	14.3	15.5	1.2	0.816
SAG12-33	50.7	52.25	1.55	1.991
and	95.6	96.95	1.35	0.515
SAG12-34	1.2	9.4	8.2	5.513
incl	1.2	5	3.8	11.344
and	56	65	9	0.279
and	86	89	3	0.84
SAG12-35	38	39	1	0.671
and	129.5	164.8	35.3	0.35
incl	129.5	139	9.5	0.516
incl	146.5	153	6.5	0.815
incl	159	163.8	5.8	0.261
SAG12-36	46.8	47.5	0.7	3.03
and	166	171.3	5.3	0.308
and	178	184.2	6.2	0.286

*Plans:*

- The Company has no current plans or budgets to explore the Saganaga/Q9 properties and as such, the project is available for option, sale or may be explored again in the future.

**(b) Abernethy Property***Highlights:*

- 100% owned by the Company with no underlying NSR.
- Property consists of 9 claims totaling 67 units located 10km southwest of Kenora, Ontario.
- Covers a historically defined 640m long and up to 210m wide electromagnetic conductor outlined by Hudson Bay Exploration and Development Co. Ltd. in 1974. The anomaly was tested by Hudson Bay with a single drill hole that intersected anomalous gold throughout, including one section that returned 17.8gpt gold over 1.52m. Subsequently in 1987 the project was acquired by Mingold Resources Inc. who further tested the same zone with two diamond drill holes spaced 61m apart. This drilling also intersected significant anomalous gold throughout both drill holes including 6.30gpt gold over 6.1m in drill hole ABE-1 and 1.62gpt gold over 6.7m (including 10.0gpt gold over 0.61m) in drill hole ABE-3.
- Benton completed a 1,400m drill program in 2011, which was successful in confirming and expanding the mineralization in strike length and at shallow depths. Drill results were as follows:

Hole ID	From	To	Core length (m)	Grade (gpt gold)
ABE11-01	102.4	103	0.6	4.48
and	121.15	127	5.85	2.63
includes	125.5	127	1.5	7.78
and	151.7	153.2	1.5	1.69
ABE11-03	46.5	49.5	3	0.98
ABE11-04	94.4	96.1	1.7	1.85
and	110.8	115.2	4.4	2.56
includes	110.8	112.3	1.5	6.96
and	133.5	134.05	.55	1.22
ABE11-05	70.9	73.4	2.5	0.34
ABE11-06	117.75	130.7	12.95	0.45
includes	117.75	119.7	1.95	1.46
and	128.1	130.7	2.6	0.78
ABE11-07 *	123.5	216	92.5	0.46
includes	156.5	164	7.5	2.24
ABE11-08	4.9	10.45	5.55	0.48
and	66.25	67.75	1.5	1.22
ABE11-09	39.25	41.7	2.45	0.82
and	75.5	76.4	1.32	0.9
and	127.75	131.5	3.75	0.48

*Plans:*

- The Company has no current plans or budgets dedicated to exploring this claim package. The Company will continue to seek out a partner to advance this exciting gold project.



### (c) Cape Ray

The Cape Ray gold project encompasses three claim packages that were consolidated by the Company through staking and acquisition, collectively considered to be the Cape Ray Project. These various claim groups are as follows:

#### *Windowglass Hill and 51 Zone Deposits*

- Acquired from Cornerstone Capital Resources Inc. (“Cornerstone”) in fiscal 2013 initially as an option to earn a 75% interest but later under a revised agreement, the Company purchased 100% of the property. In total, Benton issued 375,000 shares and paid \$200,000 in cash for the project.
- Located approximately 25km northeast of the town of Port aux Basques in southwestern Newfoundland.
- Consists of a single 183-claim mineral license, which covers an area of 4,575ha.
- Cornerstone retains a 0.25% NSR in addition to the pre-existing 1.75% NSR for a total of 2% of which Benton can buy back 1% NSR for \$1 million.
- Covers a 22km-long strike length of the Cape Ray Fault Zone, a significant gold-bearing structure.
- 3,051.6m of drilling in 17 exploratory holes was completed during fiscal 2015. While most holes were designed to test for new gold mineralization outside the known resources, two holes, PB14-393 and 394, were successful in confirming the continuity of gold mineralization between the 04 and 41 deposits indicating that there is potential to merge the two deposits into one and thus increasing the overall resource. In addition, two holes totaling 212m were drilled into the 04 deposit for metallurgical purposes. A table of assays and intervals related to the drill campaign is as follows:

Hole ID	From	To	Interval	Gold (gpt)	Silver (gpt)
PB14-378	No significant assays				
PB14-379	80	83	3	0.414	trace
PB14-380	42.5	43.1	0.6	0.727	1.5
PB14-381	No significant assays				
PB14-382	Lost Hole				
PB14-383	186.8	190.9	4.1m	0.323	
	187.4	188	0.6m	1.49	
PB14-384	Lost Hole				
PB14-385	<b>1.5</b>	<b>153.8</b>	<b>152.3</b>	<b>0.27</b>	<b>1.1</b>
	<b>84</b>	<b>107.55</b>	<b>22.25</b>	<b>0.80</b>	<b>2.75</b>
	<b>85.3</b>	<b>91.9</b>	<b>6.6</b>	<b>1.0</b>	<b>4.0</b>
	<b>106</b>	<b>107.55</b>	<b>1.55</b>	<b>5.0</b>	<b>14.8</b>
	<b>127</b>	<b>128.5</b>	<b>1.5</b>	<b>4.9</b>	<b>5.4</b>
PB14-386	134	135.5	1.5	0.54	0.7
PB14-387	<b>78.2</b>	<b>121</b>	<b>42.8</b>	<b>0.84</b>	<b>4.4</b>
	<b>109</b>	<b>121</b>	<b>12</b>	<b>2.45</b>	<b>10.5</b>
	<b>117.5</b>	<b>121</b>	<b>3.5</b>	<b>7.02</b>	<b>16.7</b>
PB14-388	No significant assays				
PB14-389	No significant assays				
PB14-390	No significant assays				
PB14-391	111.9	112.9	1	0.86	0.8
PB14-392	No significant assays				
PB14-393	131.2	132.2	1	2.18	5.2
	172.5	173.6	1.1	6.89	60.5
Incl	172.5	173.1	0.6	12.4	108
	254.6	257.2	2.6	0.57	13.0
Incl	256.2	257.2	1	1.24	10
PB14-394	172.2	174	1.8	2.07	2.45
	182	182.5	0.5	2.2	5.2
M14-01*	53	66	13	13.37	22.0
M14-02*	21	39	18	15.16	13.25

All “PB” hole thicknesses are core length.

\*M14-01/02 drilled for metallurgical purposes in known mineralization (true thickness is approx. 80% of core length)

#### *04, 41, Isle aux Morts and Big Pond Deposits*

- Acquired 100% from Tenacity Gold Mining Company Ltd. in 2013 by issuing 3 million common shares and paying \$400,000 over a one-year period. Claims are subject to a sliding scale NSR) on the production of metals: a 3% NSR on production when the gold price is below \$2,000 per ounce; a 4% NSR when gold is from \$2,000 per ounce or more but less than \$3,000 per ounce subject to the right of the Company to buy back 1% NSR for \$500,000; and a 5% NSR when gold is \$3,000 or above subject to the right of the Company to buy back 1% NSR for \$500,000.
- Consists of four mining claims that encompass the 04, 41, Isle aux Morts and the Big Pond gold deposits located in southwest Newfoundland.
- Claims are contiguous to the 51 and Window Glass Hill deposits.

#### *Cape Ray East*

- 100% owned and was acquired by staking.
- Comprised of 510 contiguous claims.
- Located approximately 30km northeast of Port aux Basques, southwestern Newfoundland, at the southernmost point and continues in a northeast and easterly direction for approximately 40km.

#### *Nordmin Engineering Option and Joint Venture (04/41/51/WGH Deposits)*

- Executed a letter of intent (“LOI”) with Nordmin Engineering Ltd. (“Nordmin”) in fiscal 2015 with revisions made in 2016 on the 04, 41, 51 and Windowglass Hill deposits (the “Project”).
- Nordmin had the right to earn up to a 50% interest in the Project through a series of expenditures and services to be provided.
- During the year ended June 30, 2017, Nordmin notified Benton that they have elected not to complete the necessary milestones required in the agreement to earn a 30% interest in the project and as a result the partners will form a 80% Benton and 20% Nordmin joint venture and operatorship of the project will return to Benton. If Nordmin 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.
- Extensive trenching was completed on the 51/41 zones during fiscal 2016 by Nordmin.
  - The 51 zone, which was exposed and sampled for a strike length of approximately 200m and returned encouraging assays including 8.7gpt gold and 27.12gpt silver over 5.4m for section F, 11.27gpt gold and 26.89gpt silver over 6.8m (section G) and 13.57gpt gold with 39.33gpt silver over 5.2m (section R).
  - 41 zone trenching consisted of two separate trenches over a strike length of approximately 125m, although flooding restricted exposure to about 85m. Highlights of the channel assay results include 3.5gpt gold with 14.14gpt silver over 8.4m (section A) and 25.34gpt gold with 37.93gpt silver over 1.6m. Individual gold and silver assays were cut to 40gpt and 80gpt respectively, prior to calculating weighted composites.
- Nordmin completed a 5,000m drill program in 2016. Highlights include 2.8m grading 16.68gpt gold in DDH 21, 2.2m grading 22.5gpt gold in DDH 32 and 4.1m grading 5.01gpt gold in DDH 34. The 2016 drilling program provided the team with numerous insights into the nature of the mineralization and deposits comprising the Project. It allowed for the revision of geologic and resource models to better represent the intrinsic nature of the mineral resource, and make a re-assessment to the overall approach and layout of the proposed mine design.
- During the year ended June 30, 2017, Nordmin released results of a revised PEA that included the 2016 drilling. Nordmin reported that during the independent review process, an error in the interpretation of the 2017 potential underground material of the 51 Zone at the Cape Ray gold project was discovered. Due to the error, the ounces of gold for the underground portion of the 51 Deposit were overstated and as a result, the 51 Underground Zone is marginally economic and has been removed from the PEA. The Internal Rate of Return (IRR) and Net Present Value (NPV) for the updated PEA have subsequently been reduced until economic parameters change. The IRR and NPV@7% remain higher than the 2016 PEA and the updated PEA continues to demonstrate the economic potential of the Cape Ray Project.

Highlights from the PEA, with the base-case gold price of \$1,306 (U.S.) per ounce and an exchange rate of \$1.26 CAD/USD, are as follows (all figures in Canadian dollars unless otherwise stated):

- Pre-production Capital is \$58.2 million with a contingency of 10% included. Pre-production is for a 2-year period.
- Sustaining Capital of \$12.8 million with a 5% contingency for the Life of Mine.
- Pre-tax NPV (7%) of \$48.5 million and internal rate of return of 31%.
- Post-tax NPV (7%) of \$32.4 million and internal rate of return of 25%.
- Net Revenue of \$397.5 million over 9-year LOM.
- Positive Cash-flow is realized in year 2.
- 2.9 million tonnes of mill feed averaging 2.5gpt gold and 8.1gpt silver.
- The mill operates at an average rate of 1,000 tonnes per day.
- Total production of 234,851 ounces of gold and 483,383 ounces of silver.
- Gold recovery of 98% and Silver recovery 63%.

All of the economics are completed on Indicated and Inferred categories of the resource model.

The comparison from last year's PEA has shown an increase in Indicated Mineral Resources.

	Pre-Tax	
Year	2017	2016
IRR	31%	29%
Discount rate	NPV (\$ million)	
0%	84.2	88.4
7%	48.5	48.4
10%	37.7	36.7
15%	24	22
	After Tax	
IRR	25%	24%
Discount rate	NPV (\$ million)	
0%	59.8	63.4
7%	32.4	32.6
10%	24.1	23.6
15%	13.5	12.3

#### Mineral Resources – Effective date of February 1, 2017

51 ZONE + 04 ZONE + 41 ZONE+WGH – INDICATED MINERAL RESOURCES 1,2,3					
Au Cut-Off (gpt)	Tonnage (,000)	Average Au (gpt)	Total Au oz. (,000)	Average Ag (gpt)	Total Ag oz. (,000)
1.0	4,148	2.75	367	9.76	1,302
1.5	2,783	3.5	313	11.67	1,045
2.0	1,990	4.21	269	13.13	840
2.5	1,486	4.87	233	14.71	703
3.0	1,155	5.49	204	16.14	599
3.5	928	6.03	180	17.26	515
4.0	754	6.57	159	18.15	440
4.5	621	7.06	141	19.12	382
5.0	512	7.56	124	20.1	331

<b>51 ZONE + 04 ZONE + 41 ZONE + WGH ZONE – INFERRED MINERAL RESOURCES 1,2,3</b>					
Au Cut-Off (gpt)	Tonnage (,000)	Average Au (gpt)	Total Au oz. (,000)	Average Ag (gpt)	Total Ag oz. (,000)
1.0	2,770	1.77	158	6.57	585
1.5	1,199	2.54	98	9.22	355
2.0	725	3.07	72	10.46	244
2.5	357	3.99	46	13.22	152
3.0	204	4.95	32	15.7	103
3.5	144	5.65	26	15.32	71
4.0	105	6.38	21	15.83	53
4.5	96	6.59	20	16.06	49
5.0	77	7.03	18	16.34	41

1. Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability. There is no certainty that all or any part of the Mineral Resources estimated will be converted into Mineral Reserves. The estimate of Mineral Resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues.
  2. The CIM definitions were followed for the classification of Indicated and Inferred Mineral Resources.
  3. The quantity and grade of reported Inferred Resources in this estimation are uncertain in nature and there has been insufficient exploration to define these Inferred Resources as an Indicated or Measured Mineral Resource and it is uncertain if further exploration will result in upgrading them to an Indicated or Measured Mineral Resource category.
- The Company has initiated work towards firming up costs and preparing a pre-feasibility study. Apart from further metallurgical studies, the work will include drilling and tailings characterization as well as environmental baseline studies, hydrology monitoring, flora and fauna studies. An updated NI 43-101 technical report for Cape Ray PEA was filed on SEDAR ([www.sedar.com](http://www.sedar.com)). The reader should be cautioned that the PEA is preliminary in nature. It contains Inferred Mineral Resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as Mineral Reserves. There is no certainty that the results of the PEA will be realized.

**Cape Ray combined open-pit and underground mine  
Key economic assumptions and results**

<b>Description</b>	<b>Units</b>	<b>Value</b>
Total mineralized rock mined	Mt	2.94
Gold grade	gpt	2.53
Silver grade	gpt	8.10
AuEq grade	gpt	2.65
Gold recovery	%	98
Silver recovery	%	63
Gold price	US\$/oz.	1,306.15
Silver price	US\$/oz.	18.97
Exchange Rate \$USD/\$CAD		1.262
Payable gold metal	oz.	234,851
Payable silver metal	oz.	483,383
Total net revenue	\$ million	397.5
Total capital costs (Initial and Sustaining)	\$ million	71.0
Overall Operating costs (total)	\$ million	242.3
Overall Operating cost (AuEq)	US\$/ozAuEq	767.1
(AISC) Overall cost (AuEq)	US\$/ozAuEq	991.9
Payback period	years	2
Mine Life	years	9
Pre-tax Cumulative net cash flow	\$ million	84.2
Post-tax Cumulative net cash flow	\$ million	59.8
Pre - tax NPV (7%)	\$ million	48.5
Pre - tax IRR	%	31
Post - tax NPV (7%)	\$ million	32.4
Post - tax IRR	%	25

**Capital and Operating Costs**

The Cape Ray Project has been envisioned as an open-pit mine with starter pits for all the zones and one underground mining operation at the 04 zone. Open-pit and underground mining are anticipated to be completed by contract mining companies. The equipment will be supplied by the contractor that is awarded the work.

Grid electrical power will provide the majority of the electrical power to the project over the life of the mine. The work force is expected to come from the Isle aux Morts area for the operation of the Mill. The rest of the workforce will be the responsibility of the contractor.

### Total capital cost estimate

Capital Expenditures	Contingency	\$ million
<b>Sustaining Capital Expenditures by Zone</b>		
PIT 41	5%	-
PIT 51	5%	-
PIT 04	5%	-
Windowglass	5%	2.89
U.G. 04	5%	9.93
Permitting	10%	2.17
Road work (Quote from Adams Construction)	10%	3.53
Overburden Removal	10%	1.07
Surface Infrastructure - General	10%	2.84
Ore and Waste Pads (3) - Mine & Mill	10%	0.44
Surface Shop	10%	1.68
Land Costs	10%	0.91
Mill Capital	10%	33.18
Tailings	10%	3.82
Water Treatment Plants / Testing	10%	0.56
Power Distribution to Mill	10%	1.16
Working Capital	10%	0.84
Engineering for Capital	10%	1.17
OH & In-directs	10%	1.00
Mine Closure	0%	3.82
<b>Total Capital Expenditures</b>		<b>71.00</b>

Operations for the Cape Ray project are planned to have both Open Pit and Underground Mining. Each zone will be campaigned separately. The initial mill feed will come from the 04 zone open pit. Once the 04 pit is completed the 51 pit will commence and the underground contractor will set up, drive the decline and levels and begin long-hole mining. The start of the Window Glass pit will begin once the 41 pit is mined. All the zones combined will give a current mine life of 9 years at a milling throughput of 1,000 tonnes per day. The process plant includes conventional crushing, grinding, gravity, and whole-ore cyanide leach. A gold and silver doré will be produced on site. Process reagents will be removed from the plant tailings prior to placement in a tailings management facility.

Mineral Resources	Avg. Au gpt	Avg. Ag gpt	Tonnes (,000)
Pit 41	2.06	7.46	630
PIT 51	4.17	12.97	475
PIT 04	4.39	10.55	270
Window Glass	1.50	5.39	1,414
U.G. 04	5.6	16.43	151
Stockpile	7.5	16.43	3
<b>Total</b>			<b>2,943</b>

The mill feed tonnes in the mine plan include Inferred Mineral Resources. The reader is cautioned that Inferred Mineral Resources are considered too speculative geologically to have economic considerations applied to them that would enable categorization as Mineral Reserves. There is no certainty that Inferred Mineral Resources will ever be upgraded to Reserves. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.

**(d) Bedivere***Highlights:*

- Acquired under option to earn a 100% interest from Traxxin Resources (“Traxxin”) in 2016.
- Consists of 109 units in 12 claims and is located 130km west of Thunder Bay, Ontario, 18km north of Highway 11 and is accessible by new logging roads in the area.
- Subject to 3% NSR in favour of Traxxin of which 1% NSR can be purchased by Benton at the Company’s election for \$1 million. 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.
- Terms include expending \$1 million in exploration over four years (minimum \$250,000 in first year - completed) and paying \$450,000 cash and issuing 3 million shares to Traxxin over four years as follows:
  - \$45,000 and 300,000 Company common shares on October 31, 2016 (paid and issued);
  - \$85,000 and 600,000 Company common shares on October 31, 2017 (paid and issued);
  - \$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.
- Traxxin prospecting resulted in a new high-grade gold discovery where surface grab samples have returned assays ranging from trace up to 1,28gpt gold, some of which contained impressive visible gold (see Company website for photos).
- Benton completed limited due diligence surface sampling along the 250m long partially exposed quartz system and confirmed the presence of highly anomalous gold from trace to 2.5gpt gold.
- The structure had been completely untested by diamond drilling and had seen little historical exploration, despite there being over 4km of gold mineralized strike length.
- Benton completed aeromagnetic and electromagnetic surveys that appear to delineate the northeast-oriented gold-bearing structure that hosts the original gold discovery (Traxxin Zone),
- Initial soil sampling results have returned assay grades ranging from trace to as high as 2,160ppb gold along the quartz-related system for approximately 200m before losing the system under swamp.
- The Company has now completed approximately 17km of grid and conducted an IP (“Induced Polarization”) geophysical survey.
- During the period ended December 31, 2017, the Company completed a total of 21 diamond drill holes in two drill programs to date. Highlights from hole BED-17-013 include 0.8gpt gold over 23.0m including 3.09gpt gold over 4.0m and 11.2gpt gold over 1.0m as well as a lower zone of 4.04gpt gold over 1.0m. Assay results from drilling by the Company are summarized in the table below:

<b>Drill Hole</b>	<b>From</b>	<b>To</b>	<b>Interval</b>	<b>Grade (Au gpt)</b>
BED-17-001	2.7	5	2.3	1.82
	17.9	31.9	14.0	1.5
	17.9	21.9	4.0	3.63
incl	17.9	19.9	2.0	6.43
incl	25.9	28.9	3.0	1.41
BED-17-002	20.3	24.3	4.0	0.77
incl	22.3	23.3	1.0	1.98
	51	52	1.0	4.85
BED-17-003	22.7	23.7	1.0	37.3
BED-17-004	39.8	40.8	1.0	1.1
	49.4	52.2	2.8	0.96
incl	51.2	52.2	1.0	1.86
BED-17-005	34	56.2	22.2	1.07
incl	37.8	56.2	18.4	1.26

Continued...

Drill Hole	From	To	Interval	Grade (Au gpt)
	43.8	56.2	12.4	1.71
	50.5	56.2	5.7	3.37
	52.5	55.2	2.7	6.59
	53.3	55.2	1.9	8.9
BED-17-006	51	53	2.0	2.66
BED-17-007	38	51	13.0	0.63
incl	50	51	1.0	5.46
BED-17-008	50	51	1.0	2.65
BED-17-009	NSA			
BED-17-010	32.3	34.3	2.0	0.44
BED-17-011	31.4	45	13.6	0.34
Incl	31.4	35.7	4.3	0.51
BED-17-012	23.9	25	1.1	0.74
BED-17-013	12.5	35.5	23.0	0.80
incl	12.5	16.5	4.0	3.09
	14.5	15.5	1.0	11.2
	34.5	35.5	1.0	4.04
BED-17-014	13	49	36.0	0.63
incl	13	25	12.0	1.16
	13	18	5.0	2.06
	23	25	2.0	1.4
	44	49	5.0	1.55
	44	45	1.0	5.83
BED-17-015A	NSA			
BED-17-016	84.7	92.7	8.0	2.4
incl	88.9	92.7	3.8	4.76
	88.9	91	2.1	7.87
BED-17-017	NSA			
BED-17-018	42.7	62.2	19.5	0.13
BED-17-019	74.2	80	5.8	2.03
incl	74.2	78.2	4.0	2.73
BED-17-020	67.9	71.6	3.7	0.35
BED-17-021	58.1	100	42.3	0.21

Note: intervals are reported as drill core lengths

NSA = No Significant Assays

Plans:

- Subsequent to December 31, 2017, the Company commenced a third round of diamond drilling. The program will consist of approximately 1,000-1,200m in six holes. The Company is now starting to see distinctive plunges of higher grades within the wide alteration zones and will target these areas in the drill program as well as attempt to extend the main Traxxin Zone mineralization along strike to the north. In addition drilling has identified highly prospective areas to the south where wide zones of highly anomalous gold have been intersected in the last hole completed, BED-17-021.



## (e) Other Property

Other Property consists of several early-stage projects and projects that the Company is evaluating for exploration potential at December 31, 2017. Included in Other Property are certain projects that are subject to agreements that are more fully described below.

### (i) Providence Ni-Cu-PGM

#### Highlights:

- Acquired 100% interest from Platinum Group Metals Ltd. (“Platinum Group”) in fiscal 2016.
- Comprised of 11 mining leases and located in the Northwest Territories (“NWT”) within 70km of the Diavik Diamond Mine.
- Underlying NSR of 0.75% in favour of Platinum Group as well as a 0.5% NSR to Arctic Star Exploration Corp.
- Covers approximately 20km of the Providence Lake Volcanic Belt, a suite of ultramafic to mafic rocks with the potential to host komatiitic Ni-Cu-Co-PGM deposits of economic importance.
- Equipped with an established camp, equipment and a well-assembled data base of drilling, geology, geophysics, geochemistry and modelling, which have totaled more than \$5.5 million in historical expenditures.
- Historic drilling consists of approximately 6,000m in 31 drill holes and has produced exciting results, of which some of the intersections of the massive sulphide mineralization are listed below:

Core Length (m)	Ni (%)	Cu (%)	Co (%)	Pt (gpt)	Pd (gpt)	Rh (gpt)
5.1	1.73	1.75	0.17	0.25	1.23	0.79
2.3	1.67	0.75	0.17	8.79	1.23	0.28
5.7	1.13	0.85	0.11	3.7	1.1	0.26
4.25	1.79	1.41	0.15	0.13	1.9	
3.65	1.79	1.41	0.15	0.12	2.16	

#### Plans:

- Benton has no exploration plans for the project currently and is actively seeking a partner to advance the project through an option or purchase.

### (ii) Bark Lake

During the year ended June 30, 2017, the Company executed an option to joint venture agreement (the “Option”) 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, located in the Boot Bay area, Northwestern Ontario. 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 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.

During the period ended December 31, 2017, the Company received \$20,000 from RTEC for the first anniversary payment under the option agreement.

### (iii) Alder East

During the year ended June 30, 2017, the Company executed an option agreement with Sokoman Iron Corp. (“Sokoman”) on the Company’s Alder East property consisting of a single license, containing 20 units, located in central Newfoundland. Under the terms of the option agreement, Sokoman will have the option to earn a 100% interest in the Alder East property under the following terms:

- Paying Benton \$1,500 cash (received) and issuing 1 million shares (received) 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 (received);
- 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% NSR for \$1 million;
- Sokoman agrees to keep ground in good standing throughout the option period and if returned to Benton it is to be 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 an NI 43-101 compliant Mineral Resource estimate;
- 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 study.

*(iv) Shebandowan*

During the year ended June 30, 2017, 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 (received) and issuing 200,000 shares (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% NSR 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 must have at least 6 months of assessment credit at the time of election; and
- Paying Benton \$500,000 in cash, shares or a combination of cash and shares at White Metal’s election upon completion of an NI 43-101 compliant Mineral Resource estimate on any claims contained within the option agreement.

*(v) Bold Project*

During the year ended June 30, 2017, the Company acquired by staking a 100% interest in the Bold cobalt-copper-nickel project located 50km northeast of Mine Centre, Ontario. Subsequent to staking the four separate claim blocks that compose the Bold project, the Company entered into an option agreement with ASX-listed Ardiden Limited (ASX: ADV) whereby Ardiden can acquire 100% interest by paying Benton \$10,000 cash (received) and 200,000 shares (100,000 received, 100,000 in transit subsequently). Benton will retain a 2% Net Smelter Royalty of which 1% NSR can be purchased by Ardiden for \$500,000.

*(vi) GNP Project*

During the period ended December 31, 2017 the Company acquired a 100% interest by staking in two claim blocks totalling 233 units in northern Newfoundland near St. Anthony (the “GNP Project”). The Company believes this could be a very important new discovery in a unique geological environment similar to other large gold deposits hosted in black shale environments around the world. During the current period the Company applied for an subsequently received a permit from the Government of Newfoundland to complete an airborne survey (magnetic (Mag) and electromagnetic (EM)). The Company will be flying 156 line-kilometres of airborne Mag-EM.

**(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, 2017 and the year ended June 30, 2016 were as follows:

	Dec. 31, 2017 \$	June 30, 2017 \$
<i>Write-downs:</i>		
Saganaga/Q9	-	285,450
Abernethy	-	391,894
Other Properties	-	1,300
<i>Subtotal</i>	<u>-</u>	<u>678,644</u>
<i>Recoveries/Dispositions:</i>		
Cape Ray	-	27,079
Other Properties - Staghorn	679,938	-
Other Properties	10,119	29,743
<i>Subtotal</i>	<u>690,057</u>	<u>56,822</u>
<b>Total</b>	<b><u>690,057</u></b>	<b><u>735,466</u></b>

Management of the Company has reviewed all ongoing exploration projects and determined that no further write-downs of capitalized exploration and development expenditures are 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**

Description	Year ended June 30, 2017 \$	Year ended June 30, 2016 \$	Year ended June 30, 2015 \$
Operating expenses	1,829,497	1,110,927	4,569,115
Interest income	38,402	99,378	142,720
Adjustment to fair market value of held for trading investments	(551,951)	383,942	(245,510)
Write-down of mineral properties	(678,649)	(6,334)	(3,472,037)
Net loss being comprehensive loss	(2,220,958)	(451,648)	(4,722,831)
Earnings (loss) per share – basic (1) (2)	(0.03)	(0.01)	(0.06)
Cumulative mineral properties and deferred development expenditures	3,485,624	3,592,113	2,928,322
Total assets	6,524,917	8,549,745	8,944,387

- (1) Basic per share calculations are made using the weighted-average number of shares outstanding during the year.
- (2) Earnings (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) \$
December 31, 2017	(98,984)	-
September 30, 2017	(295,161)	-
June 30, 2017	(1,171,834)	(0.02)
March 31, 2017	(65,757)	-
December 31, 2016	(735,960)	(0.01)
September 30, 2016	(247,407)	-
June 30, 2016	503,642	0.006
March 31, 2016	(218,340)	(0.003)

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

During the period ended December 31, 2017, the Company's cash on hand decreased by \$38,878 to \$130,493, a change related to the timing of the redemption of temporary investments to retain cash on hand. Accounts and other receivables of \$104,696 (June 30, 2017 - \$32,131) at December 31, 2017 consisted of H.S.T. and other receivables. Exploration and evaluation assets increased from \$3,485,624 at June 30, 2017 to \$3,615,102 at December 31, 2017 due mainly to exploration and evaluation activity at the Company's Bedivere gold project. Share Capital increased from \$27,424,174 at June 30, 2017 to \$27,623,434 at December 31, 2017 due to a flow-through private placement completed during the period.

## SHARE DATA

As at February 21, 2018, the Company has 83,818,531 common shares issued and outstanding as well as: (a) share purchase warrants to purchase 3,970,000 common shares exercisable at \$0.25 and expiring November 3, 2018; (b) stock options to purchase an aggregate of 7,315,000 common shares expiring between January 21, 2019 and November 2022 exercisable at \$0.10 per share. For additional details of share data, please refer to note 8 of the December 31, 2017 condensed interim 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 net working capital as at December 31, 2017 of \$1,448,991 (\$2,245,006 as at June 30, 2017) and cash on hand of \$107,855 (\$146,733 as at June 30, 2017) and a deficit of \$22,991,461 (\$22,606,286 as at June 30, 2017).

During the period ended December 31, 2017, the Company completed the following flow-through private placement:

- The Company completed a non-brokered flow-through private placement for gross proceeds of \$305,000, consisting of 3,812,500 flow through units ("FT Units") at a price of \$0.08 per FT Unit. Each FT Unit includes one (1) full Common Share Purchase Warrant exercisable at \$0.25 for 12 months from the date of

issuance. All securities issued in the placement are subject to a four-month hold period. In connection with the private placement, the Company paid cash finders' fees totalling \$12,600 as well as 157,500 finders' warrants exercisable at \$0.25 for 12 months from the date of issuance.

During the year ended June 30, 2017, the Company completed the following flow-through private placement:

- The Company completed a non-brokered flow-through private placement of shares by issuing 2,000,000 flow-through shares at a price of \$0.10 per share for 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 Iron Duke and Panama gold projects located in Ontario.

The Company's condensed interim 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. The 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 exploration and evaluation assets is dependent upon the discovery of economically recoverable mineral 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 mineral 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 periods 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 specifically as it affects junior mineral exploration companies.

## **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 the Board of Directors and updated for changes in the budgets underlying assumptions as necessary.

## **SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES**

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The financial statements include estimates, which by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both current and future periods. Significant assumptions about the future and other sources of estimation uncertainty that management has made at the balance sheet date that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- i. the recoverability of amounts receivable and prepayments, which are included in the statements of financial position;
- ii. the carrying amount and recoverability of exploration and evaluation expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after costs are capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off to profit or loss in the period the new information becomes available;
- iii. the estimated useful lives of property and equipment, which are included in the statement of financial position and the related depreciation included in the statements of loss and comprehensive loss for the period ended December 31, 2017;
- iii. the inputs used in accounting for share-based payment expense in the statement of comprehensive loss; and
- v. the provision for income taxes, which is included in the statements of loss and comprehensive loss and composition of deferred income tax assets and liabilities included in the financial statements of financial position at December 31, 2017.

### Critical accounting judgments

The following accounting policies involve judgments or assessments made by management:

- The determination of categories of financial assets and financial liabilities;
- The determination of a cash-generating unit for assessing and testing impairment;
- The allocation of exploration costs to cash-generating units; and
- The determination of when an exploration and evaluation asset moves from the exploration stage to the development stage.

## **OFF-BALANCE SHEET ARRANGEMENTS**

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

## RELATED PARTY TRANSACTIONS

The Company paid or accrued the following amounts to related parties during the period ended December 31, 2017 and 2016:

Payee	Description of Relationship	Nature of Transaction	December 31, 2017 Amount (\$)	December 31, 2016 Amount (\$)
Stares Contracting Corp.	Company controlled by Stephen Stares, Director and Officer and Michael Stares, Director	Equipment purchases included exploration and evaluation assets	1,600	-
Gordon J. Fretwell Law Corporation	Company controlled by Gordon Fretwell, Officer and former director	Legal fees and disbursements charged/accrued during the period	11,535	13,161
Michael Stares	Director	Equipment rentals included in exploration and evaluation assets	1,376	-
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	100	20,594
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, 2017, the Company paid director fees to one of its directors totaling \$5,000 for services rendered on the Company's Audit Committee (December 31, 2016 - \$5,000). The director is to receive \$2,500 per quarter.

Included in accounts payable and accrued liabilities is \$nil (December 31, 2016 - \$4,238) 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, 2017, the Company invoiced White Metal Resources Corp. (related by common director Michael Stares) \$49,991 for field, technical and accounting support as well as reimbursement of expenses (December 31, 2016 - \$38,952).

Key management personnel remuneration during current period included \$257,296 (December 31, 2016 - \$257,296) in salaries and benefits and \$15,830 (December 31, 2016 - \$3,733) in share-based payments. There were no post-retirement or other long-term benefits paid to key management personnel during the current period.

## INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRS”)

### Statement of Compliance

These financial statements, including comparatives, have been prepared using accounting policies in compliance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) in effect as of December 31, 2017.

### New and Future Accounting Pronouncements

The following standards are effective for annual periods beginning on or after January 1, 2017, with earlier adoption permitted. The Company has not early adopted these standards and is currently assessing the impact they will have on the financial statements.

IFRS 9, Financial Instruments: The standard is the first part of a multi-phase project to replace IAS 39, Financial Instruments: Recognition and Measurement. IFRS (is effective for fiscal year ends beginning on or after January 1, 2018 with early adoption permitted. The Company has not early adopted this standard and is currently evaluating the effect, if any, this new standard will have 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 Mineral 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 coincident with 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 an unusual or unexpected rock 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, silver, 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 Company 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 February 21, 2018.

### **ADDITIONAL INFORMATION**

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