



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

**For the year ended June 30, 2014**

**October 22, 2014**

### CAUTIONARY NOTICE TO READERS

The results up to July 27, 2012 have been presented in this MD&A under the continuity of interest basis of accounting with statements of financial position amounts based on the amounts recorded by Benton Capital Corp. ("Benton Capital"). In addition, the information contained in the statements of loss and comprehensive loss and statements of changes in equity has been derived from certain allocations from Benton Capital's financial statements. Management cautions readers of this MD&A, that the allocation of expenses does not necessarily reflect the future financial performance of the Company.

### 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 year ended June 30, 2014. The discussion should be read in conjunction with the audited annual financial statements of Benton Resources Inc. for the year ended June 30, 2014, 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 audited financial statements) has been prepared in accordance with International Financial Reporting Standards ("IFRS").

### PLAN OF ARRANGEMENT

Under the Arrangement, each Benton Capital share was exchanged for one new Benton Capital common share and one common share of Benton Resources Inc.

All of Benton Capital's assets were transferred to Benton Resources Inc. with the exception of the Goodchild property, the 57,866,754 shares of Coro Mining Corp., and \$730,000 in working capital.

The formation of Benton Resources Inc. was the result of the transfer of assets between entities under common control: accordingly, the transaction is excluded from the scope of IFRS 3 (R), Business Combinations. The audited financial statements have been presented using predecessor accounting with balance sheet amounts based on the amounts recorded by Benton Capital Corp. up to July 27, 2012.

Carrying value of the net assets transferred and acquired pursuant to the Arrangement on July 27, 2012 consisted of the following:

|                                   |    |                   |
|-----------------------------------|----|-------------------|
| Cash and temporary investments    | \$ | 5,615,127         |
| Other deposits and prepaids       |    | 153,043           |
| Property and Equipment, net       |    | 113,620           |
| Long-term investments             |    | 6,557,064         |
| Exploration and evaluation assets |    | 6,939,032         |
| Deferred income tax liability     |    | (55,019)          |
|                                   | \$ | <u>19,322,867</u> |

Benton Resources Inc. was incorporated on November 8, 2011 and began operations on July 27, 2012. Financial information prior to this date reflects the financial position, statements of loss and comprehensive loss and deficit and cash flows of the related Benton Resources Inc. business of Benton Capital Corp. This information has previously been reported as the Benton Resources Inc. business. The statements of loss and comprehensive loss and deficit for the year ended June 30, 2013 include an allocation of Benton Capital Corp.'s general and administrative expenses incurred up to July 27, 2012 and expenses incurred directly by Benton Resources Inc. for the subsequent period.

The allocation of general and administrative expense was calculated on the basis of the ratio of costs deferred on the Benton Resources Inc. business properties in each period presented as compared to the costs incurred on all mineral properties in each period. The audited financial statements have been presented under the continuity of interests basis of accounting with balance sheet amounts based on the amounts recorded by Benton Capital Corp. Management cautions readers of these audited financial statements that the allocation of expenses does not necessarily reflect future general and administrative expenses.

The opening deficit of Benton Resources Inc. at July 1, 2011 has been calculated by applying the same allocation principles outlined above to the cumulative transactions relating to the mineral properties and includes an allocation of Benton Capital Corp.'s general and administrative expenses. The allocation of these general and administrative expenses was calculated in the same manner as described above.

## FORWARD-LOOKING INFORMATION

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

## OVERVIEW OF BUSINESS

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

## FINANCIAL & OPERATIONAL OVERVIEW

### Overall Performance

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

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

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

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 June 30, 2014 was \$110,408 compared to \$44,740 at June 30, 2013 along with \$6,486,202 in temporary investments compared to \$8,648,220 as at June 30, 2013. Cash and temporary investments decreased during the current period due to general and administrative expenditures incurred during the period and ongoing exploration at the Cape Ray property as well as the purchase of claims in the Cape Ray project area from Tenacity Gold Mining Company Ltd. and Cornerstone Capital Resources Inc. Current assets of the Company as at June 30, 2014 are \$6,844,102 compared to \$8,871,059 as at June 30, 2013. The decrease in current assets was attributable to exploration and evaluation expenditures and general and administrative expenditures incurred during the current period as well as the abovementioned claims purchases at Cape Ray. Total assets as at June 30, 2014 were \$13,617,145 compared to \$18,054,492 as at June 30, 2013. A large portion of this decline was due to \$3,861,912 in exploration and evaluation asset write-down's during the current year predominantly related to the write off of the Long Range and Elizabeth Anne properties. Current liabilities as at June 30, 2014 were \$141,821 compared to \$81,294 as at June 30, 2013.

### Results of Operations

The loss and comprehensive loss for the year ended June 30, 2014 was \$4,505,047 (\$0.06 loss per common share) as compared to a loss and comprehensive loss of \$2,107,807 (\$0.03 loss per common share) in the comparative period. The substantial change is predominantly due to the large increase in write-downs of exploration and evaluation assets during the current year compared to the prior year.

Expenses incurred during the year ended June 30, 2014 consist of:

- i) Advertising and promotion expenses of \$98,295 (June 30, 2013 - \$138,104) (decreased in the current year due to reduced marketing activity in an effort to conserve capital in a difficult market)

- ii) Share-based payments of \$189,879 (June 30, 2013 - \$475,137) (recorded upon vesting of stock options to employees, directors and officers and is dependent upon vesting levels in a given period).
- iii) General and administrative expenses of \$907,011 (June 30, 2013 - \$891,584) (includes salaries and benefits as well as office and related costs. Non-salary related costs increased marginally in the current year).
- iv) Professional fees of \$48,858 (June 30, 2013 - \$88,243) (decreased significantly as a result of less activity requiring legal counsel involvement in the current year).
- v) Stock exchange and filing fees of \$12,375 (June 30, 2013 - \$38,498) (decreased significantly as activity surrounding property agreements etc. declined substantially in the current year due to low activity levels and increased focus on the Cape Ray property).
- vi) Depreciation expense of \$32,390 (June 30, 2013 - \$38,526)
- vii) Write-down of exploration and evaluation assets of \$3,861,912 (June 30, 2013 - \$1,147,766) (increased significantly due to the Company dropping the Elizabeth Anne project and the corresponding write-downs as well as the write-down of the Long Range project in the current year).
- viii) Pre-acquisition exploration and evaluation expenses of \$14,046 (June 30, 2013 - \$36,971) (decreased significantly due to reduced generative and evaluative exploration activity in the current year in an effort to reduce costs and to focus on moving the Cape Ray project forward).
- ix) Foreign currency translation adjustment of \$(5,330) (June 30, 2013 - \$(110,503)) (large swing due to no further activity in at the Elizabeth Anne project in the current year).

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 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 \$878,173 for the year ended June 30, 2014 compared to cash used in operating activities of \$902,005 in the same period in the prior year. Cash used in financing activities was \$15,250 for the year ended June 30, 2014 as compared to \$5,707,397 cash provided by financing activities the comparative period in the prior year; this change arose due to significant cash and temporary investments totaling \$5,615,127 received from Benton Capital pursuant to the Arrangement in the prior year period. Cash used in investing activities was \$1,202,927 for the year ended June 30, 2014 as compared to cash provided by investing activities of \$3,887,567 for the same period in the prior year. This change arose primarily as a result of proceeds from the sale of the Marathon Gold and Stillwater Mining share positions, the proceeds from which were received in the prior 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. The deferred costs associated with each property for the year ended June 30, 2014 and the year ended June 30, 2013 are summarized in the tables below:

**For the year ended June 30, 2014**

|  | Saganaga/Q9<br>(a)  | Long Range<br>(b) | Elizabeth<br>Anne<br>(c) | Shebandowan<br>(d) | Abernethy<br>(e) | Cape Ray<br>(f)  | Other<br>(g)     | Total            |
|--|---------------------|-------------------|--------------------------|--------------------|------------------|------------------|------------------|------------------|
| <b>June 30, 2013 - Acquisition Costs</b>                       | \$ 280,953          | 203,130           | 172,161                  | -                  | 13,569           | 28,490           | 682,793          | 1,381,096        |
| Additions  | -                   | -                 | 39,278                   | -                  | -                | 728,330          | 36,241           | 803,849          |
| Write-downs/Recoveries/Disposals (h)                           | -                   | (203,130)         | (211,439)                | -                  | -                | -                | (33,244)         | (447,813)        |
| <i>Subtotal</i>  | \$ -                | (203,130)         | (172,161)                | -                  | -                | 728,330          | 2,997            | 356,036          |
| <b>June 30, 2014 - Acquisition Costs</b>                       | \$ <b>280,953</b>   | -                 | -                        | -                  | <b>13,569</b>    | <b>756,820</b>   | <b>685,790</b>   | <b>1,737,132</b> |
| <b>June 30, 2013 - Exploration and Evaluation Expenditures</b> | \$ 2,013,434        | 1,232,797         | 2,104,205                | -                  | 353,248          | 253,565          | 656,974          | 6,614,223        |
| Assaying   | -                   | -                 | 17,685                   | -                  | -                | 36,576           | -                | 54,261           |
| Prospecting  | -                   | -                 | -                        | -                  | -                | 121,641          | 626              | 122,267          |
| Geological   | -                   | -                 | 33,637                   | -                  | -                | 126,854          | 46,406           | 206,897          |
| Geophysical  | -                   | -                 | -                        | -                  | -                | 67,201           | 2,812            | 70,013           |
| Linecutting  | -                   | -                 | -                        | -                  | -                | 22,288           | -                | 22,288           |
| Trenching  | -                   | -                 | -                        | -                  | -                | 23,823           | 1,200            | 25,023           |
| Diamond Drilling   | 1,248               | -                 | 40,007                   | -                  | -                | 230,308          | -                | 271,563          |
| Metallurgy   | -                   | -                 | -                        | -                  | -                | 51,849           | -                | 51,849           |
| Resource Modeling  | -                   | -                 | -                        | -                  | -                | 26,681           | -                | 26,681           |
| NI 43-101 Reporting  | -                   | -                 | -                        | -                  | -                | 23,269           | -                | 23,269           |
| Permitting   | -                   | -                 | -                        | -                  | -                | 1,662            | -                | 1,662            |
| Environmental  | -                   | -                 | -                        | -                  | -                | 3,783            | -                | 3,783            |
| Compilation  | -                   | -                 | -                        | -                  | -                | 15,741           | -                | 15,741           |
| Miscellaneous  | 6,873               | -                 | 7,286                    | -                  | -                | 10,661           | 5,585            | 30,405           |
| Write-downs/Recoveries/Disposals (h)                           | -                   | (1,232,797)       | (2,202,820)              | -                  | -                | (56,392)         | (6,796)          | (3,498,805)      |
| <i>Subtotal</i>  | \$ 8,121            | (1,232,797)       | (2,104,205)              | -                  | -                | 705,945          | 49,833           | (2,573,103)      |
| <b>June 30, 2014 - Exploration and Evaluation Expenditures</b> | \$ <b>2,021,555</b> | -                 | -                        | -                  | <b>353,248</b>   | <b>959,510</b>   | <b>706,807</b>   | <b>4,041,120</b> |
| <b>June 30, 2014 - Total</b>                                   | \$ <b>2,302,508</b> | -                 | -                        | -                  | <b>366,817</b>   | <b>1,716,330</b> | <b>1,392,597</b> | <b>5,778,252</b> |

**For the year ended June 30, 2013**

|  | Saganaga/Q9<br>(a)  | Long Range<br>(b) | Elizabeth<br>Anne<br>(c) | Shebandowan<br>(d) | Abernethy<br>(e) | Cape Ray<br>(f) | Other<br>(g)     | Total            |
|--|---------------------|-------------------|--------------------------|--------------------|------------------|-----------------|------------------|------------------|
| <b>June 30, 2012 - Acquisition Costs</b>                           | \$ 280,143          | 200,230           | 56,972                   | 86,933             | 13,569           | 5,100           | 704,600          | 1,347,547        |
| Additions  | 810                 | 2,900             | 115,189                  | -                  | -                | 23,890          | 125,287          | 268,076          |
| Write-downs/Recoveries/Disposals (h)                               | -                   | -                 | -                        | (86,933)           | -                | (500)           | (147,094)        | (234,527)        |
| <i>Subtotal</i>  | \$ 810              | 2,900             | 115,189                  | (86,933)           | -                | 23,390          | (21,807)         | 33,549           |
| <b>June 30, 2013 - Acquisition Costs</b>                           | \$ <b>280,953</b>   | <b>203,130</b>    | <b>172,161</b>           | <b>-</b>           | <b>13,569</b>    | <b>28,490</b>   | <b>682,793</b>   | <b>1,381,096</b> |
| <b>June 30, 2012 - Exploration<br/>and Evaluation Expenditures</b> | \$ 1,939,538        | 1,232,797         | 363,080                  | 708,157            | 352,848          | 72,576          | 792,939          | 5,461,935        |
| Assaying   | 29,629              | -                 | 236,127                  | 2,073              | -                | 8,621           | 19,412           | 295,862          |
| Prospecting  | 3,046               | -                 | 101,274                  | 1,576              | -                | 52,493          | 12,697           | 171,086          |
| Geological   | 29,095              | -                 | 132,759                  | -                  | -                | 87,278          | 14,269           | 263,401          |
| Geophysical  | -                   | -                 | 46,276                   | -                  | -                | 1,042           | -                | 47,318           |
| Line Cutting   | -                   | -                 | -                        | -                  | -                | 19,699          | -                | 19,699           |
| Trenching  | -                   | -                 | -                        | -                  | -                | 30,000          | 14,204           | 44,204           |
| Diamond Drilling   | 6,377               | -                 | 1,208,701                | 2,359              | -                | 7,264           | -                | 1,224,701        |
| Miscellaneous  | 5,749               | -                 | 15,988                   | 99                 | 400              | 31,792          | 2,429            | 56,457           |
| Write-downs/Recoveries/Disposals (h)                               | -                   | -                 | -                        | (714,264)          | -                | (57,200)        | (198,976)        | (970,440)        |
| <i>Subtotal</i>  | \$ 73,896           | -                 | 1,741,125                | (708,157)          | 400              | 180,989         | (135,965)        | 1,152,288        |
| <b>June 30, 2013 - Exploration<br/>and Evaluation Expenditures</b> | \$ <b>2,013,434</b> | <b>1,232,797</b>  | <b>2,104,205</b>         | <b>-</b>           | <b>353,248</b>   | <b>253,565</b>  | <b>656,974</b>   | <b>6,614,223</b> |
| <b>June 30, 2013 - Total</b>                                       | \$ <b>2,294,387</b> | <b>1,435,927</b>  | <b>2,276,366</b>         | <b>-</b>           | <b>366,817</b>   | <b>282,055</b>  | <b>1,339,767</b> | <b>7,995,319</b> |

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

The Saganaga Lake Property consists of mining rights for 100% of 20 claims totalling 51 units and the Company also has earned 100% in one claim totalling 2 units and 99% of 10 claims under option from Wing Resources in the Saganaga Lake area of Thunder Bay. Pursuant to an option agreement dated September 27, 2005, the Company has 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 (completed). 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 Q9 property is located approximately 160km west of Thunder Bay, Ontario and adjoins the Saganaga Gold property. The project is subject to an asset purchase, sale and royalty agreement dated May 8, 2006 between the Company and Stares Contracting Corp., a company controlled by Stephen Stares, Director and Officer and Michael Stares, Director of the Company, whereby the Company has earned a 100% interest subject to a 2% NSR in the project by making payments of \$75,000 cash (paid) and issuing 200,000 shares (issued) over four years.

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

During fiscal 2010, the Company announced drilling results from its drill program that consisted of approximately 2,700m in 20 drill holes. Drill holes SAG09-01 to SAG09-12 tested the historical Powell vein of which 8 holes intersected significant gold values. Drill holes SAG09-13 and 14 tested the Starr zone mineralization below where Teck Cominco Ltd intersected 20.0m grading 5.36 grams per tonne (g/t) gold (Au) in 2006. Both holes intersected significant gold mineralization. Hole SAG09-13 cut 20.5m grading 3.0g/t Au including 4.0m grading 7.3g/t Au and a second lower zone grading 8.26g/t Au over 1.0m. Holes SAG09-15 and 16 were drilled in the North Starr area where significant gold assays were also encountered such as 3.6g/t Au over 4.3m including 2.0m grading 7.2g/t Au in SAG09-16. Not only did the drill program intersect numerous shallow gold zones but it also provided valuable information on the nature and controls of the gold mineralization.

During the year ended June 30, 2012, the Company completed further line cutting, soil sampling, trenching and ground geophysics on the Saganaga property. In addition the Company completed a 16-hole, 2,654m diamond drill program on the property to test recently discovered surface gold mineralization in addition to follow up drilling on the Starr Zone. Drilling on the Starr Zone was designed to outline a potential resource in the Starr Zone area. During the year ended June 30, 2012 the Company announced the results of the drill program on the property. Fourteen of the sixteen drill holes intersected multiple zones of anomalous gold values. Significant results include drill hole SAG12-34 centered near the Starr mineralization and designed to test below a flat lying fault. This hole intersected 5.5g/t gold over 8.2m (core length, from 1.2 to 9.4m) including 11.34g/t gold over 3.8m. Of particular interest was the discovery of a new gold zone contained in a quartz – iron carbonate – fuchsite – pyrite altered ultramafic unit. Drill hole SAG12-28, located approximately 250m to the north-northeast of hole 34 intersected 28.25m (core length) grading 1.00g/t gold including 10m of 2.01g/t gold. This new mineralized zone is relatively shallow at 100m vertically below surface, appears to be shallowly dipping eastward, approximately 20-25m thick, and remains open in all directions. A table of all the drill holes can be viewed on the Benton website.

There was no significant exploration work carried out during the year ended June 30, 2013 or the year ended June 30, 2014 as the Company works to conserve capital and focus its exploration efforts.

### **(b) Long Range Property**

The Long Range property is located in central Newfoundland and is the result of a 50%/50% joint venture agreement formed between the Company and Buchans Minerals Corporation (“Buchans”) now owned by Minco PLC and is comprised of claims totaling 222km<sup>2</sup>. Buchans is currently operating the project and the Company has informed Buchans that it will not be contributing to any future work programs on the project and will be diluted accordingly.

The Range prospect is located within the north-east portion of the Long Range property. Since completing a 4-hole drill program to test the Range Copper prospect in April 2010, the Companies drilled three more holes in the winter of 2011 that successfully identified the orientation and character of the copper and cobalt prospect. The 3 holes drilled in the winter of 2011 extended the copper-bearing sulphide mineralization over a minimum strike length of 200m, with the zone open in both strike directions and at depth. New assays suggest the overall sulphide abundance,

thickness and copper grades may be increasing to the north. Assays from new drilled intersections include hole LR-11-17 that returned 12.9m (estimated true width) averaging 0.48% Copper (Cu) and 0.023% Cobalt (Co), including 0.91m averaging 2.24% Cu and 0.011% Co. Given the positive nature of these results, the Companies completed additional geophysical surveys and diamond drilling to test the Range prospect in 2011. This work focused on extending the zone to the north and down dip, where potential exists for the zone to expand into a significant copper sulphide deposit. The companies have also identified a significant gold prospect named Goldquest. Sampling of boulders has returned assays up to 123.81g/t Au and 414.2g/t silver (Ag) as well as 104.1g/t Au and 425.7g/t Ag.

During the year ended June 30, 2012, the Company and Buchans provided the results from their initial drill test of the Goldquest gold prospect. The companies drilled eight holes totaling 823m to test mineralized quartz veins in bedrock and float associated with the Goldquest trend, an open-ended 750m trend defined by anomalous gold in bedrock and float. Results include intersections of mineralized quartz veins in the Goldquest North area, including 5.49g/t Au and 4.5g/t Ag over 0.30m as well as 2.13g/t gold and 8.4g/t Ag over 0.10m. All four holes drilled in the North area returned anomalous assays exceeding 0.5g/t gold, intersecting multiple sulphide-bearing quartz veins ranging from centimetres to 0.3m in width. Drilling in the Goldquest South area intersected variably mineralized bedrock containing minor quartz veins with anomalous gold values; however, no large veins similar to the abundant high-grade quartz float discovered by recent prospecting and trenching were intersected in either of the four holes drilled in this area.

The Company has reviewed the results of all previous exploration programs and has determined that it will not continue on in the joint venture. The Company will either look for a party to assume its interest or suffer dilution accordingly as per the underlying agreement should Buchans continue to explore the project. Due to no further work planned and current market conditions for option or joint venture partners, the Company wrote off \$1,435,927 in exploration and evaluation expenditures in the current period.

### **(c) Elizabeth Anne Property**

The Elizabeth Anne property is located in San Bernardino County, California, USA. The Company acquired the property under the terms of an option agreement dated March 30, 2012 and has the exclusive right to acquire a 100% interest in the property by paying to the vendor \$1.2 million of which \$90,000 has been paid and the balance of \$1.11 million is due over eleven (11) years as follows:

- i) \$60,000 on March 30, 2014;
- ii) \$70,000 on March 30, 2015;
- iii) \$80,000 on March 30, 2016;
- iv) \$90,000 on March 30, 2017;
- v) seven annual payments of \$100,000 each starting March 30, 2018 and ending on March 30, 2024; and
- vi) \$110,000 on March 30, 2025.

The cash payments can be accelerated at the Company's sole election. In addition, the Company had an obligation to drill, within nine months of the option agreement date, 2 HQ core drill holes to a depth of 1,200 feet on the property which has been fulfilled. The option can be terminated by the Company at any time and no further payments would be required nor would any interest in the project transfer to the Company until the payments are made in their entirety. In addition, the agreement is subject to a 3% NSR of which the Company has the exclusive right to buy back 1.5% for \$1.5 million and will hold the exclusive right to match any offer on the remaining 1.5% of the NSR.

During the year ended June 30, 2014, the Company informed the underlying vendor that it would not be continuing with the option agreement and returned the property to the vendor. As a result, the Company wrote off \$2,414,259 in exploration and evaluation expenditures related to the project. The Company has no further commitments with respect to the property.

### (d) Shebandowan Property

The Shebandowan property is located approximately 90km west of Thunder Bay, Ontario. The Company acquired by staking a 100% interest in 17 claims totaling 209 units. The Company also entered into an agreement with Trillium North Minerals Ltd. (“Trillium North”) that granted the Company the exclusive right to earn up to a 70% interest in 5 adjoining mineral claims totaling 27 units by paying Trillium North \$80,000 cash (\$20,000 paid), issuing 100,000 shares of the Company (25,000 shares issued) and spending \$1 million on the property over a period of seven years. During the year ended June 30, 2013, the Company terminated the option with Trillium North and returned the property to the optionor and has no further work planned on its 100% owned Shebandowan property and as a result, wrote off deferred exploration and evaluation expenditures totaling \$795,090. The Company will seek a partner or sale on the property and failing success, will allow the claims to lapse.

### (e) 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.

It 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 17.8g/t Au 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 Au throughout both drill holes including 6.30g/t Au over 6.1m in drill hole ABE-1 and 1.62g/t Au over 6.7m (including 10.0g/t Au over 0.61m) in drill hole ABE-3. Research of historical assessment work filed with the provincial government indicates there are only three historical drill holes in the electromagnetic conductor suggesting the zone is open at depth and along strike in both directions. Recent forestry logging operations have opened access to several areas within the claim group providing good infrastructure. Benton completed a 1,400m drill program in 2011.

The program identified a large gold system of multiple gold-rich horizons that measures more than 500m in strike length and up to 77m core length in width. The system is open in all directions. Benton’s drill campaign was successful in confirming and expanding the mineralization in strike length and at shallow depths. The gold mineralization warrants further drilling to test the full extent, grade and potential of this new discovery. Based on the limited shallow diamond drilling completed to date the mineralization appears to be a large gold system with multiple parallel zones.

| Hole ID    | From   | To     | Core length (m) | Grade (g/t Au) |
|------------|--------|--------|-----------------|----------------|
| 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           |

The Company has no current exploration plans for the project and will seek to secure a partner or sell the project.

## (f) Cape Ray

### *Windowglass Hill and 51 Zone Deposits*

During the year ended June 30, 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), issue 155,000 common shares of the Company (25,000 shares paid on signing) and incur expenditures 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%.

On July 4, 2013, the Company announced that it had amended its original agreement with Cornerstone, which allowed the Company to acquire a 100% interest in the Cape Ray Gold project by making a one-time payment of \$200,000 (subsequently paid) and by issuing 350,000 common shares (subsequently issued) of the Company. Cornerstone will retain a 0.25% NSR, which will result in there being a total of 2% NSR on the project of which the Company has the right to purchase back 1% for \$1 million.

The Property covers a 22km-long strike length of the Cape Ray Fault Zone, a significant gold-bearing structure, which in addition to the WGH and 51 Zones, is associated with Tenacity Holdings Inc.’s 04 and 41 deposits and Marathon Gold’s Leprechaun Deposit. Marathon recently announced an NI 43-101 compliant mineral resource estimate including of 424,000 ounces Au (M&I) and 305,000 ounces Au (Inferred).

In 2012 Cornerstone announced the results of an initial NI 43-101 compliant mineral resource estimate for the WGH and 51 Zone deposits (see Cornerstone PR dated July 18, 2012). The mineral resource estimate was prepared by Mercator Geological Services Limited of Dartmouth, Nova Scotia and was completed on the two separate mineralized zones. The estimate is based on three-dimensional block models developed using Gemcom Surpac™ 6.1.4 modeling software and the validated results of 26,480m of historical diamond drilling from 197 drill holes completed between 1977 and 1996, with an additional 2,520m of diamond drilling in 28 holes completed by Cornerstone between 2004 and 2006. Mineral resources for the 51 Zone and WGH are reported, respectively, on the basis of an assumed underground (2.5g/t Au cut-off) and open pit (0.5g/t Au cut-off) development potential.

### **Highlights:**

- Mineralization is relatively shallow at a maximum of 270m vertically below surface for the 51 Zone and 140m for Windowglass Hill
- Opportunities exist to upgrade and expand the mineral resources

### **Summary of Mineral Resources for the 51 Zone and Windowglass Hill, Cape Ray Project (Mercator, July 16, 2012).**

| <b>Deposit</b>          | <b>Resource Category (Cut-off Grade)</b> | <b>Tonnes (Rounded)</b> | <b>Gold Grade (g/t)</b> | <b>Silver Grade (g/t)</b> | <b>Contained Au (oz)</b> | <b>Contained Ag (oz)</b> |
|-------------------------|--|-------------------------|-------------------------|---------------------------|--------------------------|--------------------------|
| <b>51 Zone</b>          | Inferred<br>(2.5g/t Au)                  | 530,000                 | 6.1                     | 15.86                     | 103,943                  | 270,253                  |
| <b>Windowglass Hill</b> | Inferred<br>(0.5g/t Au)                  | 1,810,000               | 1.77                    | 11.28                     | 103,001                  | 656,415                  |

During the year ended June 30, 2013, the Company announced that it received assay results from the newly-identified PW Zone where re-sampling of two holes drilled in 1979 has confirmed the presence of bulk tonnage type gold grades and thicknesses. The two holes were drilled approximately 150m apart and show good continuity of gold associated with a granitic intrusive unit interpreted to be the possible extension of the Windowglass Hill (WGH) deposit located 1.2km to the southwest. Drill hole PB79-128 intersected 2 separate mineralized zones

grading 1.64g/t Au over 28.96m (including 4.68g/t Au over 6.25m) and 1.18g/t Au over 21.34m. Drill hole PB79-133, located approximately 150m along strike to the NE returned 1.38g/t Au over 20.73m including 7.86g/t gold over 2.44m.

A table comparing the composited assay results for historic and current re-sampling is provided below:

| Hole     | From (m) | To (m) | Interval (m) | 1979 Au g/t | Re-sampled Au g/t |
|----------|----------|--------|--------------|-------------|-------------------|
| PB79-128 | 24.38    | 107.29 | 82.91        | 0.91        | <b>0.86</b>       |
| incl     | 24.38    | 53.34  | 28.96        | 1.64        | <b>1.59</b>       |
| incl     | 24.38    | 30.63  | 6.25         | 4.68        | <b>5.30</b>       |
| incl     | 27.43    | 28.96  | 1.53         | 16.46       | <b>19.50</b>      |
| and      | 80.77    | 102.11 | 21.34        | 1.18        | <b>1.13</b>       |
| PB79-133 | 73.15    | 93.88  | 20.73        | 1.38        | <b>1.53*</b>      |
| incl.    | 91.44    | 93.88  | 2.44         | 7.86        | <b>10.36*</b>     |
| incl.    | 92.87    | 93.33  | 0.46         | 39.43       | <b>39.43*</b>     |

\* Includes interval from 1979 sampling (92.87 to 93.33m – 0.34% of core) which is now missing from core storage

The two holes, which are stored at the Newfoundland and Labrador government core storage facility located in Pasadena, were quarter cut and submitted to Eastern Analytical Laboratories located in Springdale, Newfoundland. The Company plans to re-log and re-sample the remaining two holes associated with the PW Zone as soon as possible. In addition, the company has commenced the rehabilitation of the access road to the property, which will provide easy and cost effective access for upcoming IP survey work and grid re-establishment, as well as future diamond drilling.

During the year ended June 30, 2014, the Company announced that detailed modeling of the 51 Zone suggests that the bulk of the mineral resource lies within 65m of surface in a shallow plunging mineralized shoot. The Company is currently studying the economics of a shallow open pit mine to exploit this resource and to produce on-site a saleable metal concentrate by way of dense media separation (“DMS”) and/or gravity concentration. The production of a concentrate through DMS would eliminate the need for a capital intensive conventional mill and would substantially lower production costs thus making a small-scale mining operation potentially economic. The Company has recently collected a 150kg mini-bulk sample from a trench over the zone and has contracted Met-Solve Laboratories in Langley, B.C. to complete the metallurgical testing to determine the recoverability and value of the concentrate through the DMS process. As a check, nine samples totaling 20kg of this same material was sent to Eastern Analytical labs in Springdale, NF for assaying. The average grade of the nine samples returned 8.62g/t Au, 33.34g/t Au, 1.73% Pb, 0.72% Zn and 0.22% Cu. Given the exceptional grades of the trench sample and of the historic resource, the shallow depth of mineralization and the potential to create an on-site, low-cost, high-value concentrate, the Company believes the 51 deposit may have the potential to be a viable stand-alone profitable operation.

Highlights of the initial metallurgical testwork results are shown in tables below:

Table I: Overall Recoveries (combined from DMS and Gravity Concentration)

| Flowsheet | Specific Gravity<br>Cut Point | Gold<br>Rec. (%) | Silver<br>Rec. (%) | Lead<br>Rec (%) |
|-----------|-------------------------------|------------------|--------------------|-----------------|
| 1         | 2.93                          | 68               | 64.1               | 77.9            |
| 2         | 2.83                          | 76.9             | 71.4               | 81.1            |

The Company is very encouraged by these results and additional work to optimize concentrate recoveries is ongoing. These tests include testing finer crush sizes for the DMS feed (the above results were achieved using a maximum crush size of 1.9cm) and testing a finer grind of feed for the Falcon concentrator. Flow sheets of the process can be viewed on the Company’s web site.

In addition, on October 11, 2013, the Company announced that it has received the first batch of soil geochemical and prospecting results from ongoing exploration on the Cape Ray Project. To date the exploration surveys have been quite effective in delineating anomalous zones of mineralization and have identified a distinct 600m long by 150m wide Au-Pb-Zn-Ag geochemical anomaly (trace to 801ppb Au, 2 to 561ppm Pb, 3 to 326ppm Zn, trace to 4.1g/t Ag) associated with a distinct magnetic low signature similar to that associated with the 51 deposit situated 600m along strike to the northeast. Very little historical drilling has been completed in this new geochemically anomalous area, which remains open along strike to the southwest. Efforts are currently underway to expand the grid and soil survey to determine the limits of the anomalous mineralized area. Additionally, prospecting has returned gold assays near, and along strike from, the PW zone, which ranged from trace to 69.8g/t Au, 9.4g/t Au, 5.0g/t Au and 8.9g/t Au in select grab samples in the area where an Induced Polarization geophysical survey was recently completed.

During the year ended June 30, 2014, the Company commenced drilling on the property. The 17-hole, 2,000m program was designed to test various targets including the west extension of the 51 Deposit, new geophysical, gold-in-soil, and bedrock showings west of the 51 Deposit area and the east and west strike extension of the PW Zone.

Subsequent to June 30, 2014, the Company announced that drilling has confirmed the potential for discovering additional gold resources on the property. Drilling highlights from the PW zone include DDH PB14-387 that intersected 7.01g/t Au with 16.7g/t Ag over 3.5m within a larger envelope of 2.42g/t Au with 10.4g/t Ag over 12.1m. Another 180m along strike to the west DDH PB14-385 intersected two intervals grading 5.03g/t Au with 14.8g/t Ag over 1.6m and 4.9g/t Au and 3.6g/t Ag over 1.5m within a larger mineralized envelope grading 0.56g/t Au with 1.9g/t Ag over 50.3m (all widths presented above are core length). The Company believes that the PW zone could represent the next new resource within the Cape Ray gold project and may increase the current historically outlined gold resources. To date the Company has completed a total of 15 exploratory drill holes testing various geophysical (IP / resistivity) and geochemical (lithochemical and soils) precious and base metal anomalies of which several remain to be evaluated. Assays for several holes in the current program are still pending and will be released once the Company has received and compiled the results. In addition, during the subsequent period the Company announced that diamond drilling on the property had resumed.

#### *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.

#### *04, 41, Isle Aux Mort and Big Pond Deposits*

On October 8, 2013, the Company announced that it has entered into an option agreement with Tenacity Gold Mining Company Ltd. 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 received regulatory approval and has paid \$400,000 and issued 1.5 million common shares and will issue a further 1.5 million common shares in 12 months (for a total of 3 million common shares). The claims being acquired are subject to a sliding scale net smelter returns royalty (NSR) on the production of metals: a 3% NSR on production when gold 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% 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% for \$500,000.

Previous exploration efforts on the four deposits have outlined historic resources totaling 241,700 ounces of gold grading 3.7g/t with silver and base metal credits. It should be noted that the resource estimates for the four deposits totaled here were estimated prior to NI 43-101 and the CIM guidelines and as such should only be considered from a historical point of view and not relied upon. A qualified person has not completed sufficient work to classify the historical estimates as current mineral resources. These claims are contiguous to the 51 and Window Glass Hill deposits, which combined, do contain an NI 43-101 compliant inferred resource of 206,000 ounces gold and 926,000 ounces silver with base metal credits. The 04 and 41 deposits are situated only 500m northeast of the 51 deposit and collectively have been historically referred to as the Cape Ray deposit. The Company intends to conduct the necessary work in order to bring the resources into NI 43-101 compliance.

Subsequent to June 30, 2014, the Company announced that it had made its final payment of 1.5 million common shares to Tenacity Gold Mining Company Ltd. which completes the terms of the agreement to acquire a 100% interest in the abovementioned four mining claims.

#### *Nordmin Engineering*

Subsequent to June 30, 2014, the Company announced that it has entered into a letter of intent (“LOI”) 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 determined. The 04, 41, 51 and Windowglass Hill deposits (the “Project”) are included in the LOI while the Isle Aux Morts and Big Pond deposits will be retained 100% by Benton. Pursuant to the LOI, 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 through a series of expenditures and services to be provided.

Upon signing the LOI, Benton will form a wholly-owned subsidiary, (“SubCo B” for illustrative purposes) 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 which 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 will, to earn a 5% interest, make a \$250,000 cash payment in two tranches to SubCo B which will go towards the current exploration program. The first tranche of \$125,000 will be advanced upon signing of the LOI and the second tranche of \$125,000 within six months of signing;
- Nordmin will, by August 31, 2015 to earn a further 15% interest, fund and provide the services required to complete NI 43-101 resource estimates for the 04, 41, 51, and Windowglass Hill deposits, produce a resource model, a preliminary economic assessment (PEA), complete a detailed assessment of the Geology, Mining, Metallurgy, Environmental, Engineering, Construction, Economics and Schedule for the Project;
- Nordmin will, by August 31, 2016 to earn a further 10% interest, 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;
- Nordmin will, by August 31, 2017 to earn a further 10%, complete a feasibility study for the Project (detailing and advancing all of the same issues within the PEA);
- Nordmin will, by August 31, 2018 to earn a further 10% interest, complete 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;
- 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 and uncontrollable situations.

A formal agreement will be completed within 30 days of the signing of the LOI. If a formal agreement is not completed within the 30 day period, either party may terminate the LOI.

Benton will continue to evaluate the Company’s 100% owned Isle Aux Morts and Big Pond deposits as well as investigate other gold mineralized showings such as the Sleeper Gold Zones located between the Big Pond and Windowglass Hill deposits.

## **(g) Other Property**

Other Property consists of several early stage projects and projects that the Company is evaluating for exploration potential at June 30, 2014. Included in Other Property 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 Property is located approximately 60km north of Voisey's Bay, Labrador and consists of 488 claim units.

In 2007 the Company entered into a Participation 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 488 claim units held by the Company, (previously known as the NBK property), and 266 claim units held by Teck.

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

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

During the 2009 fiscal year, Teck notified the Company that it has elected to exercise its option to increase its interest in the project to 60% by incurring the aforementioned expenditures. However, during fiscal 2010, Teck informed the Company that it did not fulfill its expenditure requirement under the 60% option and would not be participating in future exploration programs. The Company assumed operatorship and would dilute Teck's interest accordingly.

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

During the year ended June 30, 2010, the Company announced that it would commence drilling on the property. The drill program was comprised of 12 holes totaling approximately 3,000m to test the various targets outlined by Teck's work programs.

During the year ended June 30, 2011 the Company received assay results from the drill program. Several of the drill targets tested intersected magmatic sulphide mineralization that returned significant amounts of nickel, copper, and cobalt values that suggests further work is warranted to evaluate the size of these mineralized zones. Of particular interest was the results from the A Zone area that was tested with a single drill hole (KL10-11). This hole intersected multiple intervals of semi-massive sulphide with several sections grading better than 1% nickel and 1% copper.

The Company in conjunction with Teck significantly reduced the land position during the year ended June 30, 2012 in order to maintain the ground in good standing and eliminate portions of the property that did not yield favourable results or warrant any further work. The Company does not currently have any planned exploration on the property and has not been notified by Teck that they have any proposed work for the project. The Company will work closely with Teck on any future decisions regarding the property.

*(ii) Forester Lake*

The Forester Lake property was acquired by staking, is owned 100% by the Company and consists of 21 claims totaling 272 units and is located approximately 100km north of Pickle Lake, Ontario. During the 2011 fiscal year, the Company entered into an agreement with Parkside Resources Corp. (“Parkside”) granting Parkside the right to earn a 60% interest in the property. Under the terms of the agreement, Parkside must pay the Company \$50,000 in cash (\$30,000 received), issue to the Company 1 million Parkside common shares (received) and expend \$300,000 on the property over a period of three years with a minimum of \$100,000 to be spent in each 12 month period of the three year period. Parkside can earn an additional 10% (70% total) by expending an additional \$700,000 on the property over an additional three year period. In addition, the Company provided Parkside with \$200,000 in equity financing in fiscal 2011 (including \$150,000 in flow-through financing) and \$200,000 in the current year ended June 30, 2013 in exchange for an additional 4 million common shares of Parkside (taking the Company’s share position to 5 million shares). During the year ended June 30, 2013, Parkside commenced trading on the TSX Venture Exchange under the symbol “PKS”.

The ground was acquired due to its location and geophysical similarities to the Musselwhite Gold mine located 25km north-west of the property. Historic drilling intersected mineralization grading up to 16.2g/t Au over 0.5m, 12.3g/t Au over 1.5m and 13g/t Au over 0.9m. Benton completed an 897 line-km airborne magnetic survey to help define exploration targets.

*(iii) Onion Lake Property*

The Onion Lake property was acquired by staking and consists of 105 claims totaling 1,198 units and is located 30km north of Thunder Bay, Ontario. In fiscal 2010, the Company entered into an agreement with Glory Resources Limited (“Glory”), which grants Glory the right to earn an initial 30% interest in the property (earned) by paying the Company \$95,000 cash (received) and expending \$500,000 on the property over a period of two years following the effective date (expended). Glory can earn an additional 30% (taking interest to 60%) by expending an additional \$1.8 million on the property over an additional two year period (currently earning). Glory may earn an additional 10% (taking interest to 70%) by expending an additional \$1.5 million on the property over an additional 18-month period.

During the year ended June 30, 2014, the Company and Glory amended their agreement whereby Glory would return the project to the Company 100% and as such, Glory would forfeit its 30% earned interest and pay the Company \$80,000 in order to return the claims to the Company in a deficient state. The Company assumed the responsibility of bringing the claims into good standing and subsequently submitted the assessment work accordingly.

The Company will seek a new partner for the project.

*(iv) Mealy Property*

During the year ended June 30, 2014, the Company acquired through staking a total of 1,017 claim units representing approximately 261 square-kilometres within the Mealy Lake intrusion (the “Mealy Project”) in Labrador. On August 16, 2013, the Company executed an option agreement with Platinum Group Metals Ltd. (“PTM”) on the Mealy Project whereby PTM can earn a 71% interest in the Mealy Project by paying to the Company \$51,000 (received) on the effective date (the “Effective Date”) and by incurring an aggregate of \$2.4 million in exploration expenditures on the Mealy Project as follows:

- \$300,000 on or before the date, which is 12 months from the Effective Date;
- a further \$300,000 on or before the date, which is 24 months from the Effective Date;
- a further \$400,000 on or before the date, which is 36 months from the Effective Date;
- a further \$1.4 million on or before the date, which is 48 months from the Effective Date.

The Company will retain a 1% NSR on the Mealy Project and PTM will be the operator while it holds a majority interest.

The Mealy Project covers 261 square-kilometres of the Mealy Lake mafic intrusion and is contiguous to Altius Minerals Corp.’s (“Altius”) 256 square-kilometre Natashquan property, both located approximately 140km southwest of Churchill Falls in Labrador. The Mealy Project covers the same mafic intrusive rock that hosts Altius’

recently announced new Ni-Cu-Co-PGE discovery. Altius has entered into a joint venture agreement with Anglo American (“Anglo”) whereby Anglo has the option to earn a 66-per-cent interest in the project through expenditures of \$20 million over a five-year period. Exploration highlights from Altius' Nastashquan discovery include “2.68g/t combined Pt, Pd and Au (grab) - 6.14% Cu and 388ppb Pt - 1.04g/t combined Pt, Pd, Au and 1.06% Cu over 1.30m (channel) - 1.04 g/t combined Pt, Pd, Au and 3.92% Cu over 1.00m (channel) - 2.49g/t combined Pt, Pd and Au and 1.07% Ni (grab) – several grab samples >7% Cu - soil samples up to 26,000ppm Cu.” (<http://altiusminerals.com/projects/natashquan>).

The Mealy Lake mafic intrusion was identified from historic work completed by the Newfoundland and Labrador Geological Survey. The main intrusive is approximately 45km long and 25km wide and is Late Paleoproterozoic in age with local fresh crosscutting mafic to ultra-mafic rock. The disseminated to massive sulphide mineralization found to date displays cumulate textures indicative of primary magmatic type Cu-Ni-PGE deposition within the mafic to ultra-mafic intrusive.

Subsequent to June 30, 2014, the Company announced that PTM had commenced a VTEM geophysical airborne survey on the Mealy property. Completion and interpretation of the airborne survey and ground follow up of any identified anomalies is anticipated to be completed during Q1 of the subsequent period.

*(v) Hearst Graphite*

During the year ended June 30, 2014, the Company announced that it had staked 16 claim units approximately 25km east of Zenyatta Ventures Ltd.'s new hydrothermal graphite discovery. Zenyatta describes the mineralization as the “largest and only high-purity hydrothermal graphite deposit being developed in the world.” The Company staked the ground based on a search and evaluation of historical data in the region, which showed that conductive horizons exist on the property.

In addition, during the year ended June 30, 2014, the Company announced that it executed an agreement (the “Agreement”) with Alabama Graphite Corp. (CNSX: ALP) (“Alabama Graphite”) pursuant to which Alabama Graphite purchased a 100% interest in the 16 claim units.

Under the Agreement, Alabama Graphite paid the Company \$8,000 (received) and issued to the Company, 2 million Alabama Graphite common shares (received) with the following restrictions;

- i. 500,000 common shares with the standard 4 month trading restriction until December 23, 2013;
- ii. 500,000 common shares with a 10 month trading restriction until June 22, 2014;
- iii. 500,000 common shares with a 16 month trading restriction until December 22, 2014; and
- iv. 500,000 common shares with a 22 month trading restriction until June 22, 2015.

The Company will also retain a 2% NSR with Alabama Graphite having the right to buy back 50% of the NSR (i.e., 1%) for \$1 million.

The Company recorded a portion of the sale as a recovery of capitalized exploration and evaluation expenditures incurred and the remaining amount was recorded in income in gain on sale of exploration and evaluation assets in the current period totaling \$480,204 (\$480,000 of which was the value of the common shares received).

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

Reductions to the carrying costs of associated properties pertaining to write-downs or as a result of cost recoveries or earn-ins, or due to dispositions during the year ended June 30, 2014 and the year ended June 30, 2013, were as follows:

|                         | <u>Year ended</u><br><u>June 30, 2014</u> | <u>Year ended</u><br><u>June 30, 2013</u> |
|-------------------------|---|---|
|                         | \$  | \$  |
| <i>Write-downs:</i>     |   |   |
| Shebandowan Property    | -   | 801,197                                   |
| Long Range Property     | 1,435,927                                 |   |
| Elizabeth Anne Property | 2,414,259                                 |   |
| Other Properties        | 11,726                                    | 346,570                                   |
| <i>Subtotal</i>         | <u>3,861,912</u>                          | <u>1,147,767</u>                          |
| <i>Recoveries:</i>      |   |   |
| Cape Ray                | 56,392                                    | 57,200                                    |
| Other – Mealy           | 20,518                                    | -   |
| Other – Hearst Graphite | 7,796                                     | -   |
| <i>Subtotal</i>         | <u>84,706</u>                             | <u>57,200</u>                             |
| <b>Total</b>            | <b><u>3,946,618</u></b>                   | <b><u>2,747,917</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**

| <b>Description</b>  | <b>Year ended</b><br><b>June 30,</b><br><b>2014</b><br><b>\$</b> | <b>Year ended</b><br><b>June 30,</b><br><b>2013</b><br><b>\$</b> | <b>Year ended</b><br><b>June 30,</b><br><b>2012</b><br><b>\$</b> |
|---|--|--|--|
| Operating expenses  | 5,159,436  | 2,774,326  | 5,294,447  |
| Interest income   | 159,949  | 93,374   | 269,585  |
| Adjustment to fair market value of held for trading investments     | (193,668)  | 511,232  | (7,588,260)  |
| Write down of mineral properties                                    | (3,861,912)  | (1,147,766)  | (2,597,917)  |
| Net loss being comprehensive loss                                   | (4,505,047)  | (2,107,807)  | (8,925,566)  |
| Earnings (loss) per share – basic (1)<br>(2)                        | (0.06)   | (0.03)   | (0.12)   |
| Cumulative mineral properties and deferred development expenditures | 5,778,252  | 7,995,319  | 6,809,483  |
| Total assets  | 13,617,145   | 18,054,492   | 13,638,137   |

- (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)<br>\$ | Net Earnings/(Loss)<br>per Share<br>Basic and<br>Diluted<br>(1) (2)<br>\$ |
|---------------------------|---------------------------|---|
| June 30, 2014             | (385,607)                 | (0.005)   |
| March 31, 2014            | (3,773,677)               | (0.05)  |
| December 31, 2013         | (449,382)                 | (0.005)   |
| September 30, 2013        | 103,619                   | 0.00  |
| June 30, 2013             | (2,123,203)               | (0.02)  |
| March 31, 2013            | (567,978)                 | (0.01)  |
| December 31, 2012         | (172,680)                 | (0.00)  |
| September 30, 2012        | 756,054                   | 0.01  |

- (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 year ended June 30, 2014, the Company's cash on hand increased by \$65,668 to \$110,408 due to the timing of redemptions of temporary investments. Accounts and other receivables of \$81,872 (June 30, 2013 - \$58,292) at June 30, 2014 consisted of H.S.T. receivables and accrued interest receivable on temporary investments and management fees receivable from Benton Capital Corp. Exploration and evaluation assets decreased from \$7,995,319 at June 30, 2013 to \$5,778,252 at June 30, 2014 due mainly write-downs in excess of expenditures related to the write off's on the Elizabeth Anne property and Long Range property. Share Capital increased from \$27,451,536 at June 30, 2013 to \$27,485,786 at June 30, 2014 due to the issuance of shares for the claims purchased at Cape Ray net of shares purchased and cancelled in the normal course issuer bid.

## SHARE DATA

As at October 22, 2014, the Company has 77,709,031 common shares issued and outstanding as well as: (a) stock options to purchase an aggregate of 10,520,000 common shares expiring between August 15, 2017 and January 21, 2019 exercisable between \$0.10 and \$0.15 per share. For additional details of share data, please refer to note 10 of the June 30, 2014 audited 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 June 30, 2014 of \$6,702,281 (\$8,789,765 as at June 30, 2013) and cash on hand of \$110,408 (\$44,740 as at June 30, 2013) and a deficit of \$15,210,849 (\$10,705,802 as at June 30, 2013).

During the year ended June 30, 2013, the Company applied for and received regulatory approval for a Normal Course Issuer Bid (the "Bid") to purchase, through the facilities of the TSX Venture Exchange, up to 5,000,000 shares of its issued and outstanding common shares. The actual number of shares that may be purchased and the timing of such purchases will be determined by the Company and purchases pursuant to the Bid will be conducted through BMO Nesbitt Burns. During the year ended June 30, 2013, 1,689,500 shares were purchased and cancelled under the Bid at a cost of \$162,865. In addition during the year ended June 30, 2014, the Company purchased and

cancelled an additional 250,000 shares under the Bid at a total cost of \$15,250. During the year ended June 30, 2014, the Company applied for and received regulatory approval for a new Normal Course Issuer Bid (the "Bid") to purchase, through the facilities of the TSX Venture Exchange, up to 5,000,000 shares of its issued and outstanding common shares. The actual number of shares that may be purchased and the timing of such purchases will be determined by the Company and purchases pursuant to the Bid will be conducted through BMO Nesbitt Burns. No shares have been purchased under the renewed Bid.

The Company's audited 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 resources, the ability of the Company to obtain adequate financing to complete development, and upon future profitable operations from the properties or proceeds from the dispositions thereof.

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

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

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

## **CAPITAL MANAGEMENT**

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

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

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

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

## 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 year ended June 30, 2014;
- 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 June 30, 2014.

### 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 year ended June 30, 2014 and 2013:

| Payee                              | Description of Relationship   | Nature of Transaction  | June 30,<br>2014<br>Amount (\$) | June 30,<br>2013<br>Amount (\$) |
|------------------------------------|---|--|---------------------------------|---------------------------------|
| Stares Contracting Corp.           | Company controlled by Stephen Stares, Director and Officer and Michael Stares, Director | Payments for office rental costs included in general and administrative expenses and geo-referencing contracting services and expense reimbursements included in exploration and evaluation assets | 120,319                         | 69,160                          |
| Gordon J. Fretwell Law Corporation | Company controlled by Gordon Fretwell, Director and Officer                             | Legal fees and disbursements charged/accrued during the year   | 43,104                          | 43,083                          |
| Michael Stares                     | Director  | Reimbursement of expenditures included in exploration and evaluation assets and field consulting services  | 3,600                           | -                               |
| Stares Prospecting Ltd.            | Company controlled by Alexander Stares, Brother of Stephen and Michael Stares           | Prospecting services and equipment rentals included in exploration and evaluation assets   | 7,511                           | 384                             |

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 year ended June 30, 2014, the Company paid director fees to one of its directors totaling \$10,000 for services rendered on the Company's Audit Committee (2013 - \$10,000). The director is to receive \$2,500 per quarter.

Included in accounts payable and accrued liabilities is nil (2013 - \$8,706) to Stares Contracting Corp., nil (2013 - \$17,000) to Gordon J. Fretwell Law Corporation and \$452 (2013 - nil) to Stares Prospecting Ltd. The repayment terms are similar to the repayment terms of non-related party trade payables.

During the 2014 fiscal year, the Company invoiced and accrued \$46,000 (2013 - \$28,000) in management fees to Benton Capital Corp. to offset certain overhead covered by the Company on Benton Capital Corp.'s behalf.

Key management personnel remuneration during current period included \$538,125 (June 30, 2013 - \$543,098) in salaries and benefits and \$136,613 (June 30, 2013 - \$355,704) in share-based payments. There were no post-retirement or other long-term benefits paid to key management personnel during the year.

## **INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRS”)**

### Statement of Compliance and Conversion to International Financial Reporting Standards (“IFRS”)

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”).

### New and Future Accounting Pronouncements

The following standards are effective for annual periods beginning on or after January 1, 2014, with earlier adoption permitted. The Company has not early adopted these standards and is currently assessing the impact they will have on the consolidated 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. The implementation of this standard has been postponed indefinitely.

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

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

### Fluctuating Prices

Factors beyond the control of the Company may affect the marketability of any copper, nickel, gold, 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 carrying 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 October 22, 2014.

### **ADDITIONAL INFORMATION**

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