

NOTICE TO SHAREHOLDERS



(A Development Stage Enterprise)

Condensed Interim Financial Statements For the three months ended September 30, 2012

(Stated in Canadian Dollars)

Responsibility for Financial Statements

The accompanying financial statements for Benton Resources Inc. have been prepared by management in accordance with International Financial Reporting Standards ("IFRS") consistently applied. Only changes in accounting policies have been disclosed in these unaudited condensed interim financial statements. Recognizing that the Company is responsible for both the integrity and objectivity of the financial statements, management is satisfied that these financial statements have been fairly presented. In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the unaudited condensed interim financial statements for the period ended September 30, 2012.

BENTON RESOURCES INC.
(A Development Stage Enterprise)

September 30, 2012

Condensed Interim Statements of Financial Position	1
Condensed Interim Statements of Comprehensive Income (Loss)	2
Condensed Interim Statements of Changes in Equity	3
Condensed Interim Statements of Cash Flows	4
Notes to the Condensed Interim Financial Statements	5

BENTON RESOURCES INC.
(A Development Stage Enterprise)

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

As at	September 30, 2012 \$	June 30, 2012 \$
		(note 3)
ASSETS		
Current		
Cash	702,884	1
Temporary investments (note 5)	4,591,904	-
Accounts and other receivables	60,851	-
Prepaid expenses	10,168	15,343
Refundable security deposits (note 14)	143,554	139,354
	5,509,361	154,698
Long-term investments (note 6)	7,997,516	6,557,064
Property and equipment, net (note 7)	107,280	116,922
Exploration and evaluation assets (note 8)	7,633,684	6,809,483
	21,247,841	13,638,167
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities		
Current		
Accounts payable and accrued liabilities (note 10)	108,410	-
Deferred income tax liability	705,010	143,496
	813,420	143,496
Shareholders' Equity		
Capital Stock (note 9)		
Share capital	23,812,979	1
Reserves	352,750	17,982,032
Deficit	(3,731,308)	(4,487,362)
	20,434,421	13,494,671
	21,247,841	13,638,167

See Nature of Operations and Going Concern – Note 1
Subsequent Event – Note 17

*These consolidated financial statements are authorized for issue by the Board of Directors on November 20, 2012.
They are signed on the Corporation's behalf by:*

"Stephen Stares" President, Chief Executive Officer and Director

"Clint Barr" Director

\ See accompanying notes to the consolidated financial statements

BENTON RESOURCES INC.
(A Development Stage Enterprise)

**CONDENSED INTERIM STATEMENTS OF INCOME
(LOSS) AND COMPREHENSIVE INCOME (LOSS)
(Prepared by Management - Unaudited)**

	Three Months Ended September 30, 2012 \$	Three Months Ended September 30, 2011 \$
		(note 3)
EXPENSES		
Advertising and promotion	31,476	80,402
Share-based payments (note 12)	203,090	585,163
General and administrative	217,995	199,583
Professional fees	14,810	35,889
Stock exchange and filing fees	27,736	6,900
Depreciation expense	9,642	11,191
	<u>(504,749)</u>	<u>(919,128)</u>
Other income (expense):		
Interest income	26,681	41,129
Adjustment to fair value for fair value through profit and loss investments	2,358,085	(4,404,950)
Write-down of exploration and evaluation assets	(394)	(15,542)
Pre-acquisition exploration and evaluation	(18,426)	-
Gain/(loss) on sale of investments	(458,432)	(5,370)
	<u>1,907,514</u>	<u>(4,384,733)</u>
Income (loss) before income taxes	1,402,765	(5,303,861)
Current income tax recovery	-	478,929
Deferred income tax recovery (expense)	(646,711)	805,009
Income (loss) and comprehensive income (loss) for the period	756,054	(4,019,923)
Income (loss) and comprehensive income (loss) per share (note 11) - basic and diluted	0.01	(0.05)

See accompanying notes to the consolidated financial statements

BENTON RESOURCES INC.
(A Development Stage Enterprise)

CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY
(Prepared by Management – Unaudited)
For the three months ended September 30, 2012 and 2011

	Share Capital		Reserves \$	Retained earnings (deficit) \$	Total shareholders' equity \$
	Number	Amount \$			
Balance at July 1, 2011	-	-	17,982,032	(1,846,275)	16,135,757
Shares issued on incorporation	1	1	-	-	1
Loss and comprehensive loss for the period	-	-	-	(4,019,923)	(4,019,923)
Balance at September 30, 2011	1	1	17,982,032	(5,866,198)	12,115,835
Income and comprehensive income for the period	-	-	-	1,378,836	1,378,836
Balance at June 30, 2012	1	1	17,982,032	(4,487,362)	13,494,671
Funding by Benton Capital Corp.	-	-	362,730	-	362,730
Transfer of assets by Benton Capital Corp. pursuant to plan of Arrangement	76,273,531	23,810,229	(18,195,102)	-	5,615,127
Cancellation of seed share	(1)	(1)	-	-	(1)
Income and comprehensive income for the period	-	-	-	756,054	756,054
Issued in connection with property option agreements	25,000	2,750	-	-	2,750
Share-based payments	-	-	203,090	-	203,090
Balance at September 30, 2012	76,298,531	23,812,979	352,750	(3,731,308)	20,434,421

See accompanying notes to the consolidated financial statements

BENTON RESOURCES INC.
(A Development Stage Enterprise)

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

	Three Months Ended September 30, 2012 \$	Three Months Ended September 30, 2011 \$
		(note 3)
CASH FLOWS FROM (USED IN):		
OPERATING ACTIVITIES		
Income (loss) and comprehensive income (loss) for the period	756,054	(4,019,923)
Deferred income tax expense (recovery)	646,711	(805,009)
Write-down of exploration and evaluation assets	394	15,542
Unrealized change in fair value for fair value through profit and loss investments	(2,358,085)	4,404,950
Depreciation expense	9,642	11,191
Share-based payments	203,090	585,163
Net change in non-cash working capital balances related to operating activities	48,534	-
Cash flows used in operating activities	(693,660)	191,914
FINANCING ACTIVITIES		
Funding by Benton Capital Corp.	278,793	1,397,033
Cash and temporary investments transferred from Benton Capital Corp.	5,615,127	-
Redemption of seed capital	(1)	-
Cash flows (used in) provided by financing activities	5,893,919	1,397,033
INVESTING ACTIVITIES		
Exploration and evaluation expenditures	(821,845)	(1,386,157)
Purchase of property and equipment	-	(6,660)
Purchase of long-term investments	(200,000)	(201,500)
Loss on sale of long-term investments	458,432	5,370
Net proceeds on sale of long-term investments	657,941	-
Net change in non-cash working capital balances related to investing activities		-
Cash flows provided by (used in) investing activities	94,528	(1,588,947)
Increase (decrease) in cash and temporary investments	5,294,787	-
Cash and temporary investments - beginning of period	1	-
Cash and temporary investments – end of period	5,294,788	-

Supplemental cash flow information (note 13)

See accompanying notes to the consolidated financial statements

BENTON RESOURCES INC.
(A Development Stage Enterprise)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
(Prepared by Management – Unaudited)

September 30, 2012

1. NATURE OF OPERATIONS AND GOING CONCERN:

Benton Resources Inc. (“Benton” or the “Company”) was incorporated on November 8, 2011 as 0924698 B.C. Ltd. (renamed Benton Resources Inc. on July 25, 2012) under the laws of British Columbia and is a development stage public company whose shares began trading on the TSX Venture Exchange on August 1, 2012. Its principal business activities are the acquisition, exploration and development of mineral properties. On July 27, 2012, the Company received certain assets by way of a court-approved plan of arrangement (the “Arrangement”) (note 2) from Benton Capital Corp. (formerly Benton Resources Corp.).

The accompanying condensed interim financial statements have been prepared on the basis that the Company will continue as a going concern, which assumes the realization of assets and the settlement of liabilities in the normal course of business. The appropriateness of the going concern assumption is dependent upon the Company’s ability to generate future profitable operations and/or generate continued financial support in the form of equity financings. The Company feels that sufficient working capital will be obtained from public share offerings to meet the Company’s liabilities and commitments as they come due. These condensed interim 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.

	September 30, 2012	June 30, 2012
Working capital	\$5,400,951	\$ 154,698
Retained earnings (deficit)	\$(3,731,308)	\$(4,487,362)

2. PLAN OF ARRANGEMENT:

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

All of Benton Capital Corp.’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, Business Combinations. These 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>

3. FINANCIAL PRESENTATION:

Benton 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 income (loss) and comprehensive income (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 income (loss) and comprehensive income (loss) and deficit for the three months ended September 30, 2012 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 to September 30, 2012.

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 condensed interim 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 financial statements that the allocation of expenses was done for comparative purposes only and 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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

These condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the IASB ("International Accounting Standards Board") applicable to the preparation of interim financial statements, including International Accounting Standard ("IAS") 34- Interim Financial Reporting. The accounting policies followed in these condensed interim financial statements are the same as those applied in the audited annual consolidated financial statements for Benton Capital Corp. (formerly Benton Resources Corp.) the year ended June 30, 2012.

The policies applied in these interim condensed financial statements are based on IFRS issued and outstanding as of November 20, 2012, the date the Audit Committee approved the statements. Any subsequent changes to IFRS after this date could result in changes to the financial statements for the period ended September 30, 2012.

The condensed interim financial statements do not contain all disclosures required under IFRS and should be read in conjunction with the audited annual consolidated financial statements and the notes thereto for Benton Capital Corp. for the year ended June 30, 2012.

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates, and assumptions that affect the application of policies and reported amounts of assets and liabilities and disclosures of contingent assets and contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

Actual results could differ from those estimates. Significant accounts that require estimates as the basis for determining the stated amounts include exploration and evaluation assets, share-based payments, allocation of financing proceeds, and income taxes. Differences may be material.

5. TEMPORARY INVESTMENTS:

	September 30, 2012
Coupon	\$ 679,853
Debenture	168,704
Money Market Mutual funds	2,543,347
Guaranteed Investment Certificates	1,200,000
	<u>\$ 4,591,904</u>

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

The coupon has a maturity date of November 1, 2012 bearing interest at 1.809% per annum,

The debenture has a maturity date of December 30, 2013 bearing interest at 1.893% per annum,

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

The guaranteed investment certificates have maturity dates ranging from October 12, 2012 to October 15, 2013 and interest rates ranging from 1.70% to 1.88%.

6. LONG-TERM INVESTMENTS:

	September 30, 2012		June 30, 2012	
	Market \$	Cost \$	Market \$	Cost \$
Canadian Equities				
Marathon Gold Corporation	-	-	602,525	1,119,644
Stillwater Mining Company	4,037,414	7,005,896	3,024,581	7,005,896
Mineral Mountain Resources	2,499,818	4,067,500	1,694,792	4,067,500
Bell Copper Corporation	12,225	285,243	8,150	285,243
Puget Ventures Inc.	759,549	423,361	759,549	423,361
Golden Dory Resources	108,500	201,500	69,750	201,500
Other	580,010	446,428	397,718	446,428
	<u>7,997,516</u>	<u>12,429,928</u>	<u>6,557,065</u>	<u>13,549,572</u>

During year ended June 30, 2011 Marathon PGM Corporation (“Marathon”) and Stillwater Mining Company (“Stillwater”) completed a definitive agreement pursuant to which Stillwater acquired all of the outstanding shares of Marathon by paying Marathon shareholders \$1.775 per share and issuing 0.112 shares of Stillwater for every share of Marathon. In addition, shareholders of Marathon received a distribution of one half of a share of Marathon’s subsidiary, Marathon Gold Corporation, for every Marathon share held immediately prior to the Stillwater exchange. During the 2011 year the Company realized \$2,777,875 cash, received 175,280 shares of Stillwater (NYSE:SWC) and received 782,500 shares of Marathon Gold Corporation (TSX:MOZ). The Company recognized a loss during the 2011 fiscal year on the pro-rata disposal of the Marathon PGM shares pertaining to the cash portion of the plan of arrangement in the amount of \$1,661. During the year ended June 30, 2011, 175,000 shares of Stillwater were sold for net proceeds of \$3,896,066. During the period ended September 30, 2012, the Company sold the Marathon Gold Corporation shares for gross proceeds of \$665,125 and recorded a loss on disposition in the amount of \$458,432.

During the year ended June 30, 2011, Stillwater completed the purchase of the Bermuda property from the Company for gross proceeds of \$14 million. Pursuant to the asset purchase and sale agreement, one-half (\$7 million) was paid in shares of Stillwater with the remaining amount paid in cash. The 348,053 Stillwater shares held at September 30, 2012 were valued at the September 30, 2012 closing price of \$11.60 per share.

The Mineral Mountain Resources (“Mineral Mountain”) shares are valued at the September 30, 2012 closing price of \$0.295 per common share. The shares were received during the fiscal 2011 period pursuant to the Company selling its option to earn into the Golden Harp Copper Hill Block ‘A’. Mineral Mountain is listed on the TSX Venture Exchange under the symbol “MMV”.

The Bell Copper Corporation (“Bell”) shares are valued at the September 30, 2012 closing price of \$0.015 per common share (June 30, 2012 - \$0.01). The shares were received pursuant to an amendment to a joint venture agreement with

Bell's predecessor, GrandCru Resources, whereby in lieu of cash settlement of an outstanding balance owing to the Company for work performed on the joint venture property, the \$295,743 balance was settled by Bell issuing to the Company 845,000 common shares (of which 30,000 have since been sold) with an underlying value of \$0.35 per common share. Bell is listed on the TSX Venture Exchange under the symbol "BCU".

The Puget Ventures Inc. ("Puget") shares are valued at the final trading price prior to the trading halt of \$0.49 per common share (June 30, 2012 - \$0.49). Puget is currently completing a transaction to form a multinational cobalt exploration company with cobalt assets in Russia and Canada as well as other mineral interests in Mongolia. Puget's stock has been halted from trading pending completion of this transaction and the Company continues to value the equity position at the trading price in effect just prior to the halt. The initial 103,100 shares were received pursuant to a joint venture agreement with Puget and the claims were subsequently sold to Puget on March 26, 2010 for an additional 1,550,000 shares of Puget (valued at \$0.27 per share) for gross proceeds in the amount of \$418,500. Puget is listed on the TSX Venture Exchange under the symbol "PVS".

The Golden Dory Resources Corp. ("Golden Dory") shares were subscribed for during the 2012 fiscal year pursuant to a private placement at a price of \$0.13 per unit. Each unit consists of one common share and one share purchase warrant with an exercise price of \$0.20 for a period of 18 months following the date of issuance, subject to an acceleration provision at the election of Golden Dory should the stock trade above a price of \$0.30 per share for 10 consecutive days. Golden Dory is listed on the TSX Venture Exchange under the symbol "GDR". The shares are valued at the September 30, 2012 trading price of \$0.07 per share.

Included in other investments is 5 million shares of Parkside Resources Corporation ("Parkside"). The Company acquired these shares by optioning its Forester Lake gold property to Parkside for 1 million shares. In addition the Company provided equity financing to Parkside totaling \$400,000 for the other 4 million shares, \$200,000 of which was subscribed for during the three month period ended September 30, 2012 at \$0.10 per unit, with each unit consisting of one common share and one common share purchase warrant exercisable at \$0.20 for a period that is the later of 24 months from the date of listing of the common shares or 30 months from the date of issue of the warrants. At September 30, 2012, the Company held approximately 22.73% of the outstanding shares of Parkside. Generally this would represent an equity accounted investment but due to the fact that Parkside has not incurred significant losses since its inception, the shares are carried at their original cost. During the period ended September 30, 2012, Parkside commenced trading on the TSX Venture Exchange under the symbol "PKS". The Company's share position in Parkside is subject to certain escrow conditions and as a result only 500,000 shares of Parkside are free trading at September 30, 2012. The shares are valued at the September 30, 2012 trading price of \$0.12 per share.

7. PROPERTY AND EQUIPMENT:

	September 30, 2012			June 30, 2012		
	Cost	Accumulated Amortization	Net	Cost	Accumulated Amortization	Net
Computer Equipment	\$ 55,479	\$ 50,293	\$ 5,186	\$ 55,479	\$ 49,589	\$ 5,890
Furniture and Equipment	85,511	48,607	36,904	85,511	46,687	38,824
Computer Software	106,947	98,982	7,965	106,947	96,520	10,427
Exploration Camps	181,232	146,973	34,259	181,232	144,245	36,987
Automotive	41,671	18,705	22,966	41,671	16,877	24,794
Total	\$ 470,840	\$ 363,560	\$ 107,280	\$ 470,840	\$ 353,918	\$ 116,922

8. EXPLORATION AND EVALUATION ASSETS:

Mineral property acquisition, exploration and development expenditures are deferred until the properties are placed into production, sold, impaired or abandoned. These deferred costs will be amortized over the estimated useful life of the properties following commencement of production, or written-down if the properties are allowed to lapse, are impaired, or are abandoned. The deferred costs associated with each property for the period ended September 30, 2012 and the year ended June 30, 2012 is summarized in the tables below:

For the three months ended
September 30, 2012

	Saganaga/Q9	Long Range	Rim Property	Shebandowan	Abernethy	Sewell	Other	Total
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	
June 30, 2012 - Acquisition Costs	\$ 280,143	200,230	-	86,933	13,569	-	766,672	1,347,547
Additions	-	-	-	-	-	-	69,126	69,126
Writedowns/Recoveries/Disposals (h)	-	-	-	-	-	-	-	-
<i>Subtotal</i>	\$ -	-	-	-	-	-	69,126	69,126
Sept. 30, 2012 - Acquisition Costs	\$ 280,143	200,230	-	86,933	13,569	-	835,798	1,416,673
June 30, 2012 - Exploration and Evaluation Expenditures	\$ 1,939,538	1,232,797	-	708,157	352,848	-	1,228,595	5,461,935
Assaying	29,629	-	-	2,073	-	-	67,267	98,969
Prospecting	1,857	-	-	1,576	-	-	57,503	60,936
Geological	27,182	-	-	-	-	-	31,126	58,308
Geophysical	-	-	-	-	-	-	-	-
Line Cutting	-	-	-	-	-	-	-	-
Trenching	-	-	-	-	-	-	10,048	10,048
Diamond Drilling	(939)	-	-	1,559	-	-	526,490	527,110
Miscellaneous	-	-	-	99	-	-	-	99
Writedowns/Recoveries/Disposals (h)	-	-	-	-	-	-	(394)	(394)
<i>Subtotal</i>	\$ 57,729	-	-	5,307	-	-	692,040	755,076
Sept. 30, 2012 - Exploration and Evaluation Expenditures	\$ 1,997,267	1,232,797	-	713,464	352,848	-	1,920,635	6,217,011
Sept. 30, 2012 - Total	\$ 2,277,410	1,433,027	-	800,397	366,417	-	2,756,433	7,633,684

For the year ended June 30, 2012

	Saganaga/Q9	Long Range	Rim Property	Shebandowan	Abernethy	Sewell	Other	Total
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	
June 30, 2011 - Acquisition Costs	\$ 279,317	200,010	20,857	65,381	13,478	-	856,328	1,435,371
Additions	826	220	19	21,552	91	33,500	98,894	155,102
Writedowns/Recoveries/Disposals (h)	-	-	(20,876)	-	-	(33,500)	(188,550)	(242,926)
<i>Subtotal</i>	\$ 826	220	(20,857)	21,552	91	-	(89,656)	(87,824)
June 30, 2012 - Acquisition Costs	\$ 280,143	200,230	-	86,933	13,569	-	766,672	1,347,547
June 30, 2011 - Exploration and Evaluation Expenditures	\$ 1,226,528	963,729	540,412	665,951	645	-	1,569,337	4,966,602
Assaying	66,117	-	5,175	8,356	28,661	14,617	32,955	155,881
Prospecting	4,206	-	-	5,835	10,052	16,545	16,537	53,175
Geological	42,731	400	22,210	22,273	7,468	41,543	57,833	194,458
Geophysical	19,285	-	-	403	-	41,881	933	62,502
Line Cutting	82,167	-	-	58	4,629	35,458	946	123,258
Trenching	30,374	-	-	-	-	-	-	30,374
Diamond Drilling	461,196	-	767,387	754	295,263	171,086	334,678	2,030,364
Miscellaneous	6,934	268,668	-	4,527	6,130	-	64,054	350,313
Writedowns/Recoveries/Disposals (h)	-	-	(1,335,184)	-	-	(321,130)	(848,677)	(2,504,991)
<i>Subtotal</i>	\$ 713,010	269,068	(540,412)	42,206	352,203	-	(340,741)	495,334
June 30, 2012 - Exploration and Evaluation Expenditures	\$ 1,939,538	1,232,797	-	708,157	352,848	-	1,228,596	5,461,936
June 30, 2012 - Total	\$ 2,219,681	1,433,027	-	795,090	366,417	-	1,995,268	6,809,483

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

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

(b) Long Range Property

The Long Range property is located in central Newfoundland and is the result of a 40%/40%/20% joint venture agreement initially formed between the Company, Buchans Minerals Corporation (“Buchans”) and Golden Dory Resources Corp. (“Golden Dory”) and is comprised of claims totaling 222 km². The joint venture was subsequently revised to a 50%/50% joint venture between the Company and Buchans upon Golden Dory withdrawing from the agreement and the remaining two parties assuming an equal interest. Buchans is currently operating the project.

(c) Rim Property

During the 2008 fiscal year, the Company acquired, through staking, 1,823 claims in Northern Labrador. The property is located nearly 100km south of Voisey’s Bay and adjacent to the Pants Lake Intrusion. The Company has no further plans to explore the Rim property and during the 2012 year wrote off all capitalized acquisition and exploration costs associated with the property. During the 2012 fiscal year, the Company received a grant from the Newfoundland and Labrador government in the amount of \$150,000 thereby reducing the deferred expenditures.

(d) Shebandowan Property

The Shebandowan property is located approximately 90 kms west of Thunder Bay, Ontario. The Company acquired by staking a 100% interest in 17 staked claims totaling 209 units. The Company also entered in an agreement with Trillium North Minerals Ltd. (“Trillium North”) that grants 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.

(e) Abernethy Property

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

(f) Sewell Property

The Sewell property is located in the Sewell Township in the west Timmins mining area. The Company entered into an agreement with four prospectors to acquire a 100% interest in the property by paying \$200,000 cash (\$20,000 paid) and issuing 200,000 (20,000 shares issued) shares of the Company over a four year period. The property is also subject to a 2% Net Smelter Return with the Company retaining the option to buy back 1%. During the current period ended September 30, 2012, the Company terminated the option agreement on the project and it was returned to the optionors. The Company has no further commitments on the project. During the 2012 fiscal year, capitalized exploration and evaluation expenditures totaling \$354,630 were written off.

(g) Other Property

Other property consists of several early stage projects and projects that the Company is not actively exploring at the year ended September 30, 2012. 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 60 km north of Voisey's Bay, Labrador and consists of 488 claim units.

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

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 Cominco each holding a 50% interest in the combined properties. The Company then agreed to fund the initial \$600,000 in exploration work to be carried out by Teck, which Teck then has the option to increase its interest in the property to 60% by incurring an additional \$4 million in expenditures over the initial three years with an additional right to increase its interest to 70% by incurring an additional \$7 million in expenditures (for a total of \$11 million) over a further three years.

During the 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 has assumed operatorship and will dilute Teck's interest accordingly should any further work be planned on the project.

(ii) Bark Lake Property

The Bark Lake property consists of 19 claims totaling 3,884 hectares in the Boot Bay Area, Northwestern Ontario and is owned 100% by the Company. During the 2011 fiscal year, the Company entered into an agreement granting Platinum Group Metals Ltd. ("PTM") the exclusive right to earn up to a 75% interest in the project. Under the terms of the agreement, PTM must pay \$145,000 cash to the Company (\$35,000 received), issue 215,000 shares of PTM to the Company and expend \$1,625,000 on the property over a seven year period. PTM has the option to earn the final 5% (75% total) by completing a pre-feasibility study.

During the year ended June 30, 2012, the Company received notice from PTM that they were terminating the agreement and as a result, the property reverted back to the Company. As a result of no further work planned on the project, the Company wrote off \$577,718 in capitalized expenditures associated with the property during the 2012 fiscal year included in other property.

(iii) Forester Lake

The Forester Lake property was acquired by staking and is owned 100% by the Company and consists of 21 claims totaling 272 units and is located approximately 100 kms 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 period ended September 30, 2012 in exchange for an additional 4 million common shares of Parkside (taking the Company's share position to 5 million shares).

(iv) Onion Lake Property

The Onion Lake property was acquired by staking and consists of 105 claims totaling 1,198 units and is located 30 kms 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.

(v) Turtle Pond Property

The Turtle Pond project is composed of 5 mining claims totaling 58 units and is located approximately 24 kms southwest of Dryden, Ontario. The project was acquired under option agreement dated October 20, 2011 with prospectors Alexander Glatz and Ivar Riives (the “Vendors”). The agreement allows the Company the option to earn a 100% interest in the project by making cash payments totaling \$200,000 over a four year period (\$20,000 paid) and conducting a minimum of \$40,000 in exploration expenditures in each of the four years. The Vendors will retain a 2% NSR with the Company having the sole option to buy back 1% of the NSR for \$1 million. Subsequent to September 30, 2012, the Company reached an agreement with the Vendors to amend the option agreement and delay the first anniversary payment of \$30,000 for one year (thereby extending the subsequent anniversary payments by one year each as well) by paying \$15,000 (paid). All other terms of the option agreement remain the same.

(vi) Elizabeth Anne Property

The Elizabeth Anne property is located in San Bernardino County, California, USA. The Company acquired the property under option 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 in cash over a period of thirteen (13) years (\$40,000 paid) and can be accelerated at the Company’s sole election. In addition, and subject to the required permits, the Company will drill, within nine months of the option agreement date, 2 HQ core drill holes to a depth of 1,200 feet in locations and orientation on the property to be determined by the Company (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.

(vii) Cornerstone Option – Windowglass Hill and 51 Zone Deposits

During the period ended September 30, 2012, the Company signed a binding letter of intent with Cornerstone Capital Resources Inc. (“Cornerstone”) to acquire up to a 75% interest in Cornerstone’s Windowglass Hill and 51 Zone deposits (collectively the “Property”), located approximately 25km northeast of the town of Port aux Basques in southwestern Newfoundland. The Property consists of a single 183-claim mineral license which covers an area of 4,575 ha. To earn the initial 70%, the Company must make cash payments totaling \$125,000 (\$20,000 paid on signing) and 155,000 common shares of the Company (25,000 shares paid on signing) as well as work commitments totaling \$2 million, all over a period of four years. The Company can earn an additional 5% (taking their interest 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%.

(h) Writedowns/Recoveries/Disposals

Reductions to the carrying costs of associated properties pertaining to writedowns or as a result of cost recoveries or earn-ins, or due to dispositions during the period ended September 30, 2012 and the year ended June 30, 2012 were as follows:

	<u>Three months ended September 30, 2012</u>	<u>Year ended June 30, 2012</u>
	\$	\$
<i><u>Writedowns:</u></i>		
Sewell Property	-	354,630
Genex Property	-	52,299
Rim Property	-	1,206,060
Other Property	394	983,078
Armit Lake Property		1,850
<i>Subtotal</i>	<u>394</u>	<u>2,597,917</u>
<i><u>Recoveries:</u></i>		
Rim Property	-	150,000
<i>Subtotal</i>	<u>-</u>	<u>150,000</u>
Total	<u>394</u>	<u>2,747,917</u>

9. CAPITAL STOCK:**(a) Share Capital**

Authorized:
Unlimited common shares

Issued:
76,298,531 common shares

(b) Stock Options

Details of stock option transactions for the three months ended September 30, 2012 and the year ended June 30, 2012 are as follows:

	<u># of Options</u>	<u>Weighted Average Exercise Price</u>
Balance, June 30, 2011/June 30, 2012	-	Nil
Granted during the period	8,250,000	\$0.15
Balance, September 30, 2012	<u>8,250,000</u>	<u>\$0.15</u>

As at September 30, 2012 the following stock options were outstanding:

<u>Expiry Date</u>	<u>Exercise Price</u>	<u>September 30, 2012</u>	
		<u># of Options</u>	<u>Options exercisable</u>
August 15, 2017	\$0.15	8,050,000	2,012,500
September 5, 2017	\$0.15	200,000	50,000
		<u>8,250,000</u>	<u>2,062,500</u>

(c) Stock Option Plan

The Company has a Stock Option Plan (the "Plan") for directors, officers, employees and consultants. The Plan authorizes the granting of options to purchase up to a maximum of 15,524,706 common shares of which 8,250,000 are outstanding at September 30, 2012. The Plan provides that:

- i) any options granted pursuant to the Plan shall expire no later than five years after the date of grant;
- ii) any options granted pursuant to the Plan shall be non-assignable and non-transferable;
- iii) the number of common shares issuable pursuant to the Plan to any one person in any 12 month period shall not exceed 5% of the outstanding common shares;
- iv) the number of common shares issuable pursuant to the Plan to any one consultant in any 12 month period may not exceed 2% of the outstanding common shares;
- v) the number of common shares issuable pursuant to the Plan to persons employed in investor relation activities may not exceed 2% of the outstanding common shares in any 12 month period.
- vi) the Plan provides that options shall expire and terminate 30 days following the date the optionee ceases to be an employee, director or officer of, or consultant to, the Company, provided that if such termination is as a result of death of the optionee, the optionee's personal representative shall have one year to exercise such options.
- vii) The number of common shares: (1) reserved for issuance to insiders of the Company may not exceed 20% of the issued and outstanding common shares; and (2) which may be issued to insiders within a one year period may not exceed 20% of the issued and outstanding common shares.
- viii) the Plan provides that options granted under the plan shall vest in the optionee, and may be exercisable by the optionee as follows: (1) 25% on the date of granting; (2) 25% six months from the date of granting; (3) 25% twelve months from the date of granting; and (4) 25% eighteen months from the date of granting.

10. RELATED PARTY TRANSACTIONS:

The Company paid or accrued the following amounts to related parties during the period ended September 30, 2012 and 2011:

Payee	Description of Relationship	Nature of Transaction	September 30, 2012 Amount (\$)	September 30, 2011 Amount (\$)
Stares Contracting Corp.	Company controlled by Stephen Stares, Director and Michael Stares, Director	Payments for office rental costs included in general and administrative expenses and expense reimbursements included in exploration and evaluation expenditures	18,812	15,764
Gordon J. Fretwell Law Corporation	Company controlled by Gordon Fretwell, Director and Officer	Legal fees and disbursements charged/accrued during the period	-	18,200
Stares Prospecting	Company controlled by Alexander Stares, Brother of Stephen and Michael Stares	Prospecting services	-	12,360

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

During the period ended September 30, 2012, the Company paid director fees to one of its directors totaling \$2,500 for services rendered on the Company's Audit Committee. The director is to receive \$2,500 per quarter.

Included in accounts payable and accrued liabilities is \$13,988 (2011 - \$3,891) to Stares Contracting Corp. and \$nil (2011 - \$18,200) to Gordon J. Fretwell Law Corporation. The repayment terms are similar to the repayment terms of non-related party trade payables.

Key management personnel remuneration during the period included \$133,607 (2011 - \$119,384) in salaries and benefits and \$152,579 (2011 - \$nil) in share-based payments. There were no post-retirement or other long-term benefits paid to key management personnel during the year.

11. NET EARNINGS (LOSS) PER SHARE:

Basic net earnings (loss) per share figures was calculated using the weighted average number of common shares for the respective periods. The diluted net earnings per share was calculated using the weighted average number of common shares outstanding for the respective periods after giving effect to dilutive stock options and warrants.

	Three Mos. Ended September 30, 2012	Three Mos. Ended September 30, 2011
Weighted average number of shares: Basic and diluted	76,274,890	76,273,531

12. SHARE-BASED PAYMENTS:

The Company applies the fair value method of accounting for share-based payments to directors, officers, employees and non-employees and accordingly \$203,090 is recorded as share-based payments and under reserves as equity settled benefits for the 3,018,299 options vesting to directors, officers, and employees during the period. The fair value of the options vesting below during the period ended September 30, 2012 was estimated on the grant date using the Black-Scholes option pricing model with the following assumptions:

Grant Date	# of Options Vested	Exercise Price	Expiry Date	Fair Value of Option	Dividend Yield	Volatility	Risk-free Interest Rate	Expected Life
August 15, 2012	2,955,218	\$0.15	August 15, 2017	\$0.067	0%	104%	1.47%	5 yrs
September 5, 2012	63,081	\$0.15	September 5, 2017	\$0.079	0%	106%	1.26%	2 yrs
	<u>3,018,299</u>							

13. SUPPLEMENTAL CASH FLOW INFORMATION:

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

	September 30, 2012	September 30, 2011
<i>Non-cash financing activities</i>		
Common shares issued for mineral property option	\$2,750	\$ -
<i>Non-cash investing activities</i>		
Mineral property financed through common share issuance	\$(2,750)	\$ -

14. REFUNDABLE SECURITY DEPOSITS:

Refundable security deposits of \$143,554 (June 30, 2012 - \$139,354) represents security deposits paid to the Government of Newfoundland and Labrador in connection with mineral property claims located in the Province of Newfoundland. These refundable security deposits are refundable to the Company upon submission by the Company of a report covering the first year work requirements, which meets the requirements of the Government of Newfoundland and Labrador.

15. COMMITMENTS:

The company has commitments as described in note 8 related to mineral properties and deferred development expenditures. The Company leases certain office equipment for \$488 per month until August 2015.

16. GEOGRAPHIC SEGMENTED INFORMATION

Details are as follows:

	Canada \$	United States \$	Total \$
September 30, 2012			
Income and comprehensive income for the year	756,054	-	756,054
Non-current assets	14,697,006	1,041,474	15,738,480
Total assets	20,206,367	1,041,474	21,247,841
Total liabilities	86,035	22,375	108,410
September 30, 2011			
Loss and comprehensive Loss for the year	(4,019,923)	-	(4,019,923)
Non-current assets	16,922,365	-	16,922,365
Total assets	17,130,487	-	17,130,487
Total liabilities	-	-	-

17. SUBSEQUENT EVENT

Subsequent to September 30, 2012, 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.