# NOTICE TO SHAREHOLDERS

BENTON
RESOURCES INC.

(A Development Stage Enterprise)

# Condensed Interim Financial Statements
# For the three months ended September 30, 2022

(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, 2022.

**BENTON RESOURCES INC.**
(A Development Stage Enterprise)

September 30, 2022

**BENTON RESOURCES INC.**
(A Development Stage Enterprise)

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

| As at | **September 30, 2022 $** | June 30, 2022 $ |
|---|---|---|
| **ASSETS** | | |
| Current | | |
| Cash | **177,886** | 885,830 |
| Cash - restricted (note 5) | **1,693,570** | 2,873,195 |
| Temporary investments (note 4) | **1,154,299** | 1,150,105 |
| Accounts and other receivables (note 8(a)) | **1,201,797** | 667,825 |
| Prepaid expenses | **12,398** | 19,705 |
| Refundable deposits (note 15) | **144,130** | 156,400 |
| | **4,384,080** | 5,753,060 |
| Long-term investments (note 6) | **4,137,076** | 4,344,666 |
| Property and equipment, net (note 7) | **246,123** | 264,785 |
| Exploration and evaluation assets (note 8) | **5,170,254** | 3,945,613 |
| | **13,937,533** | 14,308,124 |
| **LIABILITIES AND SHAREHOLDERS' EQUITY** | | |
| **Liabilities** | | |
| Current | | |
| Accounts payable and accrued liabilities (note 11) | **427,650** | 514,582 |
| Current portion of lease liability (note 10) | **44,308** | 43,185 |
| Deferred premium on flow-through shares (note 9(e)) | **328,337** | 475,790 |
| | **800,295** | 1,033,557 |
| Lease liability (note 10) | **116,687** | 128,164 |
| | **916,982** | 1,161,721 |
| **Shareholders' Equity** | | |
| **Capital Stock (note 9)** | | |
| Share capital | **33,163,866** | 33,137,030 |
| Reserves | **5,678,814** | 5,638,219 |
| Deficit | **(25,822,129)** | (25,628,846) |
| | **13,020,551** | 13,146,403 |
| | **13,937,533** | 14,308,124 |

See Nature of Operations and Going Concern – Note 1
Commitments and Contingencies – Notes 8 and 16
Subsequent Event – Notes 17

*These financial statements are authorized for issue by the Board of Directors on November 4, 2022. They are signed on the Corporation's behalf by:*

"Stephen Stares" President, Chief Executive Officer and Director
"Thomas Sarvas" Director

**BENTON RESOURCES INC.**
(A Development Stage Enterprise)

## CONDENSED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
**(Prepared by Management – Unaudited)**

| | Three Months Ended Sept. 30, 2022 $ | Three Months Ended Sept. 30, 2021 $ |
|---|---|---|
| **EXPENSES** | | |
| Advertising and promotion | 31,583 | 53,904 |
| Share-based payments (note 13) | 40,595 | 175,099 |
| General and administrative | 127,397 | 116,016 |
| Professional fees | 15,829 | 21,760 |
| Consulting fees | 2,738 | - |
| Part XII.6 tax | 11,266 | - |
| Stock exchange and filing fees | 3,053 | 5,751 |
| Depreciation and amortization expense | 18,661 | 16,169 |
| Pre-acquisition exploration and evaluation | 4,630 | - |
| Foreign currency translation adjustment | - | (9,762) |
| | (255,752) | (378,937) |
| Other income (expense): | | |
| Interest and investment income | 10,457 | 4,511 |
| Other income | 20,992 | 3,000 |
| Adjustment to fair value for fair value through profit and loss investments | (278,075) | (4,124,753) |
| Gain on sale or option of exploration and evaluation assets | 161,642 | 387,008 |
| Gain on sale of long-term investments | - | 6,050 |
| | (84,984) | (3,724,184) |
| **Loss before deferred tax recovery** | (340,736) | (4,103,121) |
| Deferred tax recovery – flow-through (note 9(e)) | 147,453 | 57,742 |
| **Loss and comprehensive loss for the period** | (193,283) | (4,045,379) |
| **Income (loss) and comprehensive income (loss) per common share – basic and diluted (note 12)** | $(0.00) | $(0.03) |
| **Weighted average shares outstanding – basic and diluted** | 139,745,289 | 115,659,166 |

See accompanying notes to the condensed interim 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, 2022 and 2021

| | Share Capital | | Reserves | | | |
|---|---|---|---|---|---|---|
| | Number | Amount $ | Warrants $ | Equity-Settled Benefits $ | Deficit $ | Total $ |
| **Balance at June 30, 2021** | **115,630,905** | **30,731,887** | **1,306,722** | **2,355,370** | **(19,489,859)** | **14,904,120** |
| Loss and comprehensive loss for the period | - | | | | (4,045,379) | |
| Issued in connection with property option agreements | 50,000 | 9,250 | - | - | - | 9,250 |
| Share-based payments | - | - | - | 175,099 | - | 175,099 |
| **Balance at September 30, 2021** | **115,680,905** | **30,741,137** | **1,306,722** | **2,530,469** | **(23,535,238)** | **15,088,469** |
| **Balance at June 30, 2022** | **139,519,201** | **33,137,030** | **2,739,069** | **2,899,150** | **(25,628,846)** | **13,146,403** |
| Loss and comprehensive loss for the period | - | - | - | - | (193,283) | (193,283) |
| Issued in connection with property option agreements | 271,134 | 26,836 | - | - | - | 26,836 |
| Share-based payments | - | - | - | 40,595 | - | 40,595 |
| **Balance at September 30, 2022** | **139,790,335** | **33,163,866** | **2,739,069** | **2,939,745** | **(25,822,129)** | **13,020,551** |

See accompanying notes to the condensed interim financial statements

## BENTON RESOURCES INC.

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

| | Three Months Ended Sept. 30, 2022 $ | Three Months Ended Sept. 30, 2021 $ |
|---|---|---|
| **CASH FLOWS FROM (USED IN):** | | |
| **OPERATING ACTIVITIES** | | |
| Loss and comprehensive loss for the period | (193,283) | (4,045,379) |
| Items not requiring an outlay of cash: | | |
| Deferred tax recovery – flow-through | (147,453) | (57,742) |
| Adjustment to fair value for fair value through profit and loss investments | 278,075 | 4,124,753 |
| Gain on sale or option of exploration and evaluation assets | (161,642) | (387,008) |
| Gain on sale of long-term investments | - | (6,050) |
| Depreciation and amortization expense | 18,661 | 16,169 |
| Share-based payments | 40,595 | 175,099 |
| Imputed interest on lease liability | 4,409 | 5,478 |
| Net change in non-cash working capital balances related to operating activities (note 14) | (601,327) | (117,302) |
| Cash flows used in operating activities | (761,965) | (291,982) |
| **FINANCING ACTIVITIES** | | |
| Payments on lease liability | (14,763) | (16,269) |
| Cash flows used in financing activities | (14,763) | (16,269) |
| **INVESTING ACTIVITIES** | | |
| Exploration and evaluation expenditures | (2,106,226) | (739,815) |
| Expenditure recoveries on exploration and evaluation assets | 899,579 | 274,943 |
| Proceeds on sale or option of exploration and evaluation assets | 100,000 | 50,000 |
| Net proceeds on sale of long-term investments | - | 36,300 |
| Unrealized change in fair market value of temporary investments included in cash | - | (989) |
| Cash flows used in investing activities | (1,106,647) | (379,561) |
| Increase (decrease) in cash and temporary investments | (1,883,375) | (687,812) |
| Cash and cash equivalents - beginning of period | 4,909,130 | 3,337,010 |
| Cash and cash equivalents - end of period | 3,025,755 | 2,649,198 |
| Cash and cash equivalents consist of the following: | | |
| Cash | 177,886 | - |
| Cash - restricted | 1,693,570 | 1,484,139 |
| Temporary investments | 1,154,299 | 911,655 |
| Temporary investments – restricted | - | 253,404 |
| | 3,025,755 | 2,649,198 |

Supplemental cash flow information (note 14)

See accompanying notes to the condensed interim financial statements

**BENTON RESOURCES INC.**
(A Development Stage Enterprise)

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**

September 30, 2022

## 1. NATURE OF OPERATIONS AND GOING CONCERN:

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

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

The accompanying financial statements have been prepared on the basis that the Company will continue as a going concern, which assumes the realization of assets and the settlement of liabilities in the normal course of business. The appropriateness of the going concern assumption is dependent upon the Company's ability to generate future profitable operations and/or generate continued financial support in the form of equity financings. These financial statements do not reflect any adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classification that would be necessary if the going concern assumption were not appropriate and such adjustments could be material.

| | September 30, 2022 | June 30, 2022 |
|---|---|---|
| Working capital | $3,583,785 | $4,719,503 |
| Deficit | $(25,822,129) | $(25,628,846) |

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

These condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the IASB ("International Accounting Standards Board") applicable to the preparation of interim financial statements, including International Accounting Standard ("IAS") 34- Interim Financial Reporting. The accounting policies followed in these condensed interim financial statements are the same as those applied in the audited annual financial statements of the Company for the year ended June 30, 2022 ("Fiscal 2022").

The policies applied in these interim condensed financial statements are based on IFRS issued and outstanding as of November 4, 2022 (the "Report Date"), the date the Audit Committee approved the statements. Any subsequent changes to IFRS after this date could result in changes to the financial statements for the year ended June 30, 2023.

The condensed interim financial statements do not contain all disclosures required under IFRS and should be read in conjunction with the audited annual financial statements and the notes thereto for Benton Resources Inc. for the year ended June 30, 2022.

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

## 3. NEW AND FUTURE ACCOUNTING PRONOUNCEMENTS:

Amendment to IAS 1, Presentation of Financial Statements - Classification of Liabilities as Current or Non-Current- In January 2020, the IASB issued amendments to paragraphs 69-76 of IAS 1 to clarify the requirements for classifying liabilities as current or non-current. The amendments specify that the conditions which exist at the end of a reporting period are those which will be used to determine if a right to defer settlement of a liability exists. The amendments also clarify the situations that are considered a settlement of a liability. The amendments are effective January 1, 2022, with early adoption permitted.

IFRS 10 – Consolidated Financial Statements (“IFRS 10”) and IAS 28 – Investments in Associates and Joint Ventures (“IAS 28”) were amended in September 2014 to address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business. The effective date of these amendments is yet to be determined; however early adoption is permitted.

The amendments are effective for annual periods beginning on or after January 1, 2023. The amendments must be applied retrospectively in accordance with IAS 8 Accounting Policies, *Changes in Accounting Estimates and Errors*. Earlier application is permitted. The Company is in the process of assessing the impact the amendments may have on future financial statements and plans to adopt the new standard retrospectively on the required effective date.

The amendments are not expected to have an impact on the Company’s consolidated financial statements.

## 4. TEMPORARY INVESTMENTS:

| | September 30, 2022 $ | June 30, 2022 $ |
|---|---|---|
| Money Market Mutual funds | 1,139,299 | 1,135,105 |
| GIC | 15,000 | 15,000 |
| | 1,154,299 | 1,150,105 |

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

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

The Company also holds a $15,000 redeemable GIC on deposit with the Royal Bank of Canada maturing on September 24, 2023 and paying interest to the Company at a rate of 0.10% per annum. The GIC is being held as collateral against the Company’s visa card balance.

## 5. RESTRICTION ON THE USE OF CASH AND TEMPORARY INVESTMENTS

During the year ended June 30, 2022, the Company issued common shares that were designated as being flow-through shares. One of the conditions of issuing flow-through shares is that the Company is required to retain the gross proceeds for the exclusive purpose of paying for qualified Canadian exploration expenditures associated with its exploration and evaluation assets.

| | September 30, 2022 | June 30, 2022 |
|---|---|---|
| Restricted cash and temporary investments, beginning of year | $ 2,873,195 | $ 2,197,542 |
| Gross proceeds received upon issuance of flow-through shares | - | 2,456,875 |
| Qualified exploration expenditures paid from these funds | (1,179,625) | (1,781,222) |
| Restricted cash and temporary investments, end of period | $ 1,693,570 | $ 2,873,195 |

Restricted cash and temporary investments consist of:

| | | |
|---|---|---|
| Cash | 1,693,570 | 2,197,542 |
| Temporary investments | - | - |
| Total | $ 1,693,570 | $ 2,197,542 |

## 6. LONG-TERM INVESTMENTS:

| | September 30, 2022 | | June 30, 2022 | |
|---|---|---|---|---|
| | Market<br>$ | Cost<br>$ | Market<br>$ | Cost<br>$ |
| **Canadian Equities** | | | | |
| Clean Air Metals Inc. (i) | 3,569,303 | 3,200,065 | 3,815,462 | 3,200,065 |
| Quadro Resources Ltd. (ii) | 98,500 | 419,329 | 118,200 | 419,329 |
| St. Anthony Gold Corp. (iii) | 69,002 | 367,255 | 43,126 | 367,255 |
| Sokoman Iron Corp. (iv) | 249,678 | 198,577 | 250,428 | 189,735 |
| Metallica Metals Corp. (v) | 111,786 | 587,500 | 75,215 | 525,858 |
| Other | 37,741 | 838,164 | 40,990 | 838,164 |
| *Subtotal* | 4,136,010 | 5,610,890 | 4,343,121 | 5,540,406 |
| **Australian Equities** | | | | |
| Other | 1,066 | 2,979 | 1,245 | 2,979 |
| **Total (CAD)** | 4,137,076 | 5,613,869 | 4,344,666 | 5,543,385 |

(i) The 24,615,884 common shares of Clean Air Metals Inc. (“Clean Air”) are listed on the TSX Venture Exchange under the symbol “AIR” and are valued at the September 30, 2022 closing price of $0.145 per share (June 30, 2022 - $0.155). The Clean Air shares were received pursuant to the completion on May 14, 2020 of the option to acquire the Company's option to acquire a 100% right, title and interest in and to the Escape Lake property. See note (8(e)).

(ii) The 3.94 million common shares of Quadro Resources Ltd. (“Quadro”) are listed on the TSX Venture Exchange under the symbol “QRO” and are valued at the September 30, 2022 closing price of $0.025 per share (June 30, 2022 - $0.03). The Quadro shares were received pursuant to the Company’s disposition of its 50% interest in the Staghorn gold project in Newfoundland.

(iii) The 1,725,041 common shares (after 4 for 1 share consolidation that was completed during the 2022 fiscal year) of St. Anthony Gold Corp. (“St. Anthony”) (formerly Maxtech Ventures Inc.) are listed on the Canadian Securities Exchange under the symbol “STAG” and are valued at the September 30, 2022 closing price of $0.04 per share (June 30, 2022 - $0.025). The St. Anthony shares were received pursuant to the option agreement signed between St. Anthony and the Company during the 2020 fiscal period (see note 8(d)).

(iv) The 1,085,556 million shares of Sokoman Iron Corp. (“Sokoman”) are listed on the TSX Venture Exchange under the symbol “SIC” and are valued at the September 30, 2022 closing price of $0.23 per share (June 30, 2022 - $0.24). The Sokoman shares were received pursuant to the option agreement signed between Sokoman and the Company during the 2017 fiscal period (see note 8(f)(v)). In addition, the Company received 42,107 shares during the period ended September 30, 2022 and 43,449 shares of Sokoman during the 2022 fiscal year and pursuant to a 50% reimbursement of share payments made by Benton to underlying optionors on certain projects that fall within the Newfoundland joint venture property strategic alliance more fully described in note 8(a).

(v) The 5,589,297 million shares of Metallica Metals Corp. (“Metallica”) are listed on the Canadian Securities Exchange under the symbol “MM” and are valued at the September 30, 2022 closing price of $0.02 per share (June 30, 2022 - $0.03). The initial 1.38 million Metallica shares were received pursuant to the option agreement signed between Metallica and the Company during June 30, 2021 year (see note 8(c)). During the year ended June 30, 2022, the Company received an additional anniversary payment of 1,248,177 shares of Metallica and received 3,082,120 during the period ended September 30, 2022 for final payments related to Metallica acquiring its 100% interest pursuant to the option agreement. During the year ended June 30, 2022, the Company disposed of 121,000 shares of Metallica for gross proceeds of $36,300 and recorded a gain on disposition of $6,050.

## 7. PROPERTY AND EQUIPMENT:

| | September 30, 2022 | | | June 30, 2022 | | |
|---|---|---|---|---|---|---|
| | Cost | Accumulated Amortization | Net | Cost | Accumulated Amortization | Net |
| Computer Equipment | $ 76,140 | $ 71,956 | $ 4,184 | $ 76,140 | $ 71,292 | $ 4,848 |
| Furniture and Equipment | 149,991 | 116,321 | 33,670 | 149,991 | 114,548 | 35,443 |
| Computer Software | 115,971 | 115,971 | - | 115,971 | 115,971 | - |
| Exploration Camps | 265,117 | 227,305 | 37,812 | 265,117 | 224,239 | 40,878 |
| Automotive | 26,223 | 5,605 | 20,618 | 26,223 | 3,933 | 22,290 |
| Leaseholds | 36,640 | 36,640 | - | 36,640 | 36,640 | - |
| Right-of-Use Assets (i) | 302,519 | 152,680 | 149,839 | 302,519 | 141,193 | 161,326 |
| Total | $ 972,601 | $ 726,478 | $ 246,123 | $ 972,601 | $ 707,816 | $ 264,785 |

(i) The Company's Right-of-Use leased assets include its office premises and field vehicles. Depreciation expense on these leased assets for the periods ending September 30, 2022 and 2021, which is included in depreciation expense in profit and loss, is as follows:

| | September 30, 2022 $ | September 30, 2021 $ |
|---|---|---|
| Depreciation expense – right-of-use assets | 11,487 | 13,214 |

## 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, 2022 and year ended June 30, 2022 are summarized in the tables below:

**For the three months ended September 30, 2022**

| | | Newfoundland JV Properties (a) | Far Lake (b) | Other (f) | Total |
|---|---|---|---|---|---|
| **June 30, 2022 - Acquisition Costs** | $ | 150,180 | 170,080 | 78,036 | 398,296 |
| Additions | | 10,682 | 44,000 | 600 | 55,282 |
| Writedowns/Recoveries/Disposals | | (10,266) | - | - | (10,266) |
| *Subtotal* | $ | 416 | 44,000 | 600 | 45,016 |
| **Sept. 30, 2022 - Acquisition Costs** | $ | **150,596** | **214,080** | **78,636** | **443,312** |
| **June 30, 2022 - Exploration and Evaluation Expenditures** | $ | 1,509,772 | 1,725,102 | 312,443 | 3,547,317 |
| Assaying | | 120,436 | - | 136 | 120,572 |
| Prospecting | | 102,560 | - | 9,325 | 111,885 |
| Geological | | 62,283 | - | 12,407 | 74,690 |
| Geophysical | | 15,354 | - | 110,496 | 125,850 |
| Soil Sampling | | - | - | - | - |
| Trenching | | 35,854 | - | - | 35,854 |
| Diamond Drilling | | 1,608,084 | - | - | 1,608,084 |
| Aboriginal Consultation | | - | - | - | - |
| Writedowns/Recoveries/Disposals | | (898,156) | - | - | (898,156) |
| *Subtotal* | $ | 1,047,261 | - | 132,364 | 1,179,625 |
| **Sept. 30, 2022 - Exploration and Evaluation Expenditures** | $ | **2,557,033** | **1,725,102** | **444,807** | **4,726,942** |
| **Sept. 30, 2022 - Total** | $ | **2,707,629** | **1,939,182** | **523,443** | **5,170,254** |

**For the year ended June 30, 2022**

| | | Newfoundland JV Properties (a) | Far Lake (b) | Other (f) | Total |
|---|---|---|---|---|---|
| **June 30, 2021 - Acquisition Costs** | $ | 80,955 | 169,550 | 34,406 | 284,911 |
| Additions | | 110,480 | 530 | 44,160 | 155,170 |
| Writedowns/Recoveries/Disposals | | (41,255) | - | (530) | (41,785) |
| *Subtotal* | $ | 69,225 | 530 | 43,630 | 113,385 |
| **June 30, 2022 - Acquisition Costs** | $ | **150,180** | **170,080** | **78,036** | **398,296** |
| **June 30, 2021 - Exploration and Evaluation Expenditures** | $ | 65,930 | 1,599,404 | 100,519 | 1,765,853 |
| Assaying | | 136,176 | 50,267 | 4,294 | 190,737 |
| Prospecting | | 229,986 | 3,300 | 47,729 | 281,015 |
| Geological | | 131,073 | 39,361 | 25,115 | 195,549 |
| Geophysical | | 473,689 | 20,960 | 76,512 | 571,161 |
| Soil Sampling | | 45,911 | 8,330 | - | 54,241 |
| Trenching | | 5,696 | 530 | - | 6,226 |
| Diamond Drilling | | 1,692,871 | 2,950 | 57,744 | 1,753,565 |
| Aboriginal Consultation | | - | - | 530 | 530 |
| Writedowns/Recoveries/Disposals | | (1,275,120) | - | - | (1,275,120) |
| *Subtotal* | $ | 1,443,842 | 125,698 | 211,924 | 1,781,464 |
| **June 30, 2022 - Exploration and Evaluation Expenditures** | $ | **1,509,772** | **1,725,102** | **312,443** | **3,547,317** |
| **June 30, 2022 - Total** | $ | **1,659,952** | **1,895,182** | **390,479** | **3,945,613** |

## a) **Newfoundland Joint Venture Properties – Sokoman Minerals Corp.**

During the year ended June 30, 2021, the Company and Sokoman Minerals Corp. ("Sokoman") formed a formal strategic alliance (together "the Companies") to conduct gold exploration in Newfoundland. The acquisition (cash and share payments) and exploration and evaluation expenditures will be shared equally between the Companies and dictated by a Joint Venture Agreement. Benton will assume operatorship of the joint venture. At September 30, 2022, the Company accrued a receivable from Sokoman in the amount $1,036,855 including HST for Sokoman's portion of cash expenditures made by Benton on behalf of the strategic alliance during the three month period ended September 30, 2022. In addition, the Company accrued an accounts payable in the amount of $171,470 including HST for the Company's share of expenditures incurred by Sokoman during the three month period ended September 30, 2022. The pre-tax amounts were reflected exploration and evaluation expenditures at September 30, 2022 and both were settled in the subsequent period. To date, the strategic alliance has acquired four distinct land packages (Kepenkeck, Golden Hope, Grey River and Larry's Pond) more fully described below.

*Kepenkeck Gold Project*

During the year ended June 30, 2021, Benton acquired, on behalf of the Companies, the Kepenkeck Gold Project (the "Option") from Kevin and Alan Keats (the "Vendors"). The project, which consists of 595 claim units encompassing 15,625 ha, is located in Central Newfoundland. Terms of the Option, subject to TSX Venture Exchange ("Exchange") approval, are as follows:

- $10,000 (paid) and 200,000 Benton common shares (issued) on signing and Exchange approval;
- $20,000 (paid) and 200,000 Benton common shares (issued) on or before April 10, 2022;
- $20,000 and 200,000 Benton common shares on or before April 10, 2023; and
- $40,000 and 400,000 Benton common shares on or before April 10, 2024

The Vendors will retain a 2% NSR and Benton, at its election, will have the right to buy back 1% NSR for $1 million. In the current period, Benton received 33,386 shares of Sokoman (June 30, 2022 – 35,484 shares) as a 50% reimbursement for the above Benton share issuances on behalf of the Companies for the initial and first anniversary share payments.

*Golden Hope*

During the year ended June 30, 2022, the Companies jointly staked the Golden Hope JV gold project which consists of 3,726 claim units covering 93,150 ha in South Central Newfoundland.

*Grey River*

During the year ended June 30, 2021, the Companies jointly acquired via claim staking and letter agreements with underlying vendors, a land package known as the Grey River gold property located on the south coast of Newfoundland Grey River consists of 783 claim units covering 19,575 ha.

During the year ended June 30, 2022, Sokoman finalized the execution of two property option agreements related to the Grey River project, the Lewis Option and G2B Gold Option, on behalf of the Companies.

Pursuant to the Lewis Option, Sokoman has the option to acquire a 100% interest in a land package consisting of 7 claim units subject to a 1.5% NSR in favour of the Lewis Option vendors, of which 1% NSR may be purchased by Sokoman for $1 million at any time. Terms of the Lewis Option are as follows:

- Payment by Sokoman of $10,000 cash (paid);
- Issuance of 50,000 Sokoman common shares upon TSX Venture Exchange approval (issued);
- Payment of $10,000 and issuance of 50,000 Sokoman common shares on or before the first anniversary;
- Payment of $10,000 and issuance of 50,000 Sokoman common shares on or before the second anniversary;
- Payment of $10,000 and issuance of 50,000 Sokoman common shares on or before the third anniversary.

Pursuant to the G2B Gold Option, Sokoman has been granted the option to acquire a 100% interest in a land package consisting of 3 licenses comprised of 4 claim units subject to a 1.5% NSR in favour of the G2B Gold Option vendors, of which 1% NSR may be purchased by Sokoman for $1 million at any time. Terms of the G2B Gold Option are as follows:

- Payment by Sokoman of $10,000 cash (paid);
- Issuance of 50,000 Sokoman common shares upon TSX Venture Exchange approval (issued);
- Payment of $10,000 and issuance of 50,000 Sokoman common shares on or before the first anniversary;
- Payment of $10,000 and issuance of 50,000 Sokoman common shares on or before the second anniversary.

Sokoman terminated the G2G Gold option during the period ended September 30, 2022.

In the current period ended September 30, 2022, Benton issued 71,234 common shares to Sokoman for a 50% reimbursement of the above share issuances made with respect to the Lewis Option by Sokoman on behalf of the Companies.

*Larry's Pond*

During the year ended June 30, 2021, Benton entered into an option agreement (the "Larry's Pond Option") on behalf of the Companies to acquire the Larry's Pond project which lies along the western boundary of the Kepenkeck Gold project located in Central Newfoundland. The Larry's Pond project consists of two licenses comprised of 30 claim units.

Pursuant to the Larry's Pond project, Benton has been granted the option to acquire a 100% interest in the property by completing the following payments:

- Payment by Benton of $10,000 cash upon execution of the Larry's Pond Option agreement (paid);
- Issuance of 50,000 Benton common shares upon TSX Venture Exchange approval (issued);
- Payment of $10,000 (paid) and issuance of 50,000 Benton common shares (issued) on or before the first anniversary;
- Payment of $10,000 and issuance of 50,000 Benton common shares on or before the second anniversary;
- Payment of $10,000 and issuance of 50,000 Benton common shares on or before the third anniversary.

The Larry's Pond Option vendors will retain a 2% NSR, of which 1% NSR may be purchased by Benton for $1 million at any time. Benton received 8,421 shares of Sokoman (June 30, 2022 – 7,965 shares) as a 50% reimbursement for the above Benton share issuances on behalf of the Companies for the initial and first anniversary share payments.

## b) **Far Lake Property**

During the year ended June 30, 2020, the Company entered into a binding Letter of Intent ("LOI") with Thunder Gold Corp. ("Thunder Gold") (formerly White Metal Resources Corp.) whereby Benton can earn up to a 70% interest in Thunder Gold's Far Lake project (the "Property") located 80km west of Thunder Bay, Ontario. Pursuant to the LOI, the Company can acquire from Thunder Gold an initial 60% interest in the Property (the "Initial Option") followed by a second option to acquire an additional 10% interest (the "Second Option") in the Property.

During the period ended September 30, 2022, the Company amended its agreement (the "Amending Agreement") with Thunder Gold regarding the Far Lake project. Pursuant to the Amending Agreement, the Company may exercise the Initial Option, earning a 60% interest in the Property by paying $25,000 and issuing 200,000 shares to Thunder Gold (originally $30,000 and 400,000 shares) by July 15, 2022 (completed). The Second Option in the original agreement has been eliminated such that the Company is limited to earning a 60% interest the Property.

Having exercised the Initial Option, the Company will now spend the first $150,000 in exploration expenditures within 24 months, thereafter the Company and Thunder Gold will form a joint venture with terms consistent with usual industry practice for further development of the Property, with the Company having an initial 60% interest and Thunder Gold having an initial 40% interest in the joint venture. The agreement governing the joint venture will contain provisions which provide for dilution for non-participation in programs including a provision for participant's interest to be converted to a 2% Net Smelter Return (the "NSR") royalty if its interest is diluted to less than 10% interest, half of which can be purchased by the non-diluted party for $1 million at any time.

## c) **Saganaga Property**

The Saganaga Property consists of mining rights for a100% interest in 27 multi-cell mining claims in the Saganaga Lake area of Thunder Bay. Pursuant to an option agreement dated September 27, 2005, the Company acquired a 100% interest in the Saganaga Lake mining claims by paying the vendor a total of $100,000 in cash and issuing 100,000 shares over a four-year period. The vendor retains a 3% NSR of which the Company has the right to buy back up to 50% for $500,000 per 0.5% NSR.

The Q-9 portion of the property is located approximately 160km west of Thunder Bay, Ontario and adjoins the Saganaga property. The project was subject to an asset purchase, sale and royalty agreement dated May 8, 2006 between the Company and Stares Contracting Corp., a company controlled by Stephen Stares, Director and Officer and Michael Stares, Director of the Company, whereby the Company has a 100% interest subject to a 2% NSR in the project as a result of the Company having paid $75,000 and issued 200,000 common shares.

The Company has entered into an Option Agreement (the “Agreement”) with 2752300 Ontario Inc., a private company, whereby 2752300 Ontario Inc. can earn up to a 100% interest in the Saganaga Property (the “Project”). During the period year June 30, 2021, Cameo Industries Corp. (“Cameo”) closed an arm’s length acquisition of 2752300 Ontario Inc. In addition, during the year ended June 30, 2021, Cameo completed a corporate name change to Metallica Metals Corp. (“Metallica”) and assumed all obligations. During the period ended September 30, 2022, Metallica completed the remaining payments and expenditure commitments to earn a 100% interest in the project.

In the event that Metallica completes a NI 43-101 compliant resource calculation for the Project, Metallica will issue to the Company 1,000,000 common shares.

## d) **Panama Lake**

The 100%-owned Panama Lake gold project (“Panama”) is located in the Red Lake mining district, 55km northeast of the town of Ear Falls and is accessible by road. The project was acquired by staking and consists of 365 claim cells covering 7,446 hectares.

During the year ended June 30, 2020, the Company signed a binding letter of intent ("BLOI") with St. Anthony Gold Corp. ("STAG") (formerly Maxtech Ventures Inc.) in which STAG will have the option to earn a 100% interest in Panama.

Pursuant to the terms of the BLOI, STAG will have a 30-day due diligence period and, subject to regulatory approval (approved), will commit to the following: Issue 2,000,000 STAG common shares to the Company upon completion of due diligence review at an underlying price of $0.05 per share (completed and issued); Pay the Company $100,000 in cash or share equivalent on the first anniversary (issued 1,666,666 STAG shares), based upon a 10-day VWAP at the time of the payment and complete $200,000 in exploration expenditures on the property; Pay the Company $100,000 in cash or share equivalent on the second anniversary (issued 808,375 STAG shares post 4 for 1 share consolidation that was completed during the current year), based upon a 10-day VWAP at the time of the payment and complete an additional $250,000 in exploration expenditures on the property at which point a 50% ownership interest will vest to STAG; Pay the Company $100,000 in cash or share equivalent on the third anniversary, based upon a 10-day VWAP at the time of the payment and complete an additional $250,000 in exploration expenditures on the property at which point a 70% ownership interest will vest to STAG; and Pay the Company $300,000 in cash or share equivalent on the fourth anniversary, based upon a 10-day VWAP at the time of the payment and complete an additional $300,000 in exploration expenditures on the property at which point a 100% ownership interest will vest to STAG.

The Company will retain a 2% NSR on the Project with STAG having the option to buy back a 1% NSR for $1 million in cash. In addition, STAG will issue to the Company an additional 1 million STAG common shares upon completion of its initial resource estimate as defined in the BLOI.

During the year ended June 30, 2022, STAG sold its rights and title to Panama to Trillium Gold Mines Inc. (“Trillium”). Trillium will assume all rights and obligations under the original agreement with the Company. See Subsequent Event note 17.

## e) Escape Lake

During the year ended June 30, 2020, the Company signed a letter of intent with Clean Air Metals (“Clean Air”) (formerly Regency Gold Corp.), followed by a Definitive Option Agreement (the “Clean Option Agreement”) which set out a transaction pursuant to which Clean Air acquired from Benton an option to acquire the Company’s rights to acquire, under its pre-existing agreements with Rio Tinto Exploration Canada (“RTEC”) and Panoramic Resources Limited (“PAN”), a 100% right, title and interest in the Escape Lake property and the Thunder Bay North property (“TBN Project”) respectively.

During the year ended June 30, 2020, Clean Air exercised the Option by completing the following:

- Issued to Benton an aggregate of 24,615,884 Clean Air common shares;
- Fulfilled the remaining terms of the RTEC agreement that Benton has with RTEC on the Escape Lake Property;
- Entered into and fulfilled the terms of a formal binding purchase and sale agreement with PAN for the acquisition of PAN’s subsidiary, Panoramic PGMs Canada Ltd., including the payment to PAN of a deposit of $250,000 as a down payment to PAN; and
- Issuing to Benton a 0.5% Net Smelter Return royalty from production on the Escape Lake Property and a 0.5% Net Smelter Return royalty from production on any mineral claims comprising the TBN Project that a Net Smelter Return royalty has not previously been granted.

Upon completion of the Clean Option Agreement, Clean Air will assume, be bound by and perform the obligations of Benton under the RTEC and PAN agreements.

## f) Other Properties

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

*(i) 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 4 multi-cell claims totaling 1,461 hectares.

Due to no current plans to explore the property and unsuccessful efforts to secure a partner for the project thus far, the Company wrote off $391,894 in deferred exploration and evaluation expenditures during fiscal 2017. The Company remains committed to finding a partner to advance the project.

*(ii) Kingurutik Lake Property*

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

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

*(iii) Bark Lake*

During the year ended June 30, 2017, the Company executed an option agreement with Rio Tinto Exploration Canada Inc. (“RTEC”) (a wholly-owned subsidiary of Rio Tinto) on the Company’s 100%-owned Bark Lake copper, nickel and platinum group elements (“Cu-Ni-PGE”) project. Under the terms of the option, RTEC can earn a 70% interest by incurring $3 million in exploration expenditures and by paying Benton $50,000 cash over five years (the “First Option”) ($30,000 received). After the First Option period, RTEC may either form a joint venture with Benton on a 70/30 basis or, at its election, increase its interest to 80% (the “Second Option”) by spending an additional $5 million in exploration expenditures over the next 4 years and by paying Benton $100,000 cash within 30 days after electing to exercise the

Second Option. Upon exercising the Second Option, RTEC may elect to form a joint venture with Benton on an 80/20 basis.

During the year ended June 30, 2022, RTEC notified the Company that they were terminating the Bark Lake option agreement and have returned the project to the Company. The Company will seek a partner to continue to advance the project.

*(iv) Baril Lake*

During the year ended June 30, 2019, the Company entered into an option to purchase agreement with Rio Tinto Exploration Canada Inc. (“RTEC”) whereby RTEC has the right to earn a 100% interest in the Company’s Baril Lake claims located approximately 5km west of the Company’s Bark Lake project which is also under option to RTEC. Pursuant to the terms of the agreement, RTEC can earn 100% of the Baril project by paying the Company $200,000 ($75,000 received) over 4 years and should RTEC achieve commercial production at the project, it will pay the Company an additional $1,000,000. The Company also retains a 2% Net Smelter Return royalty (NSR), half of which (1% NSR) can be purchased by RTEC for $1,000,000.

*(v) Alder East*

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

- Paying Benton $1,500 cash (received) and issuing 1 million common shares (received) of Sokoman upon signing, acceptance and approval by the TSX Venture Exchange (accepted and approved);
- Issuing 500,000 common shares to Benton on the first anniversary of the option agreement (received);
- Issuing 500,000 common shares to Benton on second anniversary of the option agreement; (received)
- Benton will retain a 2% NSR on the Alder East project with Sokoman having the option to buy-back 1% NSR for $1 million;
- Sokoman agrees to keep the license in good standing throughout the option period and if the property is returned to Benton, it is to be returned in good standing with at least 6 months;
- Paying Benton $100,000 in cash, common shares or a combination of cash and shares upon completion of an NI 43-101 compliant Mineral Resource estimate;
- Paying Benton $200,000 in cash, common shares or a combination of cash and shares upon completion of a pre-feasibility study; and
- Paying Benton $300,000 in cash, common shares or a combination of cash and shares upon completion of a final/full/bankable feasibility study.

*(vi) Shebandowan*

During the year ended June 30, 2017, the company executed an option agreement with Thunder Gold on the Company’s Shebandowan project, which consists of 135 units in 12 claims in the Burchell Lake, Greenwater Lake and Kashabowie Lake areas in the Thunder Bay mining district. White Metal has the option to earn a 100% interest in the Shebandowan property under the following terms:

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

*(vii) Goodchild*

During the year ended June 30, 2019, the Company entered into an asset purchase/sale agreement with Canadian Orebodies Inc. ("Canadian Orebodies"), a company listed on the TSX Venture Exchange trading under the symbol "CORE", whereby the Company sold the southwest portion the Goodchild Lake mining property (the "Property"). The portion of the Property sold consists of 31 claim cells totaling approximately 500 hectares. As consideration for the purchase, Canadian Orebodies issued Benton 100,000 common shares in the capital stock of Canadian Orebodies and granted Benton a 1.5% NSR. Canadian Orebodies has the option to purchase 50% of the NSR at any time for the sum of $750,000. The purchase agreement was approved by the TSX Venture Exchange and the 100,000 shares were received during the year ended June 30, 2019.

The Company retained the remaining portion of the project through re-staking 22 single-cell mining claims, totalling 467 hectares, to cover the majority of the important mineral occurrences on the property.

*(viii) Iron Duke*

The Company acquired a 100% interest through staking in 2016 in the Iron Duke gold project located 20km east of the past-producing Mattabi/Sturgeon Lake base metal deposits and 30km south of the past-producing St. Anthony gold mine. The project is comprised of 47 units in 3 claims.

*(ix) Km 67 Project*

During the year ended June 30, 2022, the Company optioned the KM 67 Volcanic Massive Sulphide base metal and gold project (the "Project") located in central Newfoundland from Kevin Keats, Alan Keats, and David MacDonald (the "Optionors").

In order to earn a 100% interest in the Project, the Company must complete the following obligations:

- $10,000 and 200,000 common shares on signing the option agreement and Exchange approval (received and completed);
- $20,000 and 200,000 common shares on or before November 28, 2022;
- $20,000 and 200,000 common shares on or before November 28, 2023; and
- $40,000 and 400,000 common shares on or before November 28, 2024.

The Optionors will retain a 2% Net Smelter Return royalty (NSR) whereby Benton, at its election, will have the right to buy back 1% NSR for $1 million.

## g) **Write-downs/Recoveries/Disposals**

Reductions to the carrying costs of mineral properties result from amounts recorded for write-downs and for cost recoveries or earn-ins or dispositions during the period ended September 30, 2022 and year ended June 30, 2022 were as follows:

| | September 30, 2022 $ | June 30, 2022 $ |
|---|---|---|
| *Write-downs:* | | |
| Other Properties | - | 530 |
| *Total* | - | 530 |
| *Recoveries/Dispositions:* | | |
| Newfoundland JV Properties | 908,422 | 1,316,375 |
| *Total* | 908,422 | 1,316,375 |

# 9. CAPITAL STOCK:

## (a) Share Capital

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

Issued and outstanding:
139,790,435 common shares
Nil preference shares

## (b) Share Purchase Warrants

Details of share purchase warrant transactions for the period ended September 30, 2022 and year ended June 30, 2022 is as follows:

| | # of Warrants | Amount $ | Wtd. Avg. Ex. Price |
|---|---|---|---|
| Balance, June 30, 2021 | 17,889,136 | 1,306,722 | $0.26 |
| Issued pursuant to private placements | 20,333,055 | 1,525,115 | $0.24 |
| Issued to finders' pursuant to above | 517,967 | 42,549 | $0.30 |
| Expired during the year | (2,982,956) | (135,317) | 0.25 |
| Balance, June 30, 2022/September 30, 2022 | 35,757,202 | 2,739,069 | $0.25 |

The fair value of the outstanding warrants was estimated on the grant date using an option pricing model with the following assumptions:

| Date Issued | # of Warrants | Exercise Price | Risk-Free Interest Rate | Dividend Yield | Expected Volatility |
|---|---|---|---|---|---|
| December 27, 2019 | 1,450,850 | $0.15 | 1.65% | 0% | 102% |
| December 11, 2020 | 3,763,000 | $0.30 | 0.25% | 0% | 123% |
| December 11, 2020 | 257,280 | $0.20 | 0.25% | 0% | 123% |
| December 17, 2020 | 2,480,000 | $0.30 | 0.24% | 0% | 124% |
| December 17, 2020 | 148,800 | $0.20 | 0.24% | 0% | 124% |
| May 28, 2021 | 6,018,750 | $0.25 | 0.32% | 0% | 120% |
| May 28, 2021 | 787,500 | $0.20 | 0.32% | 0% | 120% |
| November 5, 2021 | 7,833,055 | $0.30 | 0.92% | 0% | 114% |
| November 5, 2021 | 517,967 | $0.30 | 0.92% | 0% | 114% |
| March 21, 2022 | 12,500,000 | $0.20 | 1.867% | 0% | 98.4% |
| | 35,757,202 | | | | |

Pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate.

The following table summarizes information about the warrants outstanding at the period ended September 30, 2022 and year ended June 30, 2022:

| Expiry Date | Exercise Price | September 30, 2022 # of Warrants | June 30, 2022 # of Warrants |
|---|---|---|---|
| December 27, 2022 | $0.15 | 1,450,850 | 1,450,850 |
| June 15, 2022 | $0.25 | - | - |
| December 11, 2022 | $0.30 | 3,763,000 | 3,763,000 |
| December 11, 2022 | $0.20 | 257,280 | 257,280 |
| December 17, 2022 | $0.30 | 2,480,000 | 2,480,000 |
| December 17, 2022 | $0.20 | 148,800 | 148,800 |
| May 28, 2024 | $0.25 | 6,018,750 | 6,018,750 |
| May 28, 2024 | $0.20 | 787,500 | 787,500 |
| November 5, 2023 | $0.30 | 7,833,055 | 7,833,055 |
| November 5, 2023 | $0.30 | 517,967 | 517,967 |
| March 21, 2023 | $0.20 | 12,500,000 | 12,500,000 |
| | | 35,757,202 | 35,757,202 |

## (c) Stock Options

Details of stock option transactions for the period ended September 30, 2022 and year ended June 30, 2022:

| | # of Options | Weighted Average Exercise Price |
|---|---|---|
| Balance, June 30, 2021 | 8,250,000 | $0.12 |
| Granted during the year | 3,200,000 | $0.20 |
| Exercised during the year | (300,000) | $0.10 |
| Expired during the year | (175,000) | $0.134 |
| Balance, June 30, 2022/September 30, 2022 | 10,975,000 | $0.14 |

The following table summarizes information about the options outstanding at the years ended June 30, 2022 and 2021:

| Expiry Date | Exercise Price | Sept. 30, 2022 # of Options Issued | Sept. 30, 2022 # of Options Exercisable | June 30, 2022 # of Options Issued | June 30, 2022 # of Options Exercisable |
|---|---|---|---|---|---|
| November 7, 2022 | $0.10 | 1,825,000 | 1,825,000 | 1,825,000 | 1,825,000 |
| January 15, 2024 | $0.07 | 1,775,000 | 1,775,000 | 1,775,000 | 1,775,000 |
| March 28, 2024 | $0.10 | 200,000 | 200,000 | 200,000 | 200,000 |
| February 19, 2025 | $0.10 | 1,975,000 | 1,975,000 | 1,975,000 | 1,975,000 |
| August 18, 2025 | $0.20 | 2,100,000 | 2,100,000 | 2,100,000 | 2,100,000 |
| July 28, 2026 | $0.20 | 2,300,000 | 1,725,000 | 2,300,000 | 1,150,000 |
| February 9, 2027 | $0.20 | 500,000 | 250,000 | 500,000 | 125,000 |
| March 7, 2027 | $0.20 | 300,000 | 150,000 | 300,000 | 75,000 |
| | | 10,975,000 | 10,000,000 | 10,975,000 | 9,225,000 |

## (d) 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 25,293,840 common shares of which 10,975,000 are outstanding at September 30, 2022 (June 30, 2022 – 10,975,000). 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.

## (e) Private Placements

There were no private placements completed during the period ended September 30, 2022. During the year ended June 30, 2022, the Company completed the following private placements:

i.) In March 2022, the Company completed a non-brokered private placement financing of flow-through ("FT Units") and non-flow through units ("Units") for aggregate gross proceeds of $2,421,875.

The Company issued 6,250,000 FT Units at a price of $0.2275 per FT Unit, for gross proceeds of $1,421,875. Each FT Unit consists of one (1) flow-through common share and one of one common share purchase warrant, each warrant being exercisable for an additional common share of the Company at a price of $0.20 for 24 months from the date of issuance. The flow-through shares will entitle the holder to receive the tax benefits applicable to flow-through shares, in accordance with provisions of the Income Tax Act (Canada).

The Company also issued 6,250,000 non-flow-through units ("Units") at a price of $0.16 per Unit for gross proceeds of $1,000,000. Each Unit consists of one common share and one common share purchase warrant, each warrant being exercisable for an additional common share of the Company at a price of $0.20 for 24 months form the date of issuance.

The Company paid cash finders' fees totalling $24,219.

ii.) In November 2021, the Company completed a non-brokered private placement financing of flow-through ("FT Units") and non-flow through units ("Units") for aggregate gross proceeds of $1,979,200.

The Company issued 5,175,000 FT Units at a price of $0.20 per FT Unit, for gross proceeds of $1,035,000. Each FT Unit consists of one (1) flow-through common share and one-half of one common share purchase warrant, each full warrant being exercisable for an additional common share of the Company at a price of $0.30 for 24 months from the date of issuance. The flow-through shares will entitle the holder to receive the tax benefits applicable to flow-through shares, in accordance with provisions of the Income Tax Act (Canada).

The Company also issued 5,245,555 non-flow-through units ("Units") at a price of $0.18 per Unit for gross proceeds of $944,200. Each Unit consists of one common share and one common share purchase warrant, each warrant being exercisable for an additional common share of the Company at a price of $0.30 for 24 months form the date of issuance.

The Company paid cash finders' fees totalling $95,184 and issued 517,967 finders' warrants exercisable at $0.30 expiring November 5, 2023. The Company also issued 18,000 finders' shares valued at $3,240 in lieu of cash finders' fees.

The aggregate deferred premium on the issuance of the 11,425,000 flow-through common shares detailed above for the above period was $425,625. This difference between the proceeds of the placement and the net amount recorded in the Company's share capital account is treated as a liability in accordance with IFRS. This liability is reversed into earnings as the Company incurs flow-through eligible exploration and evaluation expenditures. This reversal amounted to $147,453 for the period ended September 30, 2022 (September 30, 2021 - $57,742) resulting in a deferred premium balance of $328,337 at June 30, 2022 (June 30, 2021 – $475,790).

## 10. LEASE LIABILITY:

During the year ended June 30, 2016, the Company entered into an office lease agreement for its head office premises. The initial term of the lease was for three years commencing on June 1, 2016 and terminating on May 31, 2019, subject to a right of extension as described herein. The lease is a triple net lease with the initial term paid in monthly installments of $3,100 plus HST, which includes base rent and prescribed monthly additional rents based on estimated annual operating costs which is adjusted annually for actual costs. Pursuant to the terms of the lease, at the end of the initial term the Company exercised its right to extend the lease for two additional years to be paid in monthly installments of $3,859 plus HST consisting of base rent and additional rent on the same basis as described above. At the end of this extension the Company has the right to extend the lease for a further five-year period (renegotiated to a 3 year renewal followed by a 2 year renewal) at amounts to be negotiated at that time. During the year ended June 30, 2021, the base rent and additional rent payment increased to $4,184 plus HST for the initial three-year period of the extension.

During the year ended June 30, 2021, the Company leased a truck from Toyota Financial Services commencing on September 28, 2020 for a term of 48 months and terminating on September 28, 2024. The lease is paid in monthly installments of $614.57 plus HST. The lease contains a Lease End Purchase Option that will allow the Company to purchase the truck at the end of the lease for $25,707 plus HST and any applicable fees.

The lease liability relates to the above leases for the Company's office premises and field truck. The office lease expired on May 31, 2021 at an estimated interest rate of 12% (the Company's estimated incremental borrowing rate). The Company elected to exercise its 3-year renewal option taking the lease expiry to May 31, 2024. The field truck leases bear interest rates ranging from 4.19% to 7.53%. The lease liability for the period ended September 30, 2022 and year ended June 30, 2022 is as follows:

| | September 30, 2022 $ | June 30, 2022 $ |
|---|---|---|
| Lease liability | 160,995 | 171,349 |
| Less: Current portion | (44,308) | (43,185) |
| Long-term portion | 116,687 | 128,164 |

Interest expense recognized on the lease liability for the current period was $4,409 (September 30, 2021 - $5,478) and is included under general and administrative expenses on the statement of profit and loss.

## 11. RELATED PARTY TRANSACTIONS:

The Company paid or accrued the following amounts to related parties during the periods ended September 30, 2022 and 2021:

| Payee | Description of Relationship | Nature of Transaction | September 30, 2022 Amount ($) | September 30, 2021 Amount ($) |
|---|---|---|---|---|
| Gordon J. Fretwell Law Corporation | Company controlled by Gordon Fretwell, Officer and former director | Legal fees and disbursements charged/accrued during the year | 7,770 | 17,000 |
| Michael Stares | Director | Prospecting services included in exploration and evaluation expenditures | 8,750 | 6,050 |
| Stares Prospecting Ltd. | Company controlled by Alexander Stares, brother of Stephen and Michael Stares | Prospecting services included in exploration and evaluation assets | 14,000 | 50,207 |

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, 2022, the Company accrued director fees to one of its directors totaling nil for services rendered on the Company's Audit Committee (September 30, 2021 - $2,500).

Included in accounts payable and accrued liabilities at September 30, 2022 and 2021 is:

- $5,448 in accounts payable to Gordon J. Fretwell Law Corporation (September 30, 2021 - $17,000 in accrued liability)
- Nil in accounts payable to Stares Prospecting Ltd. (September 30, 2021 – $1,071)
- Nil in accounts payable jointly to Stephen and Michael Stares (June 30, 2020 – $1,700)
- $15,000 in unpaid directors' fees in accrued liabilities (September 30, 2021 - $12,500)

Key management personnel remuneration during current period included $146,013 (September 30, 2021 - $91,341) in salaries and benefits and $18,284 (September 30, 2021 - $56,717) in share-based payments. There were no post-retirement or other long-term benefits paid to key management personnel during the period.

## 12. LOSS PER SHARE:

Basic loss per common share has been calculated using the weighted average number of common shares outstanding in each respective period. Diluted income / (loss) per share assumes that stock options and warrants that have an exercise price less than the average market price of the Company's common shares during the year have been exercised on the later of the beginning of the year and the date granted.

## 13. SHARE-BASED PAYMENTS:

The Company applies the fair value method of accounting for share-based payments to directors, officers, employees and consultants and accordingly $40,595 is recorded as share-based payments in profit and loss and under reserves in shareholders' equity as equity settled benefits for the 283,395 options that vested during the period ended September 30, 2022. The fair value of the options vesting below during the year 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 |
|---|---|---|---|---|---|---|---|---|
| July 28, 2021 | 143,643 | $0.20 | July 28, 2026 | $0.138 | 0% | 108% | 0.80% | 5 yrs |
| February 9, 2022 | 80,155 | $0.20 | February 9, 2027 | $0.149 | 0% | 104% | 1.67% | 5 yrs |
| March 7, 2022 | 59,597 | $0.20 | March 7, 2027 | $0.148 | 0% | 104% | 1.50% | 5 yrs |
| | 283,395 | | | | | | | |

## 14. SUPPLEMENTAL CASH FLOW INFORMATION:

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

| | September 30, 2022 $ | September 30, 2021 $ |
|---|---|---|
| Accounts and other receivables | (533,972) | (158,315) |
| Prepaid expenses | 7,307 | 13,348 |
| Refundable deposits | 12,270 | (14,475) |
| Accounts payable and accrued liabilities | (86,932) | 42,140 |
| Total | (601,327) | (117,302) |

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

| | September 30, 2022 $ | September 30, 2021 $ |
|---|---|---|
| ***Non-cash financing activities*** | | |
| Common shares issued for mineral property option | 26,836 | 9,250 |
| ***Non-cash investing activities*** | | |
| Mineral property option through common share issuance | (26,836) | (9,250) |
| Common shares received for mineral property option/disposal | (70,485) | (337,008) |
| Proceeds of mineral property option/disposal for common shares | 70,485 | 337,008 |

## 15. REFUNDABLE DEPOSITS:

Refundable security deposits of $144,130 (June 30, 2022 - $156,400) 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.

## 16. COMMITMENTS AND CONTINGENCIES:

In addition to the commitments described in note 8 related to its exploration and evaluation assets and note 10 related to Leases, the Company has the following commitments\contingencies:

- During the year ended June 30, 2019, the Company engaged CHF Capital Markets ("CHF") for investment community outreach, corporate communications, branding and social & digital marketing for a fixed term of twelve months ending February 28, 2020. Thereafter, the contract may be extended month to month with a two months cancellation notice. Under the terms of the agreement, CHF receives $6,250 per month in fees and reimbursement of approved expenses and CHF received options for 100,000 common shares exercisable at $0.10 per share expiring March 28, 2024. The Company renegotiated the contract during the year ended June 30, 2020 and effective June 1, 2020, will pay CHF $3,600 per month plus HST for a term of 12 months. The contract may be cancelled by either party by providing two months written notice. During the year ended June 30, 2021, the Company amended its contract with CHF to increase its outreach exposure and effective February 1, 2021, the Company will pay CHF $6,500 per month plus HST for a minimum period of 12 months. Either party may cancel this agreement after the initial period with 2 months written notice.

- Early in calendar year 2020, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, the long-term extent of the impact the COVID-19 outbreak may have on the Company remains unknown as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus. While the extent of the impact is unknown, we anticipate this outbreak may cause reduced customer demand, supply chain disruptions, staff shortages, and increased government regulations, which may negatively impact the Company's business and financial condition. It is expected that with the deployment of safe and effective vaccines, the effect of the pandemic will be somewhat mitigated, however, distribution of the vaccines is still ongoing and their ultimate effectiveness against variants of the is still not know with any certainty.

## 17. SUBSEQUENT EVENT:

The following event occurred subsequent to September 30, 2022:

- Trillium Gold Mines Inc. issued 473,934 shares to the Company in lieu of the requisite $100,000 cash payment to satisfy the terms of the second option based upon the 10-day volume weighted average price of $0.211.