

NOTICE TO SHAREHOLDERS



(A Development Stage Enterprise)

Condensed Interim Financial Statements For the three months ended September 30, 2021

(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, 2021.

BENTON RESOURCES INC.
(A Development Stage Enterprise)

September 30, 2021

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BENTON RESOURCES INC.
(A Development Stage Enterprise)

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

As at	September 30, 2021 \$	June 30, 2021 \$
ASSETS		
Current		
Cash	-	21,321
Cash - restricted (note 5)	1,484,139	2,197,542
Temporary investments (note 4)	911,655	1,118,147
Temporary investments – restricted (notes 4 and 5)	253,404	-
Accounts and other receivables	328,798	170,483
Prepaid expenses	14,131	27,479
Refundable deposits (note 15)	144,025	129,550
	3,136,152	3,664,522
Long-term investments (note 6)	5,757,892	9,574,898
Property and equipment, net (note 7)	247,930	264,099
Exploration and evaluation assets (note 8)	2,524,885	2,050,764
	11,666,859	15,554,283
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities		
Current		
Accounts payable and accrued liabilities (note 11)	204,560	162,420
Current portion of lease liability (note 10)	42,838	43,411
Deferred premium on flow-through shares (note 9(e))	215,318	273,060
	462,716	478,891
Lease liability (note 10)	161,053	171,272
	623,769	650,163
Shareholders' Equity		
Capital Stock (note 9)		
Share capital	30,741,137	30,731,887
Reserves	3,837,191	3,662,092
Deficit	(23,535,238)	(19,489,859)
	11,043,090	14,904,120
	11,666,859	15,554,283

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

These financial statements are authorized for issue by the Board of Directors on November 22, 2021. 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, 2021 \$	Three Months Ended Sept. 30, 2020 \$
EXPENSES		
Advertising and promotion	53,904	12,422
Share-based payments (note 13)	175,099	171,210
General and administrative	116,016	107,682
Professional fees	21,760	17,038
Consulting fees	-	300
Stock exchange and filing fees	5,751	3,975
Depreciation and amortization expense	16,169	15,076
Pre-acquisition exploration and evaluation	-	249
Write-down of exploration and evaluation assets	-	530
Foreign currency translation adjustment	(9,762)	10,235
	(378,937)	(338,717)
Other income (expense):		
Interest and investment income	4,511	4,396
Other income	3,000	3,700
Adjustment to fair value for fair value through profit and loss investments	(4,124,753)	(1,716,767)
Gain on sale or option of exploration and evaluation assets	387,008	18,555
Gain on disposal of property and equipment	-	4,366
Gain on sale of long-term investments	6,050	13,635
	(3,724,184)	(1,672,115)
Income (loss) before deferred tax recovery	(4,103,121)	(2,010,832)
Deferred tax recovery – flow-through (note 9(e))	57,742	86,564
Income (loss) and comprehensive income (loss) for the period	(4,045,379)	(1,924,268)
Income (loss) and comprehensive income (loss) per common share		
– basic and diluted (note 12)	\$(0.03)	\$(0.02)
Weighted average shares outstanding – basic and diluted	115,659,166	101,391,401

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, 2021 and 2020

	<u>Share Capital</u>		<u>Reserves</u>			<u>Total</u> \$
	<u>Number</u>	<u>Amount</u> \$	<u>Warrants</u> \$	<u>Equity-Settled Benefits</u> \$	<u>Deficit</u> \$	
Balance at June 30, 2020	94,938,736	28,541,111	164,084	1,948,163	(18,427,852)	12,225,506
Loss and comprehensive loss for the period	-	-	-	-	(1,924,268)	(1,924,268)
Share-based payments	-	-	-	171,210	-	171,210
Balance at September 30, 2020	94,938,736	28,541,111	164,084	2,119,373	(20,352,120)	10,472,448
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

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, 2021 \$	Three Months Ended Sept. 30, 2020 \$
CASH FLOWS FROM (USED IN):		
OPERATING ACTIVITIES		
Loss) and comprehensive loss for the period	(4,045,379)	(1,924,268)
Items not requiring an outlay of cash:		
Deferred tax recovery – flow-through	(57,742)	(86,564)
Adjustment to fair value for fair value through profit and loss investments	4,124,753	1,716,767
Gain on disposal of property and equipment	-	(4,366)
Gain on sale or option of exploration and evaluation assets	(387,008)	(18,555)
Gain on sale of long-term investments	(6,050)	(13,635)
Depreciation and amortization expense	16,169	15,076
Share-based payments	175,099	171,210
Imputed interest on lease liability	5,478	6,099
Write-down of exploration and evaluation assets	-	530
Net change in non-cash working capital balances related to operating activities (note 14)	(117,302)	(8,524)
Cash flows used in operating activities	(291,982)	(146,230)
FINANCING ACTIVITIES		
Payments on lease liability	(16,269)	(24,182)
Cash flows used in financing activities	(16,269)	(24,182)
INVESTING ACTIVITIES		
Exploration and evaluation expenditures	(739,815)	(195,085)
Expenditure recoveries on exploration and evaluation assets	274,943	31,445
Purchase of property and equipment	-	(727)
Proceeds on sale or option of exploration and evaluation assets	50,000	18,555
Net proceeds on sale of long-term investments	36,300	33,195
Proceeds on disposal of property and equipment	-	5,000
Unrealized change in fair market value of temporary investments included in cash	(989)	(778)
Cash flows used in investing activities	(379,561)	(108,395)
Decrease in cash and temporary investments	(687,812)	(278,807)
Cash and cash equivalents - beginning of period	3,337,010	2,113,647
Cash and cash equivalents - end of period	2,649,198	1,834,840
Cash and cash equivalents consist of the following:		
Cash	-	22,240
Cash - restricted	1,484,139	570,750
Temporary investments	911,655	1,241,850
Temporary investments - restricted	253,404	-
	2,649,198	1,834,840

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, 2021

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, 2021	June 30, 2021
Working capital	\$2,673,436	\$3,185,631
Deficit	\$(23,535,238)	\$(19,489,859)

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, 2021 (“Fiscal 2021”).

The policies applied in these interim condensed financial statements are based on IFRS issued and outstanding as of November 22, 2021 (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, 2022.

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, 2021.

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:

There are no standards effective for annual periods beginning on or after January 1, 2021 that are expected to have a significant impact on the Company at the present time.

4. TEMPORARY INVESTMENTS:

	September 30, 2021 \$	June 30, 2021 \$
Money Market Mutual funds	651,776	613,070
US Treasury note	363,175	356,982
Province of Ontario US denominated bonds	135,108	133,095
GIC	15,000	15,000
<i>Subtotal</i>	<u>1,165,059</u>	<u>1,118,147</u>
Restricted for flow-through purposes (note 5)	(253,404)	-
<i>Total</i>	<u><u>911,655</u></u>	<u><u>1,118,147</u></u>

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

The mutual funds consist of fully liquid, managed money market fund units that yield regular monthly dividends at market rates. Included in the money market funds are USD denominated money market funds amounting to \$23,429 USD (June 30, 2021 - \$21,305 USD) translated at the USD/CDN conversion rate at September 30, 2021 of \$1.2659 (June 30, 2021 - \$1.2402).

The United States Treasury Note is fully liquid, is due August 15, 2026 and pays interest at a rate of 1.5% per annum in semi-annual coupons. The market value of the note at September 30, 2021 is \$286,891 USD (June 30, 2021 - \$287,842 USD) translated at the USD/CDN conversion rate at June 30, 2021 of \$1.2659 (June 30, 2021 - \$1.2402).

The Province of Ontario US denominated bonds are fully liquid and due May 16, 2024 and pay interest at 3.2% per annum in semi-annual coupons. The market value of the bonds at September 30, 2021 is \$106,729 USD (June 30, 2021 - \$107,318 USD) translated at the USD/CDN conversion rate at September 30, 2021 of \$1.2659 (June 30, 2021 - \$1.2402).

The Company also holds a \$15,000 redeemable GIC on deposit with the Royal Bank of Canada maturing on September 24, 2022 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 period ended September 30, 2021 and year ended June 30, 2021, 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, 2021	June 30, 2021
Restricted cash and temporary investments, beginning of year	\$ 2,197,542	\$ 764,245
RBC GIC posted as visa card collateral	-	-
Gross proceeds received upon issuance of flow-through shares	-	2,900,000
Qualified exploration expenditures paid from these funds	(459,999)	(1,466,703)
Restricted cash and temporary investments, end of year	<u>\$ 1,737,543</u>	<u>\$ 2,197,542</u>

Restricted cash and temporary investments consist of:

Cash	1,484,139	2,197,542
Temporary investments	253,404	-
Total	<u>\$ 1,737,543</u>	<u>\$ 2,197,542</u>

6. LONG-TERM INVESTMENTS:

	September 30, 2021		June 30, 2021	
	Market \$	Cost \$	Market \$	Cost \$
Canadian Equities				
Clean Air Metals Inc. (i)	4,553,939	3,200,065	7,754,003	3,200,065
Quadro Resources Ltd. (ii)	197,000	419,329	394,000	419,329
St. Anthony Gold Corp. (iii)	165,000	278,333	275,000	278,333
Sokoman Iron Corp. (iv)	360,000	168,535	710,000	168,535
Metallica Metals Corp. (v)	388,612	525,858	345,000	207,000
Other	90,959	838,164	95,036	838,164
<i>Subtotal</i>	<i>5,755,510</i>	<i>5,430,284</i>	<i>9,573,039</i>	<i>5,111,426</i>
Australian Equities				
Other	2,382	2,979	1,859	2,979
Total (CAD)	5,757,892	5,433,263	9,574,898	5,114,405

- (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, 2021 closing price of \$0.185 per share (June 30, 2021 - \$0.315). 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, 2021 closing price of \$0.05 per share (June 30, 2021 - \$0.10). The Quadro shares were received pursuant to the Company’s disposition of its 50% interest in the Staghorn gold project in Newfoundland. During the period ended June 30, 2021, the Company disposed of 260,000 shares of Quadro for gross proceeds of \$51,903 and recorded a gain on disposition of \$1,203 during the 2021 fiscal period.
- (iii) The 3,666,666 common shares 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, 2021 closing price of \$0.045 per share (June 30, 2021 - \$0.075). The St. Anthony shares were received pursuant to the option agreement signed between Maxtech and the Company during the 2020 fiscal period (see note 8(d)).
- (iv) The 1 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, 2021 closing price of \$0.36 per share (June 30, 2021 - \$0.71). 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)).
- (v) The 2,507,177 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, 2021 closing price of \$0.155 per share (June 30, 2021 - \$0.25). 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 current period ended September 30, 2021, the Company received an additional anniversary payment of 1,248,177 shares of Metallica which carry a trading restriction until December 1, 2021. In addition, during the period ended September 30, 2021, 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, 2021			June 30, 2021		
	Cost	Accumulated Amortization	Net	Cost	Accumulated Amortization	Net
Computer Equipment	\$ 71,385	\$ 68,723	\$ 2,662	\$ 71,385	\$ 68,303	\$ 3,082
Furniture and Equipment	149,991	107,903	42,088	149,991	105,687	44,304
Computer Software	115,971	115,971	-	115,971	115,971	-
Exploration Camps	220,532	216,593	3,939	220,532	216,274	4,258
Leaseholds	36,640	36,640	-	36,640	36,640	-
Right-of-Use Assets (i)	302,519	103,278	199,241	302,519	90,064	212,455
Total	\$ 897,038	\$ 649,108	\$ 247,930	\$ 897,038	\$ 632,939	\$ 264,099

- (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, 2021 and 2020, which is included in depreciation expense in profit and loss, is as follows:

	September 30, 2021	September 30, 2020
	\$	\$
Depreciation expense – right-of-use assets	13,214	10,724

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, 2021 and year ended June 30, 2021 are summarized in the tables below:

For the three month period ended September 30, 2021

	Far Lake	Newfoundland JV Properties	Other	Total
	(a)	(b)	(f)	
June 30, 2021 - Acquisition Costs	\$ 169,550	80,955	34,406	284,911
Additions	-	16,015	-	16,015
Writedowns/Recoveries/Disposals (h)	-	(2,422)	-	(2,422)
<i>Subtotal</i>	<u>\$ -</u>	<u>13,593</u>	<u>-</u>	<u>13,593</u>
Sept. 30, 2021 - Acquisition Costs	\$ 169,550	94,548	34,406	298,504
June 30, 2021 - Exploration and Evaluation Expenditures	\$ 1,599,404	65,930	100,519	1,765,853
Assaying	50,049	9,577	738	60,364
Prospecting	3,300	95,262	40,446	139,008
Geological	29,472	23,818	-	53,290
Geophysical	20,960	413,292	-	434,252
Soil Sampling	7,270	27,725	-	34,995
Trenching	530	-	-	530
Diamond Drilling	2,950	7,130	-	10,080
Aboriginal Consultation	-	-	530	530
Miscellaneous	-	-	-	-
Writedowns/Recoveries/Disposals (h)	-	(272,521)	-	(272,521)
<i>Subtotal</i>	<u>\$ 114,531</u>	<u>304,283</u>	<u>41,714</u>	<u>460,528</u>
Sept. 30, 2021 - Exploration and Evaluation Expenditures	\$ 1,713,935	370,213	142,233	2,226,381
Sept. 30, 2021 - Total	\$ 1,883,485	464,761	176,639	2,524,885

For the year ended June 30, 2021

	Far Lake	Newfoundland JV Properties	Saganaga/ Q9	Other	Total
	(a)	(b)	(c)	(f)	
June 30, 2020 - Acquisition Costs	\$ 77,550	-	-	20,986	98,536
Additions	92,000	103,720	-	13,420	209,140
Writedowns/Recoveries/Disposals (h)		(22,765)	-		(22,765)
<i>Subtotal</i>	\$ 92,000	80,955	-	13,420	186,375
June 30, 2021 - Acquisition Costs	\$ 169,550	80,955	-	34,406	284,911
June 30, 2020 - Exploration and Evaluation Expenditures	\$ 201,582	-	31,445	89,234	322,261
Assaying	117,178	-	-	224	117,402
Prospecting	35,354	37,886	-	2,472	75,712
Geological	31,246	-	-	1,690	32,936
Geophysical	195,408	78,029	-	-	273,437
Soil Sampling	60,535	-	-	-	60,535
Trenching	41,155	-	-	-	41,155
Diamond Drilling	901,734	-	-	3,720	905,454
Aboriginal Consultation	1,060	-	-	1,590	2,650
Miscellaneous	14,152	10,600	-	3,709	28,461
Writedowns/Recoveries/Disposals (h)	-	(60,585)	(31,445)	(2,120)	(94,150)
<i>Subtotal</i>	\$ 1,397,822	65,930	(31,445)	11,285	1,443,592
June 30, 2021 - Exploration and Evaluation Expenditures	\$ 1,599,404	65,930	-	100,519	1,765,853
June 30, 2021 - Total	\$ 1,768,954	146,885	-	134,925	2,050,764

a) **Far Lake Property**

During the year ended June 30, 2020, the Company entered into a binding Letter of Intent (“LOI”) with White Metal Resources Corp. (“White Metal”) (a company related by common director Michael Stares) whereby Benton can earn up to a 70% interest in White Metal’s Far Lake project (the “Property”) located 80km west of Thunder Bay, Ontario. Pursuant to the LOI, the Company can acquire from White Metal 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.

The Company may exercise the Initial Option by paying \$205,000, issuing 1.6 million common shares to White Metal and completing \$1 million in exploration expenditures over four years as follows:

- Paying \$25,000 and issuing 300,000 common shares to White Metal within three days of receipt of TSX Venture Exchange (the “Exchange”) approval for the LOI (received and issued);
- Completing \$200,000 of exploration expenditures on the Property on or before the first anniversary of execution of this LOI (completed);
- Paying \$30,000 and issuing 400,000 common shares (paid and issued) to White Metal on or before the first anniversary of execution of this LOI;
- Completing an additional \$200,000 of exploration expenditures on the Property on or before the second anniversary of execution of this LOI (completed);
- Paying \$50,000 and issuing 400,000 common shares to White Metal on or before the second anniversary of execution of this LOI;
- Completing an additional \$300,000 of exploration expenditures on the Property on or before the third anniversary of execution of this LOI (completed);
- Paying \$100,000 and issuing 500,000 common shares to White Metal on or before the third anniversary of execution of this LOI; and
- Completing an additional \$300,000 of exploration expenditures on the Property on or before the fourth anniversary of execution of this LOI (completed).

Within 90 days of completing the Initial Option, the Company may at its election exercise the Second Option by:

- Issuing 500,000 common shares to White Metal; and
- Completing an additional \$1 million of exploration expenditures on the Property on or before the fifth anniversary of the agreement.

b) **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, 2021, the Company accrued a receivable from Sokoman in the amount \$242,936 for Sokoman’s portion of cash expenditures made by Benton on behalf of the strategic alliance, net of expenditures incurred by Sokoman during the three month period ended. This amount was recorded as a recovery of exploration and evaluation expenditures. 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 and 200,000 Benton common shares on signing and Exchange approval;
- \$20,000 and 200,000 Benton common shares 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 subsequent period, Benton received 35,484 shares of Sokoman as a 50% reimbursement for the above Benton share issuance on behalf of the Companies.

Golden Hope

During the year ended June 30, 2021, the Companies jointly staked the Golden Hope JV gold project which consists of 3,146 claim units covering 78,650 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 324 claim units covering 8,100 ha.

During the period ended September 30, 2021, 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.

In the subsequent period, Benton issued 149,741 common shares to Sokoman for a 50% reimbursement of the above share issuances made 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 (subsequently issued);
- Payment of \$10,000 and issuance of 50,000 Benton common shares 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.

In the subsequent period, Benton received 7,965 shares of Sokoman as a 50% reimbursement for the above Benton share issuance on behalf of the Companies.

c) **Saganaga Property**

The Saganaga Property consists of mining rights for 100% 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 has assumed all obligations contained within the Agreement below.

Metallica can acquire an initial 70% interest in the Project by:

- paying the Company \$50,000 in cash (received) and issuing the greater of 1,000,000 Metallica common shares or 3% of the issued and outstanding Metallica common shares to the Company upon execution of the Agreement (resulting in the issuance of 1,380,000 Metallica shares);
- paying the Company \$50,000 in cash (subsequently received) and issuing the greater of 1,000,000 Metallica common shares or 2% of the then issued and outstanding Metallica common shares (1,248,177 Metallica shares received) to the Company and incurring a minimum of \$200,000 in qualified exploration expenditures on or before the first anniversary of the effective date of the Agreement; and,
- paying the Company \$50,000 in cash and issuing the greater of 1,000,000 Metallica common shares or 1.5% of the then issued and outstanding Metallica common shares to the Company and have completed a further \$200,000 in qualified exploration expenditures on or before the second anniversary of the effective date of the Agreement.
- Metallica, at its election, may then provide the Company notice that it intends to earn an additional 30% interest (taking interest to 100% subject to underlying NSR's) in the Project by:
- paying the Company \$50,000 cash and issuing 2,000,000 Metallica common shares to the Company and completing a further \$400,000 in qualified exploration expenditures on 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 (pending), 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.

Subsequent to September 30, 2021, STAG notified Benton of their intent to earn a 70% interest in the project by completing the scheduled cash or share equivalent payment and required exploration expenditures.

e) **Escape Lake**

During the year ended June 30, 2020, the Company executed separate binding purchase agreements with Rio Tinto Exploration Canada Inc. ('RTEC') (the 'RTEC Agreement', as replaced by an option agreement as described below) and Panoramic Resources Limited ('PAN') (the 'PAN Agreement', as amended as described below) (together the "PGM Project").

Pursuant to the RTEC Agreement, Benton had the right to purchase a 100% interest in RTEC's Escape Lake property for C\$6 million (the "Escape Lake Purchase Price"), subject to a 1% NSR on the property being retained by RTEC, the obtaining of financing and receipt of regulatory approval. The Company was required to obtain commitments for C\$4 million of the Escape Lake Purchase Price within 90 days of execution of the RTEC Agreement and closing of the acquisition and payment off the C\$6 million Escape Lake Purchase Price was to take place within 10 days of securing financing.

During the year ended June 30, 2020, the Company and RTEC terminated the RTEC Agreement and replaced it with an option agreement pursuant to which RTEC will grant Benton the option to acquire a 100% ownership interest in the Escape Lake property, subject to a 1% net smelter return royalty on the property to be retained by RTEC, in exchange for payment of \$6 million by Benton to RTEC over a three year period as set out below:

- \$3.0 million due on signing, immediately following receipt of regulatory approval (approved and paid);
- \$1.0 million on or before October 9, 2020 (paid by Clean Air Metals on Benton's behalf);
- \$1.0 million on or before October 9, 2021 (paid by Clean Air Metals on Benton's behalf in the subsequent period) and;
- \$1.0 million on or before October 9, 2022 (payment accelerated and completed by Clean Air on Benton's behalf in the subsequent period).

Under the PAN Agreement, the Company has the right to acquire PAN's wholly-owned Canadian subsidiary, Panoramic PGMs Canada Ltd. (the "PAN Subsidiary"), which holds the Thunder Bay North Project (the 'TBN Project') for C\$9 million. The Company had 60 days upon signing to complete a final purchase and sale agreement plus an additional 60 days to obtain financing and receive all requisite regulatory approvals for the transaction. Upon signing the final purchase and sale agreement, Benton is required to pay PAN a \$250,000 deposit which would be offset against the purchase price (completed by Regency as disclosed below). The TBN Project has an existing 3% NSR on a number of claims located within the claims package.

During the year ended June 30, 2020, the Company and PAN renegotiated the payment terms of the PAN Agreement ("Amending Agreement") as follows:

- \$4.5 million on the completion of the definitive PAN Agreement (paid by Clean Air);
- \$1.5 million on the first anniversary of the completion of the PAN Agreement (paid by Clean Air);
- \$1.5 million on the second anniversary of the completion of the PAN Agreement; and
- \$1.5 million on the third anniversary of the PAN Agreement.

The Company will pledge security for the three deferred payments by providing a first registered security over the TBN PGM Project and the shares of the PAN Subsidiary to PAN. Both parties will complete and sign a definitive agreement within 30 days of the date of the Amending Agreement. If the definitive agreement is not signed within 30 days of the date of the Amending Agreement, the Amending Agreement will terminate. Panoramic can extend the 30-day period at its discretion. All other terms of the PAN Agreement remain unchanged.

Closing of the purchase of the PGM Project is also contingent upon both RTEC and PAN releasing each other from all future obligations from the earn-in with option to joint venture agreement that is currently in place (completed).

During the year ended June 30, 2020, due to challenging market conditions with respect to financing the acquisitions, 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 as described above with RTEC and PAN, a 100% right, title and interest in the Escape Lake property and the Thunder Bay North property 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 the PAN Subsidiary 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 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 Agreement and PAN Agreement.

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.

Subsequent to September 30, 2021, RTEC notified the Company that they were terminating the Bark Lake option agreement and have returned the project to the Company.

(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 (\$50,000 received and \$25,000 received in the subsequent period) 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 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 licence, 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 White Metal (a company related by common director Michael Stares) on the Company’s Shebandowan project, which consists of 135 units in 12 claims in the Burchell Lake, Greenwater Lake and Kashabowie Lake areas in the Thunder Bay mining district. White Metal 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 Minera 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.

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, 2021 and year ended June 30, 2021 were as follows:

	Sept. 30, 2021 \$	June 30, 2021 \$
<i>Write-downs:</i>		
Other Properties	-	2,120
<i>Total</i>	-	2,120
<i>Recoveries/Dispositions:</i>		
Saganaga	-	31,445
Newfoundland JV Properties	274,943	83,350
<i>Total</i>	274,943	114,795

9. CAPITAL STOCK:

(a) Share Capital

Authorized:

Unlimited common shares without par value
One voting preference share

Issued and outstanding:

115,680,905 common shares
Nil preference shares

(b) Share Purchase Warrants

Details of share purchase warrant transactions for the period ended September 30, 2021 and year ended June 30, 2021 is as follows:

	# of Warrants	Amount \$	Wtd. Avg. Ex. Price
Balance, June 30, 2020	4,620,475	164,084	\$0.21
Issued pursuant to private placements	11,868,000	954,695	\$0.28
Issued to finders' pursuant to above	1,587,330	190,917	\$0.21
Exercised during the year	(186,669)	(2,974)	\$0.075
Balance, June 30, 2021/September 30, 2021	<u>17,889,136</u>	<u>1,306,722</u>	<u>\$0.26</u>

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%
June 15, 2020	2,982,956	\$0.25	0.26%	0%	116%
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%
	<u>17,889,136</u>				

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, 2021 and year ended June 30, 2021:

Expiry Date	Exercise Price	Sept. 30, 2021 # of Warrants	June 30, 2021 # of Warrants
December 27, 2022	\$0.15	1,450,850	1,450,850
June 15, 2022	\$0.25	2,982,956	2,982,956
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
		<u>17,889,136</u>	<u>17,889,136</u>

(c) Stock Options

Details of stock option transactions for the period ended September 30, 2021 and year ended June 30, 2021:

	# of Options	Weighted Average Exercise Price
Balance, June 30, 2020	6,800,000	\$0.09
Granted during the year	2,100,000	\$0.20
Expired during the year	(650,000)	\$0.09
Balance, June 30, 2021	8,250,000	\$0.12
Granted during the year	2,500,000	\$0.20
Balance, September 30, 2021	10,750,000	\$0.14

The following table summarizes information about the options outstanding at the period ended September 30, 2021 and year ended June 31, 2021:

Expiry Date	Exercise Price	Sept. 30, 2021	Sept. 30, 2021	June 30, 2021	June 30, 2021
		# of Options Issued	# of Options Exercisable	# of Options Issued	# of Options Exercisable
November 7, 2022	\$0.10	2,150,000	2,150,000	2,150,000	2,150,000
January 15, 2024	\$0.07	1,800,000	1,800,000	1,800,000	1,800,000
March 28, 2024	\$0.10	200,000	200,000	200,000	200,000
February 19, 2025	\$0.10	2,000,000	1,500,000	2,000,000	1,500,000
August 18, 2025	\$0.20	2,100,000	1,575,000	2,100,000	1,050,000
July 28, 2026	\$0.20	2,500,000	625,000	-	-
		10,750,000	7,850,000	8,250,000	6,700,000

(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 15,254,706 common shares of which 10,750,000 are outstanding at September 30, 2021 (June 30, 2021 – 8,250,000). 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, 2021. During the year ended June 30, 2021, the Company completed the following private placements:

- i.) In May 2021, the Company complete a non-brokered flow-through private placement for gross proceeds of \$2,250,000 by issuing 11,250,000 flow-through units at a price of \$0.20 per unit. Each unit consists of one flow-through common share of the Company and one-half of one common share purchase warrant, each whole warrant entitling the holder thereof to acquire an additional common share of the Company at a price of \$0.25 until May 28, 2024.

In connection with the private placement, the Company paid 787,500 compensation units and 393,750 finders' warrants. The compensation units consisted of one common share of the Company and one common share purchase warrant exercisable for an additional common share of the Company at a price of \$0.20 per share until May 28, 2024. The finders' warrants entitle the holder to acquire an additional common share of the Company at an exercise price of \$0.25 per share until May 28, 2024.

- ii.) In December 2020, the Company completed a non-brokered private placement for gross proceeds of \$1,013,460 by issuing 3,250,000 flow-through units at a price of \$0.20 per unit, each unit consisting of one flow-through common share and one-half of one common share purchase warrant, each whole warrant entitling the holder thereof to acquire an additional common share of the Company at a price of \$0.30 for a period of 24 months from the date of issuance. In addition, the Company issued 2,138,000 units at a price of \$0.17 per unit, each unit consisting of one common share and one common share purchase warrant entitling the holder thereof to acquire an additional common share of the Company at a price of \$0.30 expiring December 11, 2022.

The Company paid cash finders' fees totalling \$49,138 and issued 257,280 finders' warrants exercisable at \$0.20 expiring December 11, 2022

- iii.) In December 2020, the Company completed a non-brokered private placement for gross proceeds of \$421,600 by issuing 2,480,000 units at \$0.17 with each unit consisting of one common share and one common share purchase warrant, each warrant entitling the holder thereof to acquire an additional common share of the Company at a price of \$0.30 expiring on December 17, 2022.

The Company paid cash finders' fees totalling \$25,296 and issued 148,800 finders' warrants exercisable at \$0.20 expiring December 17, 2022.

The aggregate deferred premium on the issuance of the 14,500,000 flow-through common shares detailed above was \$362,500. 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 \$57,742 for the period ended September 30, 2021 (September 30, 2020 - \$86,564) resulting in a deferred premium balance of \$215,318 at September 30, 2021 (June 30, 2021 - \$273,060).

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 at amounts to be negotiated at that time. During the year ended June 30, 2020, the base rent and additional rent payment increased to \$4,217 plus HST. An additional \$19,537 was recorded as lease liability and right-of-use assets during the current period.

During the year ended June 30, 2019, the Company leased a truck from Toyota Financial Services commencing on December 11, 2018 for a term of 40 months and terminating on April 11, 2022. The lease is paid in monthly installments of \$510 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 \$25,766 plus HST and any applicable fees.

During the year ended June 30, 2021, the Company leased an additional 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 trucks. The office lease expires on May 31, 2021 at an estimated interest rate of 12% (the Company's estimated incremental borrowing rate). The Company then has a five-year renewal option taking the lease expiry to May 31, 2026. The field truck leases bear interest rates ranging from 4.19% to 7.53%. The lease liability for the period ended September 30, 2021 and year ended June 30, 2021 is as follows:

	Sept. 30, 2021 \$	June 30, 2021 \$
Lease liability	203,891	214,683
Less: Current portion	(42,838)	(43,411)
Long-term portion	<u>161,053</u>	<u>171,272</u>

Interest expense recognized on the lease liability for the current year was \$23,621 (June 30, 2021 - \$22,852) 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, 2021 and 2020:

Payee	Description of Relationship	Nature of Transaction	September 30, 2021 Amount (\$)	September 30, 2020 Amount (\$)
Gordon J. Fretwell Law Corporation	Company controlled by Gordon Fretwell, Officer and former director	Legal fees and disbursements charged/accrued during the period	17,000	22,098
Michael Stares	Director	Prospecting services included in exploration and evaluation expenditures	6,050	-
Stares Prospecting Ltd.	Company controlled by Alexander Stares, brother of Stephen and Michael Stares	Prospecting services included in exploration and evaluation assets	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, 2021, the Company accrued director fees to one of its directors totaling \$2,500 for services rendered on the Company's Audit Committee (September 30, 2020 - \$2,500). The director is to receive \$2,500 per quarter.

Included in accounts payable and accrued liabilities at September 30, 2021 and 2020 is:

- \$17,000 in accrued liabilities to Gordon J. Fretwell Law Corporation (September 30, 2020 - \$22,098)
- \$1,071 in accounts payable to Stares Prospecting Ltd. (September 30, 2020 – nil)
- \$12,500 in accrued directors' fees (September 30, 2020 - \$2,500)

During the period ended September 30, 2021, the Company invoiced White Metal (related by common director Michael Stares) \$3,000 for office rental (September 30, 2020 - \$3,000). See also note 8(a) for an ongoing property option transaction that was completed with White Metal Resources Corp. during fiscal 2020.

Key management personnel remuneration during current year included \$91,341 (September 30, 2020 - \$92,023) in salaries and benefits and \$56,717 (September 30, 2020 - \$58,798) in share-based payments. There were no post-retirement or other long-term benefits paid to key management personnel during the year.

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 \$175,099 is recorded as share-based payments in profit and loss and under reserves in shareholders' equity as equity settled benefits for the 1,233,686 options that vested during the period ended September 30, 2021. The fair value of the options vesting below during the period 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
February 19, 2020	50,388	\$0.10	February 19, 2024	\$0.070	0%	111%	1.38%	5 yrs
August 19, 2020	158,458	\$0.20	August 18, 2025	\$0.19	0%	176%	0.35%	5 yrs
July 28, 2021	1,024,840	\$0.20	July 28, 2026	\$0.138	0%	108%	0.80%	5 yrs
	<u>1,233,686</u>							

14. SUPPLEMENTAL CASH FLOW INFORMATION:

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

	September 30, 2021	September 30, 2020
	\$	\$
Accounts and other receivables	(158,315)	27,457
Prepaid expenses	13,348	4,443
Refundable deposits	(14,475)	6,550
Accounts payable and accrued liabilities	42,140	(46,794)
Total	<u>(117,302)</u>	<u>(8,524)</u>

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

	<u>September 30,</u> <u>2021</u>	<u>September 30,</u> <u>2020</u>
	\$	\$
<i>Non-cash financing activities</i>		
Common shares issued for mineral property option	9,250	33,000
<i>Non-cash investing activities</i>		
Mineral property option through common share issuance	(9,250)	(33,000)
Common shares received for mineral property option/disposal	(337,008)	(3,370,065)
Proceeds of mineral property option/disposal for common shares	337,008	3,370,065

15. REFUNDABLE DEPOSITS:

Refundable security deposits of \$144,025 (June 30, 2021 - \$129,550) 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 is 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 EVENTS:

The following events occurred subsequent to September 30, 2021:

- The Company closed 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 from the date of issuance.

In connection with the Private Placement, the Company is paying finders’ fees in cash or securities or a combination of both, as permitted by the policies of the TSX Venture Exchange. All securities issued pursuant to the Private Placement will be subject to a four month and one day hold period. The Private Placement is subject to approval by the TSX Venture Exchange.