

NOTICE TO SHAREHOLDERS



(A Development Stage Enterprise)

Condensed Interim Financial Statements For the six months ended December 31, 2019

(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 December 31, 2019.

BENTON RESOURCES INC.
(A Development Stage Enterprise)

December 31, 2019

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

BENTON RESOURCES INC.
(A Development Stage Enterprise)

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

As at	December 31, 2019 \$	June 30, 2019 \$
ASSETS		
Current		
Cash	5,208	65,665
Cash – restricted (note 5)	217,628	-
Temporary investments (note 4)	1,460,777	3,118,396
Temporary investments – restricted (note 4)	15,000	-
Accounts and other receivables (note 11)	13,789	73,361
Prepaid expenses	13,960	17,795
Refundable deposits (note 15)	76,190	111,996
	1,802,552	3,387,213
Long-term investments (note 6)	540,550	2,293,793
Property and equipment, net (note 7)	283,589	70,785
Exploration and evaluation assets (note 8)	3,513,328	1,923,643
	6,140,019	7,675,434
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities		
Current		
Accounts payable and accrued liabilities (note 11)	18,711	71,622
Current portion of lease liability (note 10)	29,648	-
Deferred premium on flow-through shares (note 9(e))	87,051	-
	135,410	71,622
Lease liability (note 10)	191,016	-
	326,426	71,622
Shareholders' Equity		
Capital Stock (note 9)		
Share capital	27,725,906	27,639,934
Reserves	1,876,245	1,826,949
Deficit	(23,788,558)	(21,863,071)
	5,813,593	7,603,812
	6,140,019	7,675,434

See Nature of Operations and Going Concern – Note 1
Commitments – Notes 8, 10 and 16
Subsequent Events – Note 8

These financial statements are authorized for issue by the Board of Directors on February 18, 2020. They are signed on the Corporation's behalf by:

“Stephen Stares” Director “William Harper” Director
See accompanying notes to the condensed interim financial statements

BENTON RESOURCES INC.
(A Development Stage Enterprise)

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

	Three Months Ended Dec. 31, 2019 \$	Three Months Ended Dec. 31, 2018 \$	Six Months Ended Dec. 31, 2019 \$	Three Months Ended Dec. 31, 2018 \$
EXPENSES				
Advertising and promotion	25,510	17,823	73,066	34,926
Share-based payments (note 13)	8,814	5,812	20,529	14,869
General and administrative	140,716	136,055	290,390	246,670
Professional fees	34,843	8,624	78,544	24,395
Stock exchange and filing fees	2,885	3,499	4,885	4,499
Depreciation expense	15,223	5,640	30,446	10,781
Pre-acquisition exploration and evaluation	16,953	6,162	58,424	14,357
Write-down of exploration and evaluation assets	4,352	531	1,275,730	870
Foreign currency translation adjustment	9,237	(25,979)	3,721	(11,888)
	(258,533)	(158,167)	(1,835,735)	(339,479)
Other income (expense):				
Interest and investment income	12,738	16,183	29,855	26,114
Other income	-	-	3,000	-
Gain on sale or option of exploration and evaluation assets	1,775	50,766	1,775	50,766
Gain on sale of property and equipment	1,000	-	1,000	-
Adjustment to fair value for fair value through profit and loss investments	154,604	(1,277,494)	134,923	(1,134,650)
Gain (loss) on sale of long-term investments	-	-	(260,305)	90,800
	170,117	(1,210,545)	(89,752)	(966,970)
Loss and comprehensive loss for the period	(88,416)	(1,368,712)	(1,925,487)	(1,306,449)
Loss and comprehensive loss per common share				
– basic and diluted (note 12)	-	\$(0.02)	\$(0.02)	\$(0.02)
Weighted average shares outstanding – basic and diluted	84,231,611	84,002,227	84,231,611	83,935,379

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 six months ended December 31, 2019 and 2018

	<u>Share Capital</u>		<u>Reserves</u>			Total \$
	Number	Amount \$	Warrants \$	Equity-Settled Benefits \$	Deficit \$	
Balance at June 30, 2018	83,868,531	27,626,434	13,302	1,739,761	(20,532,938)	8,846,559
Loss and comprehensive loss for the period	-	-	-	-	(1,306,449)	(1,306,449)
Issued in connection with property option agreements	300,000	13,500	-	-	-	13,500
Expiration of warrants	-	-	(13,302)	13,302	-	-
Share-based payments	-	-	-	14,869	-	14,869
Balance at December 31, 2018	84,168,531	27,639,934	-	1,767,932	(21,839,387)	7,568,479
Balance at June 30, 2019	84,168,531	27,639,934	-	1,826,949	(21,863,071)	7,603,812
Loss and comprehensive loss for the period	-	-	-	-	(1,925,487)	(1,925,487)
Private placement (note 9(e))	2,901,700	188,861	28,767	-	-	217,628
Share issue costs (note 9(e))	-	(15,838)	-	-	-	(15,838)
Flow-through share premium (note 9(e))	-	(87,051)	-	-	-	(87,051)
Share-based payments	-	-	-	20,529	-	20,529
Balance at December 31, 2019	87,070,231	27,725,906	28,767	1,847,478	(23,788,558)	5,813,593

See accompanying notes to the condensed interim financial statements

BENTON RESOURCES INC.**CONDENSED INTERIM STATEMENTS OF CASH FLOWS**
(Prepared by Management – Unaudited)

	Six Months Ended Dec. 31, 2019 \$	Six Months Ended Dec. 31, 2018 \$
CASH FLOWS FROM (USED IN):		
OPERATING ACTIVITIES		
Loss and comprehensive loss for the period	(1,925,487)	(1,306,449)
Adjustment to fair value for fair value through profit and loss investments	(134,923)	1,134,650
Depreciation expense	30,446	10,781
Share-based payments	20,529	14,869
Imputed interest expense on lease liability	10,425	-
Write-down of exploration and evaluation assets	1,275,730	870
Net change in non-cash working capital balances related to operating activities (note 14)	39,504	3,037,391
Cash flows from (used in) operating activities	(683,776)	2,892,112
FINANCING ACTIVITIES		
Issuance of capital stock for cash	217,628	-
Share issue costs	(15,838)	-
Payments on lease liability	(26,213)	-
Cash flows provided by financing activities	175,577	-
INVESTING ACTIVITIES		
Exploration and evaluation expenditures	(3,048,100)	(263,876)
Expenditure recoveries on exploration and evaluation assets	12,685	13,296
Grants received on exploration and evaluation assets	-	100,000
Loss on sale or option of exploration and evaluation assets	-	(50,766)
Proceeds on sale or option of exploration and evaluation assets	-	43,766
Purchase of property and equipment	-	(4,200)
Loss (gain) on sale of long-term investments	260,305	(90,800)
Net proceeds on sale of long-term investments	1,795,695	165,325
Unrealized change in fair market value of temporary investments included in cash	2,166	2,541
Cash flows used in investing activities	(977,249)	(84,714)
Increase (decrease) in cash and temporary investments	(1,485,448)	2,807,398
Cash and cash equivalents - beginning of period	3,184,061	1,215,936
Cash and cash equivalents – end of period	1,698,613	4,023,334
Cash and cash equivalents consist of the following:		
Cash	5,208	68,939
Cash – restricted	217,628	-
Temporary investments	1,460,777	3,954,395
Temporary investments - restricted	15,000	-
	1,698,613	4,023,334

Supplemental cash flow information (note 13)

See accompanying notes to the condensed interim financial statements

BENTON RESOURCES INC.
(A Development Stage Enterprise)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

December 31, 2019

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.

	December 31, 2019	June 30, 2019
Working capital	\$1,667,142	\$3,315,591
Deficit	\$(23,788,558)	\$(21,863,071)

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, 2019 (“Fiscal 2019”).

The policies applied in these interim condensed financial statements are based on IFRS issued and outstanding as of February 18, 2020 (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, 2020.

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, 2019.

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. ADOPTION OF NEW ACCOUNTING STANDARDS:

IFRS – 16 - Leases

The Company applied IFRS 16 with a date of initial application of July 1, 2019 using the modified retrospective approach under which the cumulative effect of initial application is recognized in the opening balance sheet on July 1, 2019. Comparatives for the 2018 reporting period have not been restated and are accounted for under IAS 17, Leases, and IFRIC 4, *Determining Whether an Arrangement Contains a Lease*, as permitted under the specific transitional provisions in the standard.

Definition of a lease

Previously, the Company determined at contract inception whether an arrangement is or contains a lease under IFRIC 4. Under IFRS 16, the Company assesses whether a contract is or contains a lease based on the definition of a lease as explained below.

On transition to IFRS 16, the Company elected not to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied IFRS 16 lease definition assessment to all contracts including those that were previously not identified as leases.

Classification of a lease

As a lessee, the Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Company. Under IFRS 16, the Company recognizes right-of-use assets and lease liabilities for most leases on the balance sheet.

For leases of other assets, which were classified as operating leases under IAS 17, the Company recognized right-of-use assets and lease liabilities.

At transition, lease liabilities that were classified as operating leases under IAS 17 were measured at the present value of the remaining lease payments, discounted at the Company's incremental borrowing rate as at July 1, 2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

Impact on financial statements

On transition to IFRS 16, the Company recognized an additional \$243,250 of right-of-use assets and \$236,452 of lease liabilities, recognizing no difference in retained earnings as the Company opted for measuring the right-of-use at an amount equal to the lease liability adjusted by any prepaid or accrued lease payments relating to that lease, recognized in the statement of financial position immediately before the date of initial application, in accordance with IFRS 16.C8(b).

When measuring lease liabilities, the Company discounted lease payments using its estimated incremental borrowing rate at July 1, 2019 of 12% related to the lease of its office premises and 7.53% relate to the lease of its truck.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset will be periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability when applicable.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company presents right-of-use assets that do not meet the definition of investment property in "Property and equipment" and lease liabilities in "Lease liabilities".

4. TEMPORARY INVESTMENTS:

	December 31, 2019	June 30, 2019
	\$	\$
Money Market Mutual funds	968,478	2,624,717
US Treasury note	136,601	356,149
Province of Ontario US denominated bonds	355,698	137,530
<i>Subtotal</i>	<u>1,460,777</u>	<u>3,118,396</u>
RBC GIC – restricted	15,000	-
<i>Total</i>	<u><u>1,475,777</u></u>	<u><u>3,118,396</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 \$10,094 USD (June 30, 2019 - \$6,339 USD) translated at the USD/CDN conversion rate at December 31, 2019 of \$1.2985 (June 30, 2019 - \$1,3084).

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 December 31, 2019 is \$273,930 USD (June 30, 2019 – \$272,202 USD) translated at the USD/CDN conversion rate at December 31, 2019 of \$1.2985 (June 30, 2019 - \$1.3084).

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 December 31, 2019 is \$105,199 USD (June 30, 2019 – \$105,115 USD) translated at the USD/CDN conversion rate at December 31, 2019 of \$1.2985 (June 30, 2019 - \$1.3084).

The Company also holds a \$15,000 redeemable GIC on deposit with the Royal Bank of Canada maturing on September 24, 2020 and paying interest to the Company at a rate of 1.2% per annum. The GIC is being held as collateral against the Company's visa card balance. The GIC has been separately disclosed as a restricted temporary investment in the Condensed Interim Statements of Financial Position.

5. RESTRICTION ON THE USE OF CASH AND CASH EQUIVALENTS

During the period ended December 31, 2019, 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.

	December 31, 2019	June 30, 2019
Restricted cash, beginning of year	\$ -	\$ -
Gross proceeds received upon issuance of flow-through shares	217,628	-
Qualified exploration expenditures paid from these funds	-	-
Restricted cash, end of period	<u>\$ 217,628</u>	<u>\$ -</u>

6. LONG-TERM INVESTMENTS:

	December 31, 2019		June 30, 2019	
	Market \$	Cost \$	Market \$	Cost \$
Canadian Equities				
Quadro Resources Ltd. (i)	231,000	447,000	105,000	447,000
Maxtech Ventures Inc. (ii)	170,000	170,000	-	-
Other	138,950	1,291,942	132,193	1,291,942
<i>Subtotal</i>	539,950	1,908,942	237,193	1,738,942
Australian Equities				
Matador Mining Ltd. (iii)	-	-	2,056,000	2,340,000
Other	600	2,979	600	2,979
<i>Subtotal (CAD)</i>	600	2,979	2,056,600	2,342,979
Total (CAD)	540,550	1,911,921	2,293,793	4,081,921

- (i) The 4.2 million common shares of Quadro Resources Ltd. (“Quadro”) are listed on the TSX Venture Exchange under the symbol “QRO” and are valued at the December 31, 2019 closing price of \$0.055 per share (June 30, 2019 - \$0.025). The Quadro shares were received pursuant to the Company’s disposition of its 50% interest in the Staghorn gold project in Newfoundland (see note 8(f)(iii)).
- (ii) The 2 million common shares of Maxtech Ventures Inc. (“Maxtech”) are listed on the Canadian Securities Exchange under the symbol “MVT” and are valued at the December 31, 2019 closing price of \$0.085 per share. The Maxtech shares were received pursuant to the option agreement signed between Maxtech and the Company during the period ended December 31, 2019 (see note 8(d)).
- (iii) The 8 million ordinary shares of Matador Mining Ltd. (“Matador”) were received during the year ended June 30, 2019 pursuant to the disposition in fiscal 2018 of the Cape Ray properties. During the period ended December 31, 2019, the 8 million Matador shares were sold for net proceeds of \$1,795,695. The Company recorded a loss on disposition in the amount of \$260,305 during the current period.

7. PROPERTY AND EQUIPMENT:

	December 31, 2019			June 30, 2019		
	Cost	Accumulated Amortization	Net	Cost	Accumulated Amortization	Net
Computer Equipment	\$ 68,557	\$ 64,965	\$ 3,592	\$ 68,557	\$ 63,622	\$ 4,935
Furniture and Equipment	143,109	104,651	38,458	143,109	100,378	42,731
Computer Software	115,971	115,971	-	115,971	115,971	-
Exploration Camps	220,532	213,145	7,387	220,532	211,842	8,690
Automotive	-	-	-	20,576	20,576	-
Leaseholds	36,640	25,875	10,765	36,640	22,211	14,429
Right-of-Use Assets (i)	243,250	19,863	223,387	-	-	-
Total	\$ 828,059	\$ 544,470	\$ 283,589	\$ 605,385	\$ 534,600	\$ 70,785

- (i) The Company’s Right-of Use leased assets include its office premises and a field vehicle. Depreciation expense on these leased assets for the six-month periods ending December 31, 2019 and 2018, which is included in depreciation expense in profit and loss, is as follows:

	December 31, 2019	December 31, 2018
	\$	\$
Depreciation expense – right-of-use assets	19,863	-

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 December 31, 2019 and year ended June 30, 2019 are summarized in the tables below:

For the six months ended December 31, 2019

	Saganaga (a)	Bedivere (c)	Panama Lake (d)	Escape Lake (e)	Other (f)	Total
June 30, 2019 Acquisition Costs	\$ -	256,855	21,991	-	4,845	283,691
Additions	-	3,717	6,000	3,000,000	-	3,009,717
Write-downs/Recoveries/Disposals (g)	-	(260,572)	(4,400)	-	-	(264,972)
<i>Subtotal</i>	\$ -	(256,855)	1,600	3,000,000	-	2,744,745
Dec. 31, 2019 - Acquisition Costs	\$ -	-	23,591	3,000,000	4,845	28,436
June 30, 2019 - Exploration and Evaluation Expenditures	\$ 10,115	1,010,206	541,781	-	77,850	1,639,952
Assaying	-	-	1,075	-	-	1,075
Prospecting	-	-	9,825	-	-	9,825
Geological	-	-	2,563	-	900	3,463
Geophysical	-	-	-	-	-	-
Line Cutting	-	-	-	-	-	-
Trenching	-	-	-	-	-	-
Diamond Drilling	-	-	-	-	-	-
Aboriginal Consultation	1,962	-	-	-	-	1,962
Miscellaneous	14,613	1,952	2,331	-	3,162	22,058
Write-downs/Recoveries/Disposals (g)	-	(1,012,158)	(178,285)	-	(3,000)	(1,193,443)
<i>Subtotal</i>	\$ 16,575	(1,010,206)	(162,491)	-	1,062	(1,155,060)
Dec. 31, 2019 - Exploration and Evaluation Expenditures	\$ 26,690	-	379,290	-	78,912	484,892
Dec. 31, 2019 - Total	\$ 26,690	-	402,881	3,000,000	83,757	3,513,328

For the year ended June 30, 2019

	Saganaga (a)	Bedivere (c)	Panama Lake (d)	Other (f)	Total
June 30, 2018 Acquisition Costs	\$ -	208,355	4,610	59,198	272,163
Additions	-	48,500	17,381	18,683	84,564
Write-downs/Recoveries/Disposals (g)	-	-	-	(73,036)	(73,036)
<i>Subtotal</i>	\$ -	48,500	17,381	(54,353)	11,528
June 30, 2019 - Acquisition Costs	\$ -	256,855	21,991	4,845	283,691
June 30, 2018 - Exploration and Evaluation Expenditures	\$ 1,018	1,093,728	5,736	190,157	1,290,639
Assaying	1,036	72	19,786	10,800	31,694
Prospecting	5,430	117	34,814	11,409	51,770
Geological	-	-	3,869	-	3,869
Geophysical	-	3,983	103,988	7,658	115,629
Line Cutting	-	-	-	-	-
Trenching	-	3,275	-	44,704	47,979
Diamond Drilling	-	5,204	356,827	80,809	442,840
Miscellaneous	2,631	3,827	16,761	17,928	41,147
Write-downs/Recoveries/Disposals (g)	-	(100,000)	-	(285,615)	(385,615)
<i>Subtotal</i>	\$ 9,097	(83,522)	536,045	(112,307)	349,313
June 30, 2019 - Exploration and Evaluation Expenditures	\$ 10,115	1,010,206	541,781	77,850	1,639,952
June 30, 2019 - Total	\$ 10,115	1,267,061	563,772	82,695	1,923,643

(a) 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 will continue to work to find a partner for the project.

(b) Cape Ray

During the year ended June 30, 2018, the Company announced that it signed a binding term sheet with Matador Mining Limited (“Matador”) of Western Australia for the sale of Benton’s 80% interest in the four main Cape Ray Deposits (held in an 80%-Benton 20%-Nordmin Engineering Limited joint venture as described above) as well as a 100% interest in its remaining land positions held in the Cape Ray mining belt, which includes the Isle aux Morts and Big Pond deposits, for a cash payment of AUD \$3.25 million (AUD = Australian dollars) and 8,000,000 common shares of Matador based on an underlying value of AUD \$0.25/share (the “Consideration Shares”) for a total consideration of AUD \$5.25 million. The Company also received 833,333 options exercisable at a price of AUD \$0.30 a share for a period of 2 years following the date of issuance.

Under the terms contained within the binding term sheet, Matador must:

- obtain shareholder approval for the issuance of the 8 million Consideration Shares;
- obtain shareholder approval to issue shares in order to complete a capital raise in the amount of not less than AUD \$5 million at AUD \$0.25 per share;
- obtain regulatory approval from the Australian Securities Exchange for the terms of the binding term sheet; and
- pay to Benton the AUD \$3.25 million in cash and issue 8 million Consideration Shares of Matador as well as the 833,333 options.

Matador completed the above conditions during the year ended June 30, 2018 and the Cape Ray mineral licenses were transferred accordingly. Accounts receivable for the cash and share proceeds due on the disposition was accrued at June 30, 2018. The cash and share proceeds were received in the fiscal 2019 period. The gain on disposition was recorded in the year ended June 30, 2018. The Consideration Shares received were recorded at the June 30, 2018 closing price of AUD \$0.30.

In addition, Benton retains a 1% NSR on the 100% owned Cape Ray mineral licenses, more specifically those licenses acquired by Matador from Benton that contain no other underlying NSRs. Matador has the right to buy back 50% of this NSR by paying Benton AUD \$1 million. Matador assumed all other underlying NSR obligations associated with the 04/41/51/Windowglass Hill/Big Pond/Isle aux Morts deposit claim packages.

(c) Bedivere

During the year ended June 30, 2017, the Company signed a binding Letter of Intent (“LOI”) to enter into an option agreement with Traxxin Resources (“Traxxin”), a privately-owned company, to acquire a 100% interest in their Bedivere Property located 130km west of Thunder Bay, Ontario and 18km north of Highway 11/17 accessible by new logging roads in the area. Under the terms of the option agreement, Benton can earn a 100% interest in the Property, which consists of 396 boundary and single cell claims, by paying to Traxxin \$450,000 and issuing 3,000,000 common shares over a four-year period initially (amended to seven years) on the following schedule, which was amended during the current period and such amendments are reflected below:

- \$45,000 and 300,000 Company common shares on October 31, 2016 (paid and issued);
- \$85,000 and 600,000 Company common shares on October 31, 2017 (paid and issued);
- \$35,000 and 300,000 Company common shares on October 31, 2018; (as amended, paid and issued)
- \$50,000 and 300,000 Company common shares on October 31, 2019;
- \$65,000 and 400,000 Company common shares on October 31, 2020;
- \$80,000 and 500,000 Company common shares on October 31, 2021, and
- \$90,000 and 600,000 Company common shares on October 31, 2022.

The Company was also required to expend \$100,000 on exploration on or before October 31, 2018 (previously completed) and a total of \$500,000 in exploration expenditures, inclusive of the \$100,000 referred to above, on or before October 31, 2022. The Company also agreed to issue to Traxxin a further 500,000 common shares upon a NI 43-101-compliant resource report being produced for the property.

The Property will be subject to a 3% NSR royalty in favour of Traxxin of which 1% NSR can be purchased by Benton at the Company's election for \$1 million. The Company will also grant to Traxxin a 1% NSR on surrounding ground staked by the Company as long as the Company or any of its affiliates holds an interest in the optioned claims.

During the period ended December 31, 2019, the Company elected to terminate the option agreement and returned the Bedivere Property to the vendor. As a result, the Company wrote-off \$260,572 in deferred acquisition costs and \$1,012,158 in deferred exploration and evaluation expenses during the period ended December 31, 2019.

(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 period ended December 31, 2019, the Company signed a binding letter of intent ("BLOI") with Maxtech Ventures Inc. ("MVT") in which MVT will have the option to earn a 100% interest in Panama.

Pursuant to the terms of the BLOI, MVT will have a 30-day due diligence period and, subject to regulatory approval (subsequently approved), will commit to the following: Issue 2,000,000 MVT 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, 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, 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 MVT; 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 MVT; 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 MVT.

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

(e) Escape Lake

During the period ended December 31, 2019, 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 period ended December 31, 2019, 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;
- \$1.0 million on or before October 9, 2021 and;
- \$1.0 million on or before October 9, 2022.

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.

Subsequent to December 31, 2019, 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;
- \$1.5 million on the first anniversary of the completion of the PAN Agreement;
- \$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 period ended December 31, 2019, due to challenging market conditions with respect to financing the acquisitions, the Company signed a letter of intent with Regency Gold Corp. ("Regency"), which in the subsequent period was formalized by the parties entering into a Definitive Option Agreement (the "Regency Option Agreement") which sets out a proposed transaction pursuant to which Regency will acquire 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.

It is contemplated that Regency, subject to regulatory approval and consent from RTEC and PAN (received), may exercise the Option by completing the following:

- Issuing to Benton an aggregate of 24,615,884 common shares (the "Regency Consideration Shares") on the following basis: a) on closing that number of Regency Consideration Shares that represents no more than 19.9% of the number of Regency common shares then outstanding; and b) the remainder of the Regency Consideration Shares at such time as they can be issued without Benton holding more than 19.9% of the issued capital of Regency;
- Fulfilling the remaining terms of the RTEC Agreement that Benton has with RTEC on the Escape Lake Property;

- Entering into and fulfilling 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 (completed by Regency); 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.

A portion of the Regency Consideration Shares, 20% or 4,923,177 shares, will be subject to a four-month and one day “hold period” from the date of issuance, with the remaining 80% or 19,692,707 shares subject to a voluntary lock-up period of six months following the closing date. Upon completion of the Regency Option Agreement, Regency 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) Staghorn Option

During Fiscal 2015, the Company executed an option agreement (the “Agreement”) with Metals Creek Resources Corp. (“MEK”) whereby the Company could earn up to a 70% interest in MEK’s 100% owned Staghorn Gold project in Newfoundland.

During the year ended June 30, 2017, the Company and Metals Creek entered into an agreement (the “Quadro Option”) with Quadro Resources Ltd. (NEX: QRO) (“Quadro”) whereby Quadro has an option to acquire a 100% interest in the Staghorn property and all rights to the newly optioned Rose Gold property which is contiguous with the northern border of the Staghorn property. Under the terms of the option Quadro must complete a 2:1 share consolidation (completed), settle outstanding debts and payables, complete no less than a \$1 million financing and issue 4,000,000 common shares of Quadro (post-consolidation) to each of Benton and Metals Creek (received). Quadro must also assume all obligations of the Rose Gold property option, while the optionor has agreed to accept Quadro shares in place of the 225,000 Benton common shares and 225,000 Metals Creek common shares (450,000 shares combined) originally negotiated. The Quadro Option will be subject to the certain royalties held by Benton and Metals Creek (the “Benton/Metals Creek Royalty”) as well as a royalty held by Ed Northcott and Gilbert Lushman (the “Northcott/Lushman Royalty”) and a royalty held by Shawn Rose (the “Rose Royalty”) all of which are described below:

- The Benton/Metals Creek Royalty represents a 3km area of interest that is subject to a 3% NSR in favour of Benton/Metals Creek, 2% NSR of which can be purchased at any time for \$2 million;

- The Northcott/Lushman Royalty represents a 3km area of interest that is subject to: (i) a 2% NSR in favour of Ed Northcott and Gilbert Lushman, 1% NSR of which can be purchased at any time for \$1 million; and (ii) a 1% NSR in favour of Benton/Metals Creek; and
- The Rose Royalty together with a 1km area of interest is subject to: (i) a 2% NSR in favour of Shawn Rose, 1% NSR of which can be purchased at any time for \$1 million; and (ii) a 1% NSR in favour of Benton/Metals Creek.

The Company was earning an initial 60% interest in the Staghorn project pursuant to the abovementioned terms however, the Company and Metals Creek have agreed to dissolve this agreement in favour of completing the Quadro Option on a 50%-50% basis.

(iv) 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.

(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% 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 a NI 43-101 compliant mineral resource;
- 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.

(vi) Shebandowan

During the year ended June 30, 2017, the company executed an option agreement with White Metal Resources Corp. (“White Metal”) (a company related by common director Michael Stares) on the Company’s Shebandowan project which consists of 135 units in 12 claims in the Burchell Lake, Greenwater Lake and Kashabowie Lake areas in the Thunder Bay mining district. White Metal 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 a NI 43-101-compliant resource on any claims contained within the option agreement.

(vii) Bold Project

During the year ended June 30, 2017, the Company acquired by staking a 100% interest in the Bold cobalt-copper-nickel project located 50km northeast of Mine Centre, Ontario. Subsequent to staking the four separate claim blocks that compose the Bold project, the Company entered into an option agreement with ASX-listed Ardiden Limited (ASX: ADV) whereby Ardiden acquired 100% interest by paying Benton \$10,000 cash (received) and 200,000 ordinary shares (received). Ardiden has since allowed the project to lapse and the Company has reacquired the claims via staking.

(viii) Providence

During the year ended June 30, 2018, the Company executed a binding letter of intent ("LOI") with Matador Capital Pty Ltd. ("Matador Capital"), a private Australian-based company, whereby Matador Capital has acquired the right to acquire a 100% interest in Benton's Providence Copper-Nickel-PGM project (the "Providence Option") located in the Northwest Territories. Under the terms of the LOI, Benton has granted to Matador Capital the exclusive right (the "Exclusivity Period") to negotiate the terms of the transaction, enter into a definitive agreement and/or exercise the Option during the 30 day period following execution of the LOI in consideration for the payment of AUD \$10,000 within 10 days of signing the LOI (received). The Exclusivity Period will be extended for the following periods at Matador Capital's election provided they pay the following amounts to Benton:

- For a further five (5) months by paying Benton AUD \$90,000 within 30 days of executing the LOI (received);
- For a further two (2) months by paying an additional AUD \$100,000 within six (6) months of executing the LOI (not exercised).

During the year ended June 30, 2019, The Company amended its LOI with Matador Capital and completed the sale of the Providence project for a one-time final cash payment of AUD \$30,000 (in addition to the AUD \$100,000 previously paid to the Company) which was received in the current year. Matador Capital will assign the LOI to AGR Resources Pty Ltd. ("AGR"), an affiliate of Matador Capital. AGR assumed responsibility for the underlying NSRs and granted an additional 1% NSR in favour of Benton of which 0.5% NSR can be purchased by AGR for AUD \$500,000.

(ix) Bolton Bay

During the year ended June 30, 2018, the Company signed a Letter of Intent ("LOI") to acquire the Bolton Bay gold project located 120 km west of Thunder Bay and is adjacent to the east boundary of Benton's Bark Lake project which is currently under option to Rio Tinto Exploration Canada Inc. Benton had the option to earn a 100% interest in Bolton Bay by making cash payments totaling \$174,000 (\$12,000 paid) and by issuing 425,000 common shares (50,000 issued) over a period of 5 years following the execution of the LOI. The vendor was to retain a 2% NSR which the Company can purchase 1% NSR for \$1 million and retained a right of first refusal to purchase the remaining 1% NSR. The Company received regulatory approval in the current period. Due to no further plans for the project, the Company wrote-off a total of \$167,543 in combined acquisition costs and deferred exploration and evaluation expenditures during the year ended June 30, 2019. The Company terminated the option on the project and returned it to the vendor during fiscal 2019.

(x) Conche

The Company entered into an option agreement (the "Option") with Quadro Resources Inc. ("Quadro") pursuant to which Quadro has acquired the right to earn the Company's 33.33% interest in the Conche Property (acquired during fiscal 2018 via joint staking efforts with Quadro, Metals Creek Resources Corp. and the Company) on Newfoundland's Great Northern Peninsula. In order to exercise the Option, Quadro is required to issue 1 million Quadro common shares to the Company over an eighteen month period with 200,000 shares owed upon receipt of regulatory approval (received on September 27, 2018), a further 300,000 shares to be issued within six months of receipt of regulatory approval (March 27, 2019) and the final 500,000 shares within eighteen months of receiving regulatory approval (March 27, 2020). Upon completion of the share payments, the Company will retain a 1% NSR with Quadro having the right to purchase 50% of the NSR for \$500,000. During the year ended June 30, 2019 the Company was informed by Quadro

that they were terminating the option agreement and the project will revert to a 33.33% interest to each company (Benton, Metals Creek Resources and Quadro) and a joint venture is to be formed. As a result, the March 27, 2019 share payment from Quadro was not made to the Company and Quadro is no longer obligated to make the March 27, 2020 share payment to the Company.

(xi) 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 the Canadian Orebodies and granted Benton a 1.5% NSR. Canadian Orebodies has the option to buy-down 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.

(xii) 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 (\$25,000 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 Royalty (NSR), half of which (1% NSR) can be purchased by RTEC for \$1,000,000. Subsequent to December 31, 2019, the Company received \$25,000 from RTEC for the first anniversary option payment.

(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 December 31, 2019 and year ended June 30, 2019 were as follows:

	December 31, 2019 \$	June 30, 2019 \$
<i>Write-downs:</i>		
Bedivere	1,272,730	-
Other Properties	3,000	321,355
<i>Total</i>	1,275,730	321,355
<i>Recoveries/Dispositions:</i>		
Bedivere	-	100,000
Panama	182,685	-
Other Properties	-	37,296
<i>Total</i>	182,685	137,296

9. CAPITAL STOCK:

(a) Share Capital

Authorized:

Unlimited common shares without par value
One voting preference share

Issued and outstanding:

87,070,231 common shares
Nil preference shares

(b) Share Purchase Warrants

Details of share purchase warrant transactions for the period ended December 31, 2019 and year ended June 30, 2019 is as follows:

	# of Warrants	Amount \$	Wtd. Avg. Ex. Price
Balance, June 30, 2018	3,970,000	13,302	\$0.25
Expired during the period	(3,970,000)	(13,302)	\$0.25
Balance, June 30, 2019	-	-	-
Issued pursuant to private placement	1,450,850	25,793	\$0.15
Issued to finders' pursuant to above	186,669	2,974	\$0.075
Balance, December 31, 2019	1,637,519	28,767	\$0.14

For purposes of valuing the 1,450,850 warrants issued in the private placement, the fair value of each warrant was estimated on the date of grant using an option pricing model, using the following assumptions; a risk-free interest rate of 1.65%, dividend yield of 0%, and an expected volatility of 102%.

For purposes of valuing the 186,669 finders' warrants issued in the private placement, the fair value of each warrant was estimated on the date of grant using an option pricing model, using the following assumptions; a risk-free interest rate of 1.65%, dividend yield of 0%, and an expected volatility of 104%.

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 December 31, 2019 and year ended June 30, 2019:

Expiry Date	Exercise Price	December 31, 2019 # of Warrants	June 30, 2019 # of Warrants
December 27, 2022	\$0.15	1,450,850	-
June 27, 2021	\$0.075	186,669	-
		1,637,519	-

(c) Stock Options

Details of stock option transactions for the period ended December 31, 2019 and year ended June 30, 2019 are as follows:

	# of Options	Weighted Average Exercise Price
Balance, June 30, 2018	6,465,000	\$0.10
Granted during the period	2,250,000	\$0.07
Expired during the period	(2,120,000)	\$0.10
Balance, June 30, 2019	6,595,000	\$0.09
Expired during the period	(25,000)	\$0.10
Balance, December 31, 2019	6,570,000	\$0.09

The following table summarizes information about the options outstanding at the period ended December 31, 2019 and year ended June 30, 2019:

Expiry Date	Exercise Price	Dec.31, 2019	Dec.31, 2019	June 30, 2019	June 30, 2019
		# of Options Issued	# of Options Exercisable	# of Options Issued	# of Options Exercisable
May 13, 2020	\$0.10	2,020,000	2,020,000	2,020,000	2,020,000
November 7, 2022	\$0.10	2,300,000	2,300,000	2,325,000	2,325,000
January 15, 2024	\$0.07	1,950,000	975,000	1,950,000	487,500
March 28, 2024	\$0.10	300,000	150,000	300,000	75,000
		6,570,000	5,265,000	6,595,000	4,907,500

(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 6,570,000 are outstanding at December 31, 2019. 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

- i) During the period ended December 31, 2019, the Company completed a non-brokered flow through private placement by issuing 2,901,700 units at a price of \$0.075 per unit for aggregate proceeds of \$217,628. Each unit consists of one flow-through common share and one-half of one common share purchase warrant, each whole warrant entitling the holder therein to purchase an additional common share of the Company for \$0.15 until December 27, 2022.

In connection with the private placement, the Company paid cash finders’ fees totalling \$14,000 as well as 186,669 finders’ warrants exercisable at \$0.075 expiring June 27, 2021.

The deferred premium on the issuance of the 2,901,700 flow-through common shares was \$87,051. 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 nil for the period ended December 31, 2019 (December 31, 2018 - nil) resulting in a deferred premium balance of \$87,051 at December 31, 2019 (June 30, 2019 – nil).

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, 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.

The lease liability relates to the above leases for the Company's office premises and a field truck. 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 lease with Toyota Credit Canada bears interest at 7.53%. At the beginning of the current period on adoption of IFRS 16 and at December 31, 2019, the lease liability for the Company is as follows:

	December 31, 2019 \$	July 1, 2019 \$
Lease liability	220,664	236,452
Less: Current portion	(29,648)	(30,219)
Long-term portion	<u>191,016</u>	<u>206,233</u>

11. RELATED PARTY TRANSACTIONS:

The Company paid or accrued the following amounts to related parties during the period ended December 31, 2019 and 2018:

Payee	Description of Relationship	Nature of Transaction	December 31, 2019 Amount (\$)	December 31, 2018 Amount (\$)
Gordon J. Fretwell Law Corporation	Company controlled by Gordon Fretwell, Officer and former director	Legal fees and disbursements charged/accrued during the period	58,362	10,521

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

During the period ended December 31, 2019, the Company paid director fees to one of its directors totaling \$5,000 for services rendered on the Company's Audit Committee (December 31, 2018 - \$5,000). The director is to receive \$2,500 per quarter.

Included in accounts payable and accrued liabilities at December 31, 2019 and June 30, 2019 is:

- Nil payable to Gordon J. Fretwell Law Corporation (June 30, 2019 - \$9,395)

During the period ended December 31, 2019, the Company invoiced White Metal Resources Corp. (related by common director Michael Stares) \$6,780 (inclusive of HST) for office rental (December 31, 2018 - \$12,448). At December 31, 2019, White Metal Resources Corp. owed the Company \$145 (June 30, 2019 - nil) and is recorded in accounts and other receivables.

Key management personnel remuneration during current period included \$184,808 (December 31, 2018 - \$184,217) in salaries and benefits and \$6,981 (December 31, 2018 - \$6,478) 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. As the issue of shares upon the exercise of stock options would be anti-dilutive, diluted loss per common share is equivalent to basic loss per common share.

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 \$20,529 is recorded as share-based payments in profit and loss and under reserves in shareholders' equity as equity settled benefits for the 552,664 options that vested during the period ended December 31, 2019. 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
January 15, 2019	452,896	\$0.07	January 15, 2024	\$0.038	0%	109%	1.91%	5 yrs
March 28, 2019	99,768	\$0.10	March 28, 2024	\$0.035	0%	109%	1.46%	5 yrs
	<u>552,664</u>							

14. SUPPLEMENTAL CASH FLOW INFORMATION:

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

	December 31, 2019	December 31, 2018
	\$	\$
Accounts and other receivables	59,572	3,075,734
Prepaid expenses	(2,963)	(12,215)
Refundable deposits	35,806	(1,700)
Accounts payable and accrued liabilities	(52,911)	(24,428)
Total	<u>39,504</u>	<u>3,037,391</u>

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

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
	\$	\$
<i>Non-cash operating activities</i>		
Settlement of accounts and other receivables in debtor shares	-	2,340,000
Prepaid expenses allocated to reduce lease liability – on adoption of IFRS 16	6,798	-
<i>Non-cash financing activities</i>		
Lease liability recognized on adoption of IFRS 16	243,250	-
Prepaid expenses allocated to reduce lease liability on adoption of IFRS 16	(6,798)	-
Common shares issued for mineral property option	-	13,500
<i>Non-cash investing activities</i>		
Right-of-use lease assets recognized on adoption of IFRS 16	(243,250)	-
Mineral property option through common share issuance		(13,500)
Common shares received for mineral property option/disposal	(170,000)	(24,000)
Proceeds of mineral property option/disposal for common shares	170,000	24,000
Shares received on settlement of accounts and other receivables	-	(2,340,000)

15. REFUNDABLE DEPOSITS:

Refundable security deposits of \$76,190 (June 30, 2019 - \$111,996) 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:

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 commitment:

- 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 terminated the contract during the period ended December 31, 2019.