

NOTICE TO SHAREHOLDERS



(A Development Stage Enterprise)

Condensed Interim Financial Statements For the six months ended December 31, 2020

(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, 2020.

BENTON RESOURCES INC.
(A Development Stage Enterprise)

December 31, 2020

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BENTON RESOURCES INC.
(A Development Stage Enterprise)

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

As at	December 31, 2020 \$	June 30, 2020 \$
ASSETS		
Current		
Cash	520,025	131,324
Cash - restricted (note 5)	819,631	764,245
Temporary investments (note 4)	1,267,065	1,218,078
Accounts and other receivables (note 11)	106,021	48,931
Prepaid expenses	47,356	10,130
Refundable deposits (note 15)	16,800	23,350
	2,776,898	2,196,058
Long-term investments (note 6)	10,344,494	9,866,897
Property and equipment, net (note 7)	286,066	272,278
Exploration and evaluation assets (note 8)	992,276	420,797
	14,399,734	12,756,030
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities		
Current		
Accounts payable and accrued liabilities (note 11)	150,309	146,642
Current portion of lease liability (note 10)	42,191	33,862
Deferred premium on flow-through shares (note 9(e))	104,423	160,664
	296,923	341,168
Lease liability (note 10)	190,163	189,356
	487,086	530,524
Shareholders' Equity		
Capital Stock (note 9)		
Share capital	29,361,525	28,541,111
Reserves	2,841,991	2,112,247
Deficit	(18,290,868)	(18,427,852)
	13,912,648	12,225,506
	14,399,734	12,756,030

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

These financial statements are authorized for issue by the Board of Directors on February 16, 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 Dec. 31, 2020 \$	Three Months Ended Dec. 31, 2019 \$	Six Months Ended Dec. 31, 2020 \$	Six Months Ended Dec. 31, 2019 \$
EXPENSES				
Advertising and promotion	18,644	25,510	31,066	73,066
Share-based payments (note 13)	108,497	8,814	279,707	20,529
General and administrative	112,647	140,716	220,329	290,390
Professional fees	17,435	34,843	34,473	78,544
Consulting fees	-	-	300	-
Part XII.6 tax	1,227	-	1,227	-
Stock exchange and filing fees	93	2,885	4,068	4,885
Depreciation and amortization expense	17,097	15,223	32,173	30,446
Pre-acquisition exploration and evaluation	1,490	16,953	1,739	58,424
Write-down of exploration and evaluation assets	-	4,352	530	1,275,730
Foreign currency translation adjustment	21,547	9,237	31,782	3,721
	(298,677)	(258,533)	(637,394)	(1,835,735)
Other income (expense):				
Interest and investment income	3,276	12,738	7,672	29,855
Other income	46,402	-	50,102	3,000
Adjustment to fair value for fair value through profit and loss investments	1,891,838	154,604	175,071	134,923
Gain on sale or option of exploration and evaluation assets	315,333	1,775	333,888	1,775
Gain on disposal of property and equipment	-	1,000	4,366	1,000
Gain (loss) on sale of long-term investments	51,903	-	65,538	(260,305)
	2,308,752	170,117	636,637	(89,752)
Income (loss) before deferred tax recovery	2,010,075	(88,416)	(757)	(1,925,487)
Deferred tax recovery – flow-through (note 9(e))	51,177	-	137,741	-
Income (loss) and comprehensive income (loss) for the year	2,061,252	(88,416)	136,984	(1,925,487)
Income (loss) and comprehensive income (loss) per common share – basic and diluted (note 12)	\$0.02	-	-	\$(0.02)
Weighted average shares outstanding – basic	96,487,432	84,231,611	95,713,084	84,231,611
– diluted	103,113,796	84,231,611	100,447,183	84,231,611

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, 2020 and 2019

	<u>Share Capital</u>		<u>Reserves</u>			
	Number	Amount \$	Warrants \$	Equity-Settled Benefits \$	Deficit \$	Total \$
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
Balance at June 30, 2020	94,938,736	28,541,111	164,084	1,948,163	(18,427,852)	12,225,506
Income and comprehensive income for the period	-	-	-	-	136,984	136,984
Private placement (note 9(e))	7,868,000	985,023	450,037	-	-	1,435,060
Share issue costs (note 9(e))	-	(83,109)	-	-	-	(83,109)
Flow-through share premium (note 9(e))	-	(81,500)	-	-	-	(81,500)
Share-based payments	-	-	-	279,707	-	279,707
Balance at December 31, 2020	102,806,736	29,361,525	614,121	2,227,870	(18,290,868)	13,912,648

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, 2020 \$	Six Months Ended Dec. 31, 2019 \$
CASH FLOWS FROM (USED IN):		
OPERATING ACTIVITIES		
Income (loss) and comprehensive income (loss) for the period	136,984	(1,925,487)
Items not requiring an outlay of cash:		
Deferred tax recovery – flow-through	(137,741)	-
Adjustment to fair value for fair value through profit and loss investments	(175,071)	(134,923)
Gain on disposal of property and equipment	(4,366)	-
Depreciation and amortization expense	32,173	30,446
Share-based payments	279,707	20,529
Imputed interest on lease liability	12,101	10,425
Write-down of exploration and evaluation assets	530	1,275,730
Net change in non-cash working capital balances related to operating activities (note 14)	(84,099)	39,504
Cash flows from (used in) operating activities	60,218	(683,776)
FINANCING ACTIVITIES		
Issuance of capital stock for cash	1,435,060	217,628
Share issue costs	(83,109)	(15,838)
Payments on lease liability	(39,593)	(26,213)
Cash flows from financing activities	1,312,358	175,577
INVESTING ACTIVITIES		
Exploration and evaluation expenditures	(603,454)	(3,048,100)
Expenditure recoveries on exploration and evaluation assets	31,445	12,685
Purchase of property and equipment	(9,968)	-
Gain on sale or option of exploration and evaluation assets	(333,888)	-
Proceeds on sale or option of exploration and evaluation assets	18,555	-
Loss (gain) on sale of long-term investments	(65,538)	260,305
Net proceeds on sale of long-term investments	85,098	1,795,695
Proceeds on disposal of property and equipment	5,000	-
Unrealized change in fair market value of temporary investments included in cash	(6,752)	2,166
Cash flows used in investing activities	(879,502)	(977,249)
Increase (decrease) in cash and temporary investments	493,074	(1,485,448)
Cash and cash equivalents - beginning of period	2,113,647	3,184,061
Cash and cash equivalents - end of period	2,606,721	1,698,613
Cash and cash equivalents consist of the following:		
Cash	520,025	5,208
Cash - restricted	819,631	217,628
Temporary investments	1,267,065	1,460,777
Temporary investments - restricted	-	15,000
	2,606,721	1,698,613

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

December 31, 2020

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, 2020	June 30, 2020
Working capital	\$2,479,975	\$1,854,890
Deficit	\$(18,290,868)	\$(18,427,852)

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, 2020 (“Fiscal 2020”).

The policies applied in these interim condensed financial statements are based on IFRS issued and outstanding as of February 16, 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, 2021.

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, 2020.

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, 2020 that are expected to have a significant impact on the Company at the present time.

4. TEMPORARY INVESTMENTS:

	December 31, 2020 \$	June 30, 2020 \$
Money Market Mutual funds	736,083	649,897
US Treasury note	376,862	403,931
Province of Ontario US denominated bonds	139,120	149,250
GIC	15,000	15,000
<i>Total</i>	<u>1,267,065</u>	<u>1,218,078</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 \$17,575 USD (June 30, 2020 - \$13,841 USD) translated at the USD/CDN conversion rate at December 31, 2020 of \$1.2736 (June 30, 2020 - \$1,3587).

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, 2020 is \$295,903 USD (June 30, 2020 – \$297,292 USD) translated at the USD/CDN conversion rate at December 31, 2020 of \$1.2736 (June 30, 2020 - \$1.3587).

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, 2020 is \$109,233 USD (June 30, 2020 – \$109,848 USD) translated at the USD/CDN conversion rate at December 31, 2020 of \$1.2736 (June 30, 2020 - \$1.3587).

The Company also holds a \$15,000 redeemable GIC on deposit with the Royal Bank of Canada maturing on September 24, 2021 and paying interest to the Company at a rate of 0% per annum. The GIC is being held as collateral against the Company's visa card balance.

5. RESTRICTION ON THE USE OF CASH

During the year ended June 30, 2020 and period ended December 31, 2020, 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, 2020 \$	June 30, 2020 \$
Restricted cash, beginning of year	764,245	-
RBC GIC posted as visa card collateral	-	15,000
Gross proceeds received upon issuance of flow-through shares	650,000	968,626
Qualified exploration expenditures paid from these funds	(594,614)	(219,381)
Restricted cash, end of year	<u>819,631</u>	<u>764,245</u>

6. LONG-TERM INVESTMENTS:

	December 31, 2020		June 30, 2020	
	Market	Cost	Market	Cost
	\$	\$	\$	\$
Canadian Equities				
Clean Air Metals Inc. (i)	8,984,798	3,200,065	8,492,480	3,200,065
Quadro Resources Ltd. (ii)	472,800	419,329	1,029,000	447,000
Maxtech Ventures Inc. (iii)	293,333	278,333	150,000	170,000
Sokoman Iron Corp. (iv)	280,000	168,535	150,000	168,535
Metallica Metals Corp. (v)	262,200	207,000	-	-
Other	47,822	838,164	43,541	1,123,407
<i>Subtotal</i>	<i>10,340,953</i>	<i>5,114,426</i>	<i>9,865,021</i>	<i>5,109,007</i>
Australian Equities				
Other	3,541	2,979	1,876	2,979
Total (CAD)	10,344,494	5,114,405	9,866,897	5,111,986

- (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 December 31, 2020 closing price of \$0.365 per share (June 30, 2020 - \$0.345). 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(d)).
- (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 December 31, 2020 closing price of \$0.12 per share (June 30, 2020 - \$0.245). The Quadro shares were received pursuant to the Company’s disposition of its 50% interest in the Staghorn gold project in Newfoundland. During the year ended June 30, 2020, the Company disposed of 3.2 million shares of Quadro at \$0.05 per share and reacquired them in a private placement at \$0.05 per share along with 3.2 million warrants. The warrants were transferred to a third-party financier as part of Quadro’s capital raising initiative. The Company retained 4.2 million shares of Quadro. During the period ended December 31, 2020, 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 current period.
- (iii) The 3,666,666 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, 2020 closing price of \$0.08 per share (June 30, 2020 - \$0.075). The Maxtech shares were received pursuant to the option agreement signed between Maxtech and the Company during the year ended June 30, 2020 (see note 8(c)).
- (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 December 31, 2020 closing price of \$0.28 per share (June 30, 2020 - \$0.15). The Sokoman shares were received pursuant to the option agreement signed between Sokoman and the Company during the year ended June 30, 2017 (see note 8(f)(iv)).
- (v) The 1.38 million shares of Metallica Metals Corp. (“Metallica”) are listed on the Canadian Securities Exchange under the symbol “MM” and are valued at the December 31, 2020 closing price of \$0.19 per share. The Metallica shares were received pursuant to the option agreement signed between Metallica and the Company during the current period (see note 8(a)).

7. PROPERTY AND EQUIPMENT:

	December 31, 2020			June 30, 2020		
	Cost	Accumulated Amortization	Net	Cost	Accumulated Amortization	Net
Computer Equipment	\$ 68,557	\$ 66,916	\$ 1,641	\$ 68,557	\$ 66,308	\$ 2,249
Furniture and Equipment	140,996	100,806	40,190	143,836	108,997	34,839
Computer Software	115,971	115,971	-	115,971	115,971	-
Exploration Camps	220,532	215,361	5,171	220,532	214,449	6,083
Automotive	-	-	-	-	-	-
Leaseholds	36,640	33,203	3,437	36,640	29,539	7,101
Right-of-Use Assets (i)	299,415	63,788	235,627	262,788	40,782	222,006
Total	\$ 882,111	\$ 596,045	\$ 286,066	\$ 848,324	\$ 576,046	\$ 272,278

- (i) The Company's Right-of-Use leased assets include its office premises and field vehicles. Depreciation expense on these leased assets for the period ending December 31, 2020 and year ended June 30, 2020, which is included in depreciation expense in profit and loss, is as follows:

	December 31, 2020 \$	June 30, 2020 \$
Depreciation expense – right-of-use assets	23,006	40,782

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, 2020 and year ended June 30, 2020 are summarized in the tables below:

For the six months ended December 31, 2020

	Saganaga/Q9	Far Lake	Other	
	(a)	(f)	(g)	Total
June 30, 2020 - Acquisition Costs	\$ -	77,550	20,986	98,536
Additions	-	-	7,250	7,250
Writedowns/Recoveries/Disposals	-	-	-	-
<i>Subtotal</i>	\$ -	-	7,250	7,250
Dec. 31, 2020 - Acquisition Costs	\$ -	77,550	28,236	105,786
June 30, 2020 - Exploration and Evaluation Expenditures	\$ 31,445	201,582	89,234	322,261
Assaying	-	63,182	-	63,182
Prospecting	-	30,540	-	30,540
Geological	-	2,127	-	2,127
Geophysical	-	67,413	-	67,413
Soil Sampling	-	7,319	-	7,319
Trenching	-	41,155	-	41,155
Diamond Drilling	-	373,251	3,720	376,971
Aboriginal Consultation	-	1,060	-	1,060
Miscellaneous	-	5,907	530	6,437
Writedowns/Recoveries/Disposals	(31,445)	-	(530)	(31,975)
<i>Subtotal</i>	\$ (31,445)	591,954	3,720	564,229
Dec. 31, 2020 - Exploration and Evaluation Expenditures	\$ -	793,536	92,954	886,490
Dec. 31, 2020 - Total	\$ -	871,086	121,190	992,276

For the year ended June 30, 2020

	Saganaga/Q9	Bedivere	Panama	Escape Lake	Far Lake	Other	Total
	(a)	(b)	(c)	(d)	(e)	(f)	
June 30, 2019 - Acquisition Costs	\$ -	256,855	21,991		-	4,845	283,691
Additions	-	3,717	6,000	3,000,000	77,550	16,870	3,104,137
Writedowns/Recoveries/Disposals	-	(260,572)	(27,991)	(3,000,000)		(729)	(3,289,292)
<i>Subtotal</i>	\$ -	(256,855)	(21,991)	-	77,550	16,141	(185,155)
June 30, 2020 - Acquisition Costs	\$ -	-	-	-	77,550	20,986	98,536
June 30, 2019 - Exploration and Evaluation Expenditures	\$ 10,115	1,010,206	541,781		-	77,850	1,639,952
Assaying	-	-	1,075	-	262	-	1,337
Prospecting	-	-	9,825	-	12,515	1,111	23,451
Geological	-	-	2,563	-	6,728	900	10,191
Geophysical	-	-	-	-	155,101	-	155,101
Soil Sampling	-	-	-	-	19,542	-	19,542
Aboriginal Consultation	1,962	-	-	-	-	-	1,962
Miscellaneous	19,368	4,076	2,631	-	7,434	112,673	146,182
Writedowns/Recoveries/Disposals	-	(1,014,282)	(557,875)	-	-	(103,300)	(1,675,457)
<i>Subtotal</i>	\$ 21,330	(1,010,206)	(541,781)	-	201,582	11,384	(1,317,691)
June 30, 2020 - Exploration and Evaluation Expenditures	\$ 31,445	-	-	-	201,582	89,234	322,261
June 30, 2020 - Total	\$ 31,445	-	-	-	279,132	110,220	420,797

(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 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 ended December 31, 2020, Cameo Industries Corp. (“Cameo”) closed an arm’s length acquisition of 2752300 Ontario Inc. In addition during the period ended December 31, 2020, 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 and issuing the greater of 1,000,000 Metallica common shares or 2% of the then issued and outstanding Metallica common shares 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.

(b) 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.

During the year ended June 30, 2020, 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 \$1,014,282 in deferred exploration and evaluation expenses during the year ended June 30, 2020.

(c) 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 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 (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 (issued 1,666,666 MVT 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, 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.

(d) 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 in subsequent period by Clean Air Metals);
- \$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.

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;
- \$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 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.

(e) 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 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;
- 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;

- 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.

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.

(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.

(iv) Alder East

During the year ended June 30, 2017, the Company executed an option agreement with g 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 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.

(v) *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 a NI 43-101-compliant resource on any claims contained within the option agreement.

(vi) *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.

(vii) *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.

(viii) *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.

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

(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 (\$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.

(xiii) Iron Duke

The Company acquired a 100% interest through staking 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.

(xiv) East Hemlo

During the period ended December 31, 2020, the Company acquired via staking a 100% interest in 145 single-cell mining claims, 5km east of Barrick Gold Corporation’s Hemlo Gold Mine.

(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, 2020 and year ended June 30, 2020 were as follows:

	December 31, 2020 \$	June 30, 2020 \$
<i>Write-downs:</i>		
Bedivere	-	1,274,854
Panama	-	403,180
Other Properties	530	104,029
<i>Total</i>	<u>530</u>	<u>1,782,063</u>
<i>Recoveries/Dispositions:</i>		
Saganaga	31,445	-
Panama	-	182,685
Escape Lake	-	3,000,000
<i>Total</i>	<u>31,975</u>	<u>3,182,685</u>

9. CAPITAL STOCK:

(a) Share Capital

Authorized:

Unlimited common shares without par value
One voting preference share

Issued and outstanding:

102,806,736 common shares
Nil preference shares

(b) Share Purchase Warrants

Details of share purchase warrant transactions for the period ended December 31, 2020 and year ended June 30, 2020 is as follows:

	# of Warrants	Amount \$	Wtd. Avg. Ex. Price
Balance, June 30, 2019	-	-	-
Issued pursuant to private placements	4,012,696	142,007	\$0.21
Issued to finders' pursuant to above	607,779	22,077	\$0.20
Balance, June 30, 2020	4,620,475	164,084	\$0.21
Issued pursuant to private placements	6,243,000	408,488	\$0.30
Issued to finders' pursuant to above	406,080	41,549	\$0.20
Balance, December 31, 2020	11,269,555	614,121	\$0.25

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

Date Issued	# of Warrants	Exercise Price	Risk-Free Interest Rate	Dividend Yield	Expected Volatility
December 27, 2019	186,669	\$0.075	1.65%	0%	104%
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%
	11,269,555				

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, 2020 and year ended June 30, 2020:

Expiry Date	Exercise Price	Dec. 31, 2020 # of Warrants	June 30, 2020 # of Warrants
December 27, 2022	\$0.15	1,450,850	1,450,850
June 27, 2021	\$0.075	186,669	186,669
June 15, 2022	\$0.25	2,982,956	2,982,956
December 11, 2022	\$0.30	3,763,000	-
December 11, 2022	\$0.20	257,280	-
December 17, 2022	\$0.30	2,480,000	-
December 17, 2022	\$0.20	148,800	-
		11,269,555	4,620,475

(c) Stock Options

Details of stock option transactions for the period ended December 31, 2020 and year ended June 30, 2020 are as follows:

	# of Options	Weighted Average Exercise Price
Balance, June 30, 2019	6,595,000	\$0.09
Granted during the year	2,250,000	\$0.10
Expired during the year	(2,045,000)	\$0.10
Balance, June 30, 2020	6,800,000	\$0.09
Granted during the period	2,100,000	\$0.20
Expired during the period	(650,000)	\$0.09
Balance, December 31, 2020	8,250,000	\$0.12

The following table summarizes information about the options outstanding at the period ended December 31, 2020 and the year ended June 30, 2020:

Expiry Date	Exercise Price	Dec. 31, 2020 # of Options Issued	Dec. 31, 2020 # of Options Exercisable	June 30, 2020 # of Options Issued	June 30, 2020 # of Options Exercisable
November 7, 2022	\$0.10	2,150,000	2,150,000	2,300,000	2,300,000
January 15, 2024	\$0.07	1,800,000	1,800,000	1,950,000	1,950,000
March 28, 2024	\$0.10	200,000	200,000	300,000	225,000
February 19, 2025	\$0.10	2,000,000	1,000,000	2,250,000	562,500
August 18, 2025	\$0.20	2,100,000	525,000	-	-
		8,250,000	5,675,000	6,800,000	5,037,500

(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 8,250,000 are outstanding at December 31, 2020 (June 30, 2020 – 6,800,000). 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

During the period ended December 31, 2020, the Company completed the following private placements:

- i.) 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

- ii.) 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.

During the year ended June 30, 2020, the Company completed the following private placements:

- i.) In December 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.

- ii.) In June 2020, the Company completed a non-brokered private placement of flow-through shares and non flow-through units for gross proceeds of \$1,084,039. The Company issued 5,006,659 flow-through shares at a price of \$0.15 per flow-through share. The Company also issued and 2,561,846 non-flow-through units at a price of \$0.13 per unit, each Unit consisting of one common share of the Company and one common share purchase warrant, each warrant being exercisable at \$0.25 for 24 months following the date of issuance.

In connection with the private placement, the Company paid cash finders' fees totalling \$60,212 as well as 421,110 finders' warrants exercisable at \$0.25 expiring June 15, 2022.

The aggregate deferred premium on the issuance of the 11,158,359 flow-through common shares detailed above was \$268,434. 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 \$137,741 for the period ended December 31, 2020 (December 31, 2019 - nil) resulting in a deferred premium balance of \$104,423 at December 31, 2020 (June 30, 2020 – \$160,664).

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 period ended December 31, 2020, 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 December 31, 2020 and year ended June 30, 2020 is as follows:

	December 31, 2020 \$	June 30, 2020 \$
Lease liability	232,354	223,218
Less: Current portion	(42,191)	(33,862)
Long-term portion	190,163	189,356

Interest expense recognized on the lease liability for the current period was \$12,101 (December 31, 2019 - \$10,425) 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 period ended December 31, 2020 and 2019:

Payee	Description of Relationship	Nature of Transaction	December 31, 2020 Amount (\$)	December 31, 2019 Amount (\$)
Gordon J. Fretwell Law Corporation	Company controlled by Gordon Fretwell, Officer and former director	Legal fees and disbursements charged/accrued during the period	32,098	58,362
Stares Contracting Corp.	Company controlled by Stephen Stares, Director and Officer and Michael Stares, Director	Payments equipment rentals included in exploration and evaluation expenditures	1,260	-

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, 2020, the Company accrued director fees to one of its directors totaling \$5,000 for services rendered on the Company's Audit Committee (December 31, 2020 - \$5,000). The director is to receive \$2,500 per quarter.

Included in accounts payable and accrued liabilities at December 31, 2020 and 2019 is:

- \$15,000 in accrued liabilities to Gordon J. Fretwell Law Corporation (December 31, 2019 - nil)

During the period ended December 31, 2020, the Company invoiced White Metal (related by common director Michael Stares) \$6,000 for office rental (December 31, 2020 - \$6,000). See also note 8(e) for a property option transaction that was completed with White Metal during the year.

Key management personnel remuneration during current period included \$184,047 (December 31, 2019 - \$184,808) in salaries and benefits and \$96,071 (December 31, 2019 - \$6,981) 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 is based on the assumption 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 \$279,707 is recorded as share-based payments in profit and loss and under reserves in shareholders' equity as equity settled benefits for the 1,884,362 options that vested during the period ended December 31, 2020. 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	13,393	\$0.07	January 15, 2024	\$0.038	0%	109%	1.91%	5 yrs
March 28, 2019	11,813	\$0.10	March 28, 2024	\$0.035	0%	109%	1.46%	5 yrs
February 19, 2020	625,689	\$0.10	February 19, 2024	\$0.070	0%	111%	1.38%	5 yrs
August 19, 2020	1,233,467	\$0.20	August 18, 2025	\$0.19	0%	176%	0.35%	5 yrs
	<u>1,884,362</u>							

14. SUPPLEMENTAL CASH FLOW INFORMATION:

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

	December 31, 2020 \$	December 31, 2019 \$
Accounts and other receivables	(57,090)	59,592
Prepaid expenses	(37,226)	(2,963)
Refundable deposits	6,550	35,806
Accounts payable and accrued liabilities	3,667	(52,911)
Total	<u>(84,099)</u>	<u>39,504</u>

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

	<u>Dec. 31, 2020</u>	<u>Dec. 31, 2019</u>
	<u>\$</u>	<u>\$</u>
<i>Non-cash operating activities</i>		
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)
<i>Non-cash investing activities</i>		
Right-of-use lease assets recognized on adoption of IFRS 16	-	(243,250)
Common shares received for mineral property option/disposal		(170,000)
Proceeds of mineral property option/disposal for common shares		170,000

15. REFUNDABLE DEPOSITS:

Refundable security deposits of \$16,800 (June 30, 2020 - \$23,350) 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. Subsequent to December 31, 2020, 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.
- During the year, 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, it is unknown the extent of the impact the COVID-19 outbreak may have on the Company 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.