ALSET ENERGY
— CORP —

(formerly Benton Capital Corp.)
(A Development Stage Enterprise)

Condensed Consolidated Interim Financial Statements
For the three months ended September 30, 2016

(Stated in Canadian Dollars)

Responsibility for Financial Statements

The accompanying consolidated financial statements for Alset Energy Corp. (formerly Benton Capital Corp.) 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 consolidated 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 consolidated interim financial statements for the period ended September 30, 2016.

ALSET ENERGY CORP.
(formerly Benton Capital Corp.)
(A Development Stage Enterprise)

September 30, 2016

ALSET ENERGY CORP.
(formerly Benton Capital Corp.)
(A Development Stage Enterprise)

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

As at	**Sept. 30, 2016 $**	June 30, 2016 $
ASSETS		
Current		
Cash	**120,817**	205,717
Temporary investments (note 4)	**243,240**	692,417
Accounts and other receivables	**60,412**	24,480
Prepaid expenses	**23,566**	3,452
	448,035	926,066
Exploration and evaluation assets (note 5)	**481,371**	158,284
	929,406	1,084,350
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities		
Current		
Accounts payable and accrued liabilities (note 7)	**320,377**	152,634
Shareholders' Equity		
Capital Stock (note 6)		
Share capital	**2,229,308**	2,229,308
Reserves	**7,551,680**	7,417,539
Foreign currency translation	**(12,655)**	
Deficit	**(9,159,304)**	(8,715,131)
	609,029	931,716
	929,406	1,084,350

See Nature of Operations and Going Concern – Note 1
Subsequent Events – Note 12

These condensed consolidated interim financial statements are authorized for issue by the Board of Directors on November 22, 2016. They are signed on the Corporation's behalf by:

"Stephen Stares" Director
" Clint Barr" Director

See accompanying notes to the condensed consolidated interim financial statements

ALSET ENERGY CORP.
(formerly Benton Capital Corp.)
(A Development Stage Enterprise)

CONSENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Prepared by Management – Unaudited)

	Three Months Ended Sept. 30, 2016 $	Three Months Ended Sept. 30, 2015 $
EXPENSES		
Advertising and promotion	97,692	1,992
Share-based payments (note 8)	134,141	2,857
General and administrative	15,039	3,139
Professional fees (note 7)	75,871	7,005
Consulting fees (note 7)	117,526	12,520
Stock exchange and filing fees	3,906	2,667
Pre-acquisition exploration and evaluation expenses	8,090	-
Foreign exchange loss (gain)	(6,954)	-
	(445,311)	(30,180)
Other income (expense):		
Interest and investment income	1,138	3,142
Loss for the period	(444,173)	(27,038)
Exchange differences on translation of foreign operations	(12,655)	-
Comprehensive loss for the period	**(456,828)**	**(27,038)**
Loss and comprehensive loss per common share – basic and diluted	$0.01	$0.00
Weighted average shares outstanding – basic and diluted (note 10)	39,136,764	38,136,764

See accompanying notes to the condensed consolidated financial statements

ALSET ENERGY CORP.
(formerly Benton Capital Corp.)
(A Development Stage Enterprise)

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY
For the three months ended September 30, 2016 and 2015

	Share Capital			Foreign currency translation	Retained earnings (deficit)	Total shareholders' equity
	Number	Amount	Reserves			
		$	$	$	$	$
Balance at June 30, 2015	**38,136,764**	**2,099,308**	**7,307,904**	**-**	**(8,300,702)**	**1,106,510**
Loss and comprehensive loss for the period	**-**	**-**	**-**	-	(27,038)	(27,038)
Share-based payments	**-**	**-**	2,857	**-**	**-**	2,857
Balance at September 30, 2015	**38,136,764**	**2,099,308**	**7,310,761**	**-**	**(8,327,740)**	**1,082,329**
Balance at June 30, 2016	**39,136,764**	**2,229,308**	**7,417,539**	**-**	**(8,715,131)**	**931,716**
Comprehensive loss for the period	-	-	-	(12,655)	(444,173)	(456,828)
Share-based payments	**-**	**-**	134,141	**-**	**-**	134,141
Balance at September 30, 2016	**39,136,764**	**2,229,308**	**7,551,680**	**(12,655)**	**(9,159,304)**	**609,029**

See accompanying notes to the condensed consolidated interim financial statements

ALSET ENERGY CORP.
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CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(Prepared by Management – Unaudited)

	Three Months Ended Sept. 30, 2016 $	Three Months Ended Sept. 30 2015 $
CASH FLOWS FROM (USED IN):		
OPERATING ACTIVITIES		
Loss for the period	(444,173)	(27,038)
Share-based payments	134,141	2,857
Net change in non-cash working capital balances related to operating activities (note 9)	111,697	12,500
Cash flows used in operating activities	(198,335)	(11,681)
INVESTING ACTIVITIES		
Exploration and evaluation expenditures	(323,087)	-
Cash flows used in by investing activities	(323,087)	-
Decrease in cash and cash equivalents	(521,422)	(11,681)
Cash and cash equivalents - beginning of period	898,134	1,125,044
Effect of exchange rate on cash held	(12,655)	-
Cash and cash equivalents- end of period	364,057	1,113,363
Cash and cash equivalents consists of the following:		
Cash	120,817	16,449
Temporary investments	243,240	1,096,914
	364,057	1,113,363

Supplemental cash flow information (note 9)

See accompanying notes to the condensed consolidated interim financial statements

ALSET ENERGY CORP.
(formerly Benton Capital Corp.)
(A Development Stage Enterprise)

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

September 30, 2016

1. NATURE OF OPERATIONS AND GOING CONCERN:

Alset Energy Corp. (the “Company”) (formerly Benton Capital Corp.) was incorporated on July 10, 2003 under the laws of British Columbia and is a development stage public company whose shares began trading on the TSX Venture Exchange in April of 2005. Its principal business activities are the acquisition, exploration and development of mineral properties in Canada and Mexico.

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

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

	Sept. 30, 2016	June 30, 2016
Working capital	$ 127,658	$ 773,432
Deficit	$(9,159,304)	$(8,715,131)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

These condensed consolidated 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 consolidated interim financial statements are the same as those applied in the audited annual consolidated financial statements for Alset Energy Corp for the year ended June 30, 2016.

The policies applied in these condensed consolidated interim financial statements are based on IFRS issued and outstanding as of November 22, 2016 (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 condensed consolidated financial statements for the period ended September 30, 2016.

The condensed consolidated interim financial statements do not contain all disclosures required under IFRS for annual financial statements and should be read in conjunction with the audited annual consolidated financial statements and the notes thereto for Alset Energy Corp. for the year ended June 30, 2016.

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.

Basis of Consolidation

The Company's financial statements consolidate the financial statements of the parent Company and its subsidiary up to to September 30, 2016. Subsidiaries are all entities over which the Company has the power to control the financial and operating policies. The Company obtains and exercises control through more than half of the voting rights.

	Percentage of Ownership	**Jurisdiction**	**Principal Activity**
Grupo Minero Alset, S.A. de C.V.	100%	Mexico	Mineral Exploration

All transactions and balances between the Company and its subsidiary are eliminated on consolidation. Amounts reported in the financial statements of its subsidiary have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Company.

Foreign Currency

The condensed consolidated interim financial statements are presented in Canadian dollars, which is also the functional currency of the parent corporation. The functional currency of the Company's subsidiary is Canadian dollars.

Foreign currency transactions are translated into the functional currency of the respective Company, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items at period-end exchange rates are recognized in profit or loss.

In the Company's financial statements, all assets, liabilities and transactions of the Company entities with a functional currency other than the Canadian dollars (the Company's presentation currency) are translated into Canadian dollars upon consolidation. The functional currency of the entities in the Company has remained unchanged during the reporting period.

On consolidation, assets and liabilities have been translated into Canadian dollars at the closing rate at the reporting date. Income and expenses have been translated into the Company's presentation currency at the average rate over the reporting period. Exchange differences are charged/credited to other comprehensive income and recognized in the currency translation reserve in equity. On disposal of a foreign operation the cumulative translation differences recognized in equity are reclassified to profit or loss and recognized as part of the gain or loss on disposal.

3. SEGMENTED INFORMATION:

The Company currently operates in two operating segments, the exploration of mineral properties in Canada and Mexico. Management of the Company makes decisions about allocating resources based on the operating segments. A geographic summary of identifiable assets, liabilities and operating activities by country is as follows (there was no segmented information in the comparative period to report) :

As at September 30, 2016

	Canada	**Mexico**	**Total**
	$	**$**	**$**
Segmented Assets	616,497	312,909	929,406
Segmented Liabilities	282,392	37,985	320,377

For the Three Months Ended September 30, 2016

	Canada $	Mexico $	Total $
Operating activities			
Advertising and promotion	97,692	-	97,692
Share-based payments	90,917	43,224	134,141
General and administrative	14,959	80	15,039
Professional fees	36,640	39,231	75,871
Consulting fees	117,178	348	117,526
Stock exchange and filing fees	3,906	-	3,906
Pre-acquisition exploration and evaluation expenses	8,090	-	8,090
Foreign exchange loss (gain)	-	(6,954)	(6,954)
Total	**369,382**	**75,929**	**445,311**

4. TEMPORARY INVESTMENTS:

	Sept. 30, 2016	June 30, 2016
Money Market Mutual funds	$ 243,240	$ 692,417

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.

5. 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 three month period ended September 30, 2016 and the year ended June 30, 2016 is summarized in the tables below:

For the three month period ended September 30, 2016

		Lithium Salars – Mexico (a)	Wisa Lake (b)	Champion Graphite (c)	Goodchild (d)	Total
June 30, 2016 - Acquisition Costs	$	-	5,985	130,026	1	136,012
Additions		228,582	-	-	-	228,582
Writedowns/Recoveries		-	-	-	-	-
Subtotal	$	228,582	-	-	-	228,582
Sept. 30, 2016- Acquisition Costs	$	**228,582**	**5,985**	**130,026**	**1**	**364,594**
June 30, 2016 - Exploration and Evaluation Expenditures	$	3,200	14,215	4,857	-	22,272
Assaying		-	-	4,412	-	4,412
Prospecting		-	-	990	-	990
Geology		6,155	-	-	-	6,155
Trenching		-	-	41,529	-	41,529
Drilling		5,079	-	-	-	5,079
Aboriginal Consultation		-	2,097	-	-	2,097
Miscellaneous		11,308	800	-	-	12,108
Metallurgy		16,212	-	-	-	16,212
Permitting		5,923	-	-	-	5,923
Writedowns/Recoveries		-	-	-	-	-
Subtotal	$	44,677	2,897	46,931	-	94,505
Sept. 30, 2016 - Exploration and Evaluation Expenditures	$	**47,877**	**17,112**	**51,788**	**-**	**116,777**
Sept. 30, 2016 - Total	$	**276,459**	**23,097**	**181,814**	**1**	**481,371**

For the year ended June 30, 2016

		Lithium Salars – Mexico (a)	Wisa Lake (b)	Champion Graphite (c)	Goodchild (d)	Total
June 30, 2015 - Acquisition Costs	$	-	-	-	1	1
Additions		-	5,985	130,026	-	136,011
Writedowns/Recoveries		-	-	-	-	-
Subtotal	$	-	5,985	130,026	-	136,011
June 30, 2016- Acquisition Costs	$	**-**	**5,985**	**130,026**	**1**	**136,012**
June 30, 2015 - Exploration and Evaluation Expenditures	$	-	-	-	-	-
Assaying		-	3,356	418	-	3,774
Prospecting		-	7,607	1,729	-	9,336
Trenching		-	-	740	-	740
Aboriginal Consultation		-	449	-	-	449
Miscellaneous		3,200	2,803	1,970	-	7,973
Writedowns/Recoveries		-	-	-	-	-
Subtotal	$	3,200	14,215	4,857	-	22,272
June 30, 2016 - Exploration and Evaluation Expenditures	$	**3,200**	**14,215**	**4,857**	**-**	**22,272**
June 30, 2016 - Total	$	**3,200**	**20,200**	**134,883**	**1**	**158,284**

(a) Lithium Salars – Mexico

During the 2016 fiscal year, the Company signed a binding letter of intent (“LOI”) to acquire the right to earn a 100% interest in Mexican lithium, potassium and boron brine salar assets located in Zacatecas and San Luis Potosi, Mexico that was under due diligence review during the 2016 fiscal year. After a review of all data and completion of a site visit by Alset and its advisors, the Company decided to acquire four large concessions containing seven top priority salars which include, Caliguey, La Doncella, Colorada, La Salada, Santa Clara, Saldivar and Chapala. Alset will acquire these assets through its wholly owned Mexican subsidiary, Grupo Minero Alset, S.A. de C.V., by paying the outstanding mining taxes on the four concessions in the amount of approximately US$112,000 (subsequently completed) and making the following payments of US$210,000 to the Optionor on the following schedule:

- US$20,000 on the Company providing the Notice of satisfaction of the due diligence (completed);
- US$25,000 on first anniversary of signing the Definitive Agreement;
- US$30,000 on second anniversary of signing the Definitive Agreement;
- US$35,000 on third anniversary of signing the Definitive Agreement;
- US$40,000 on fourth anniversary of signing the Definitive Agreement; and
- US$60,000 on fifth anniversary of signing the Definitive Agreement

The property will be subject to a 2.25% NSR in favour of the Optionor of which 1% can be purchased by the Company for US$250,000. Alset paid a finders’ fee to a third party of 10% based on the value of the cash payments above and the outstanding mining taxes.

(b) Wisa Lake Lithium

The Company holds via staking a 100% interest in the Wisa Lake lithium project located 80km east of Fort Frances, Ontario. The project is connected to Highway 11 (Trans Canada) located 65km north via an all weather road that crosses the centre of the project. The property is comprised of 5 claims totaling 75 units.

(c) **Champion Graphite**

The 100% owned Champion Graphite property is located 60km north of Kenora, Ontario, Canada and consists of 29 units in 2 unpatented mining claims. The Company acquired the project during the 2016 fiscal year from Benton Resources Inc. ("Benton") (a company related by common directors and officers) by paying to Benton 1 million common shares of the Company and subject to a 2% Net Smelter Royalty ("NSR") in favour of Benton, one-half of which (1%) can be bought back by the Company for $500,000.

(d) **Goodchild**

The 100% owned Goodchild copper-nickel property was acquired by the Company by staking. The property consists of 209 claim units located 10km north of the town of Marathon, Ontario. During fiscal 2015, the Company determined that no further work was planned at the Goodchild property and as a result wrote off $678,771 in deferred exploration and evaluation expenditures. The project remains in good standing and the Company will sell, option or allow the project to lapse should nothing materialize.

6. CAPITAL STOCK:

(a) Share Capital

Authorized:

Unlimited Class A common (share class created solely for purposes of the Plan of Arrangement)
Unlimited Class B common (share class created solely for purposes of the Plan of Arrangement)
Unlimited common shares

Issued:

Nil Class A common
Nil Class B common
39,136,764 common shares

(b) Stock Options

Details of stock option transactions for the period ended September 30, 2016 and the year ended June 30, 2016 are detailed below.

	# of Options	Weighted Average Exercise Price
Balance, June 30, 2015	3,997,500	$0.48
Granted during the year	2,845,000	$0.11
Expired during the year	(1,585,000)	$0.86
Balance, June 30, 2016	5,257,500	$0.17
Granted during the period	300,000	$0.39
Cancelled during the period	(250,000)	$0.35
Balance, June 30, 2016	5,307,500	$0.17

As at September 30, 2016 the following stock options were outstanding:

Expiry Date	Exercise Price	September 30, 2016 # of Options	Options Exercisable
September 4, 2017	$0.30	912,500	912,500
February 3, 2019	$0.20	1,500,000	1,500,000
April 21, 2021	$0.07	2,395,000	598,750
May 26, 2021	$0.35	200,000	50,000
July 27, 2021	$0.39	300,000	75,000
		5,307,500	3,136,250

(c) Stock Option Plan

The Company has a Stock Option Plan (the "Plan") for directors, officers, employees and consultants. The Plan authorizes the granting of options to purchase up to a maximum of 7,762,353 common shares of which 5,307,500 are outstanding at September 30, 2016. 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.

(d) Shareholder Rights Plan

The Company has adopted a shareholder rights plan (the "Rights Plan") to ensure the fair treatment of all Company shareholders in connection with any take-over bid for the outstanding common shares of the Company. The Rights Plan will provide the Company's shareholders with adequate time to properly evaluate and assess a take-over bid without facing undue pressure or coercion. The Rights Plan also provides the board of directors of the Company with additional time to consider any take-over bid and, if applicable, to explore alternative transactions in order to maximize shareholder value.

Pursuant to the Rights Plan, any bid that meets certain criteria intended to protect the interests of all shareholders are deemed to be "Permitted Bids". A Permitted Bid must be made by way of a take-over bid circular prepared in compliance with applicable securities laws and, in addition to certain other conditions, must remain open for 60 days. In the event a take-over bid does not meet the Permitted Bid requirements of the Rights Plan, the rights issued under the plan will entitle shareholders, other than any shareholder or shareholders involved in the take-over bid, to purchase additional common shares of the Company at a significant discount to the market price of the common shares at that time.

7. RELATED PARTY TRANSACTIONS:

The Company paid or accrued the following amounts to related parties during the period ended September 30, 2016 and 2015:

Payee	Description of Relationship	Nature of Transaction	2016 Amount ($)	2015 Amount ($)
Gordon J. Fretwell Law Corporation	Company controlled by Gordon Fretwell, Officer and former Director	Legal fees and disbursements charged/accrued during the year	31,210	7,005
Benton Resources Inc.	Company related by common directorships	Reimbursement of general and administrative expenses and management fees related to personnel support	75,235	-
Michael Stares	Director	Consulting fees paid for project/royalty generative activities and expense reimbursements	-	12,000

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.

Included in accounts payable and accrued liabilities as at September 30, 2016 is nil (September 30 2015 - $7,915) to Gordon J. Fretwell Law Corporation, $173,148 to Benton Resources Inc. (September 30, 2015 - $39,550) and nil (September 30, 2015 - $9,040) to Michael Stares. The repayment terms are similar to the repayment terms of non-related party trade payables.

Key management personnel remuneration during the current year included $65,739 (September 30, 2015 - $nil) in salaries and benefits and $27,719 (September 30, 2015 - $2,411) in share-based payments. There were no post-retirement or other long-term benefits paid to key management personnel during the current year.

8. SHARE-BASED PAYMENTS:

The Company applies the fair value method of accounting for share-based payments to directors, officers, employees and consultants and accordingly $134,141 is recorded as share-based payments in profit and loss and under reserves in shareholders' equity as equity settled benefits for the 865,548 options that vested during the current period. The fair value of the options vesting below during the period ended September 30, 2016 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
April 21, 2016	551,853	$0.07	April 21, 2021	$0.053	0%	146%	0.69%	5 yrs
May 26, 2016	45,982	$0.35	May 26, 2021	$0.339	0%	154%	0.65%	5 yrs
July 27, 2016	123,731	$0.39	July 27, 2021	$0.349	0%	156%	0.74%	5 yrs
August 17, 2016	143,982	$0.35	August 17, 2021	$0.318	0%	157%	0.74%	5 yrs
	865,548							

9. SUPPLEMENTAL CASH FLOW INFORMATION:

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

	Sept. 30, 2016 $	Sept. 30, 2015 $
Accounts and other receivables	(35,932)	4,432
Prepaid expenses	(20,114)	1,804
Accounts payable and accrued liabilities	167,743	6,264
Total	111,697	12,500

Except as otherwise disclosed herein, there were no non-cash transactions during the respective periods.

10. 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.

11. COMMITMENTS:

The Company has commitments as described in note 5 related to exploration and evaluation assets.

During the period ended September 30, 2016, the Company engaged Daniel Boase to provide investor relations services for a monthly fee of $6,000 plus HST. The agreement is for an initial term of 12 months but can be terminated by either party after 6 months with the provision of notice of termination. In addition, the Company granted 400,000 stock options at an exercise price of $0.35 for a period of 5 years vesting in accordance with the Company's stock option plan.

12. SUBSEQUENT EVENTS:

The following occurred subsequent to September 30, 2016:

(i) The Company closed a private placement in two tranches for gross proceeds of $460,240 consisting of 288,334 flow-through units ("FT") for $34,600 and 4,256,400 non flow-through units ("NFT") for $425,640. Each FT unit was issued at $0.12 and consisted of one flow-through common share and one-half of one common share purchase warrant, each whole warrant entitling the holder to purchase an additional common share of the Company for $0.20 for a period of 24 months following the closing. Each NFT unit was issued at $0.10 and consisted of one common share and one common share purchase warrant, each warrant entitling the holder to purchase an additional common share of the Company for $0.20 for a period of 24 months following the closing. The Company paid finders' fees totaling $6,800 and issued 68,000 broker warrants exercisable at $0.20 for a period of 24 months following closing. TSX Venture Exchange approval for the financing was received in the subsequent period.

(ii) The Company received regulatory approval to settle $153,228 of accounts payable owing to Benton Resources Inc., a company related by common directors, by issuing 1,178,680 common shares of the Company.

(iii) The Company appointed Allan Barry Laboucan as President and CEO.