



(formerly Benton Capital Corp.)

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

**For the three months ended September 30, 2016**

**November 22, 2016**

### GENERAL

Alset Energy Corp. (the "Company" or "Benton") (formerly Benton Capital Corp.) is a development stage public company engaged in exploration for mineral deposits in Canada. The Company is in the early exploration stage with respect to its property.

The following discussion of the financial condition and results of operations of the Company constitutes management's review of the factors that affected the Company's financial and operating performance for the three month period ended September 30, 2016. The discussion should be read in conjunction with the condensed consolidated interim financial statements of the Company for the three month period ended September 30, 2016 including the notes thereto.

Unless otherwise stated, all amounts discussed herein are denominated in Canadian dollars and all financial information (as derived from the Company's consolidated financial statements) has been prepared in accordance with International Financial Reporting Standards ("IFRS").

### FORWARD-LOOKING INFORMATION

Certain information regarding the Company within Management's Discussion and Analysis (MD & A) may include "forward-looking statements" within the meaning of applicable Canadian securities legislation. All statements, other than statements of historical facts, included in this MD & A that address activities, events or developments that the Company expects or anticipates will or may occur in the future, including such things as future business strategy, goals, expansion and growth of the Company's businesses, operations, plans and other such matters are forward-looking statements. When used in this MD & A the words "estimate", "plan", "anticipate", "expect", "intend", "believe" and similar expressions are intended to identify forward-looking statements. Such statements are subject to known and unknown risks and uncertainties that may cause actual results in the future to differ materially from those anticipated in forward-looking statements. Although the Company has attempted to identify important factors that could cause actual results to differ materially, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

### OVERVIEW OF BUSINESS

The focus of the Company is to seek out and explore mineral properties of potential economic significance and advance these projects through prospecting, sampling, geological mapping and geophysical surveying, trenching, and diamond drilling in order for management to determine if further work is justified. The Company's property portfolio consists of the Wisla Lake lithium project and Champion graphite project in Ontario as well as Lithium Salars in Mexico. In addition, the Company holds the Goodchild project in Ontario focusing on base metals and PGMs. In addition, the Company holds 1,566,623 warrants of Coro Mining Corp. (TSX: COP), a company focused on copper development and exploration in Latin America.

During the 2016 fiscal year, the Company announced that it changed its name to Alset Energy Corp. with the ticker symbol “ION” on the TSX Venture Exchange and that its focus would be on acquiring, exploring and advancing projects in the “green” metals space such as lithium and graphite.

## **FINANCIAL & OPERATIONAL OVERVIEW**

### **Overall Performance**

Recent times have witnessed the drastic decline and continued volatility of the global financial markets. Share prices of junior exploration companies listed on the TSX Venture Exchange, including the Company, have experienced a significant impact as a result. Equity financing for the junior resource sector, its primary source of capital, can be difficult to obtain in such conditions.

While the Company has no long-term debt and has significant working capital to fund current operations, the sustainability of the financial markets related to the mineral exploration sector cannot be determined. This continually poses a challenge for the Company to effectively manage its capital through these volatile conditions. Management has and will continue to evaluate strategic opportunities to aggressively acquire favourable advanced assets at depressed prices.

Overall, the Company feels it can effectively balance its growth opportunities with its need to conserve capital at this time. Planned project expenditures are continually reviewed to ensure efficient and effective exploration is conducted and if needed, to reduce costs accordingly.

### **Financial Condition**

The Company’s cash balance as at September 30, 2016 was \$120,817 compared to \$205,717 at June 30, 2016. Current assets of the Company as at September 30, 2016 were \$448,035 compared to \$926,066 as at June 30, 2016. The decrease in current assets was predominantly attributable to the acquisition of the Mexican Lithium Salar project, trenching at Champion Graphite and general and administrative expenditures during the period. Total assets as at September 30, 2016 were \$926,406 compared to \$1,084,350 at June 30, 2016. Current liabilities as at September 30, 2016 were \$320,377 compared to \$152,634 at June 30, 2016, a change due largely to an accumulation of invoices related to fieldwork support, administrative support and expenses from Benton Resources Inc. Subsequent to September 30, 2016, 1,178,680 shares of the Company were issued to Benton Resources Inc. to settle \$153,229 in accounts payables.

### **Results of Operations**

The comprehensive loss for the three month period ended September 30, 2016 was \$458,828 (\$0.01 loss per common share) as compared to a net loss and comprehensive loss of \$27,038 nil loss per common share) in the comparative period of the previous year. This change was due to increased activity surrounding consulting and professional fees related to operations in Mexico as well as a large increase in share-based payments expense.

Expenses incurred during the three month period ended September 30, 2016 consist of:

- i) Advertising and promotion expenses of \$97,692 (September 30, 2015 - \$1,992) increased due to significant promotion activity in the current period related to the Company’s new focus on lithium and graphite.
- ii) Share-based payments of \$134,141 (September 30, 2015 - \$2,857) (recorded upon vesting of stock options to employees, directors and officers and is dependent upon vesting levels in a given period).
- iii) General and administrative expenses of \$15,039 (September 30, 2015 - \$3,139) (increased related to active operations in the current year’s period).
- iv) Professional fees of \$75,871 (September 30, 2015 - \$7,005) (increased due to significant legal work required to structure acquisition and establish operations in Mexico for Salar projects)
- v) Consulting fees of \$117,526 (September 30, 2015 – \$12,520) (related to consulting fees paid to CEO and consultants in Mexico related to Salar projects and related permitting etc.)
- vi) Stock exchange and filing fees of \$3,906 (September 30, 2015 - \$2,667) (varies based upon business activity involving the exchange and certain annual listing fees).
- vii) Pre-acquisition exploration and evaluation expenses of \$8,090 (September 30, 2015 – nil) (related to generative exploration work on potential exploration projects targeted for acquisition).

viii) Foreign exchange gain of \$6,954 (September 30, 2015 – nil) (related to the translation of operations in Mexico in the Company's wholly owned Mexican subsidiary – Grupo Minero Alset, S.A. de C.V.).

The Company has seen a continual decline in the interest rates implicit on its investments in short-term fixed income instruments throughout the economic down turn.

### **Cash Flows**

The cash flows used in operating activities was \$198,335 for the three months ended September 30, 2016 compared to cash used in operating activities of \$11,681 in the previous year's comparative period, the large swing resulting from active operations in the current period resulting in increased cash operating expenses. Cash flows used in investing activities was \$323,087 for the period ended September 30, 2016 compared to cash flows used in investing activities of nil in the comparative period in the prior year, the change arose due to exploration and evaluation expenditures incurred in the current year as the Company resumed active exploration on its lithium and graphite projects as well as the acquisition of the Lithium Salars in Mexico and payment of outstanding mining taxes.

### **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, 2015 is summarized in the tables below:

**For the three month period ended September 30, 2016**

		<b>Lithium Salars – Mexico (a)</b>	<b>Wisa Lake (b)</b>	<b>Champion Graphite (c)</b>	<b>Goodchild (d)</b>	<b>Total</b>
<b>June 30, 2016 - Acquisition Costs</b>	\$	-	5,985	130,026	1	136,012
Additions		228,582	-	-	-	228,582
Writedowns/Recoveries		-	-	-	-	-
<i>Subtotal</i>	\$	228,582	-	-	-	228,582
<b>Sept. 30, 2016- Acquisition Costs</b>	\$	<b>228,582</b>	<b>5,985</b>	<b>130,026</b>	<b>1</b>	<b>364,594</b>
<b>June 30, 2016 - Exploration and Evaluation Expenditures</b>	\$	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		-	-	-	-	-
<i>Subtotal</i>	\$	44,677	2,897	46,931	-	94,505
<b>Sept. 30, 2016 - Exploration and Evaluation Expenditures</b>	\$	<b>47,877</b>	<b>17,112</b>	<b>51,788</b>	<b>-</b>	<b>116,777</b>
<b>Sept. 30, 2016 - Total</b>	\$	<b>276,459</b>	<b>23,097</b>	<b>181,814</b>	<b>1</b>	<b>481,371</b>

**For the year ended June 30, 2016**

		<b>Lithium Salars – Mexico (a)</b>	<b>Wisa Lake (b)</b>	<b>Champion Graphite (c)</b>	<b>Goodchild (d)</b>	<b>Total</b>
<b>June 30, 2015 - Acquisition Costs</b>	\$	-	-	-	1	1
Additions		-	5,985	130,026	-	136,011
Writedowns/Recoveries		-	-	-	-	-
<i>Subtotal</i>	\$	-	5,985	130,026	-	136,011
<b>June 30, 2016- Acquisition Costs</b>	\$	-	<b>5,985</b>	<b>130,026</b>	<b>1</b>	<b>136,012</b>
<b>June 30, 2015 - Exploration and Evaluation Expenditures</b>	\$	-	-	-	-	-
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		-	-	-	-	-
<i>Subtotal</i>	\$	3,200	14,215	4,857	-	22,272
<b>June 30, 2016 - Exploration and Evaluation Expenditures</b>	\$	<b>3,200</b>	<b>14,215</b>	<b>4,857</b>	<b>-</b>	<b>22,272</b>
<b>June 30, 2016 - Total</b>	\$	<b>3,200</b>	<b>20,200</b>	<b>134,883</b>	<b>1</b>	<b>158,284</b>

**(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, Caligüey, 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 (subsequently 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 has agreed to pay a finders’ fee to a third party of 10% based on the value of the cash payments above and the outstanding mining taxes.

During the period ended September 30, 2016, the Company received a new translation revealing results of an official study undertaken in 1992 by the Mexico’s former Mineral Resource Council, (now the Geologic Society of Mexico) on the San Jose de Caligüey salar located within one of Alset’s concessions in San Luis Potosi, Mexico.

The purpose of the study was to improve efficiency of a common salt (sodium chloride, NaCl) production operation within the salar. The salt production process began with pumping salar brine from a well 20 meters deep to a number of evaporation ponds “where it remains for a number of days (a minimum of 90 days) to evaporate the water through the sun's energy. This concentrates and crystallizes the sodium chlorides and sulfates and, to a lesser extent, potassium. They are harvested as a solid and separated into first, second, and third quality, depending on how pure they are.”

As part of the study, the Resource Council collected a number of samples, both sediments, and liquid from facility evaporation ponds and the surface lagoon adjacent to the operation and sent for salt and lithium (Li) analyses, the results of which are shown in the following table:

Sample No.	Thickness(m)	NaCl %	Li %
SJC - 1	1	0.98	0.07
SJC - 2	1	1.65	0.08
SJC - 3	1	1.81	0.09
SJC - 4	1	1.48	0.09
SJC - 5	1	0.82	0.08
SJC - 6	1	26.38	0.08
SJC - 7	1	0.66	0.03
SJC - 8	Water	0.38	1.2
SJC - 9	1	1.98	0.05
SJC - 10	1	1.65	0.15
SJC - 11	1	0.66	0.13
SJC - 12	1	0.49	0.09
SJC - 13	1	0.99	0.14
SJC - 14	1	0.16	0.05
SJC - 15	Water	0.43	1.4
SJC - 16	1	4.45	0.02
SJC - 17	1	19.29	
SJC - 18	1	0.16	
SJC - 19	1	0.16	0.02
SJC - 20	1	1.00	0.02
SJC - 21	Water	0.44	1.4
SJC - 22	1	1.65	
SJC - 23	Water	3.56	2.1

A map showing the water sample locations and the Mexican Council report is available on Alset’s website.

Samples SJC-8 (1.2% or 12,000ppm Li) and SJC-15 (1.4% or 14,000ppm Li) were collected from evaporation ponds. Samples SJC-21 (1.4% or 14,000ppm Li) and SJC-23 (2.1% or 21,000ppm Li), came out of what appears to be the outer lagoon, perhaps designed to collect water decanted from the evaporation ponds in order to harvest the salt. It is clear that all four water samples showed extremely high lithium content, almost certainly due to solar evaporation of brines pumped from beneath the salar.

These lithium concentrations are equivalent to the levels in concentrated solutions fed to lithium battery chemical production processes elsewhere. For comparison Rockwood’s Silver Peak operations in Nevada concentrate lithium to about 7,000 ppm prior to processing.

Thus, the salt production process at San Jose Caligüey lagoon inadvertently proves not only that lithium-rich brines can be pumped in useable quantities from this Alset salar, but it also proves that production of lithium chemicals is possible from those brines.

Two of Alset's other salars host similar salt production operations. Alset believes the Caligüey evaporation process could potentially be replicated and refined at those locations to deliberately produce commercial quantities of lithium and potassium. Planning is now underway to evaluate the solution chemistry and hydrogeology at all lagoons. It should be noted that these results from the Government report are believed to be reliable but have not yet been duplicated or verified by Alset personnel.

The Company intends to complete all previous planned work such as environmental and drill permitting, drilling a minimum of two drill holes in each of the three high priority salars, brine sampling and clay sampling to the basement of each drill hole as well as analytical assaying for both the brine and clay in each drill hole. In addition, the Company has commenced metallurgical and analytical work on the previous clay sampling completed by the property vendor in order to evaluate the economical potential of extracting the Lithium, Potassium, Boron and other minerals of interest. In addition, the Company is working through the requisite permitting process in order to complete drilling on the salars in 2017. With effective budgeting, the Company believes it currently has sufficient funds on hand to complete these important project milestones in order to effectively move the project towards the next stage of advancement. The Company will update shareholders accordingly as results are received and compiled.

## **(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.

The property 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 and covers the Wisa Lake deposit that is host to a historical resource of 330,000 tonnes grading 1.15% Li<sub>2</sub>O (Lexindin Gold Mines Ltd., Manager's Report, 1958; Ontario Geological Survey, Open File Report 6285, Report of Activities 2012). In 1956 Lexindin completed a total of 20 drill holes (backpack and AQ-sized core) over a strike length of 335m and to a depth of approximately 65m to define the Wisa Lake lithium deposit. The diamond drill log of the most easterly hole intersected 6.4m containing 20% of the lithium-bearing mineral spodumene suggesting the mineralization is open at depth and to the east. It should be noted that the historical resource estimate for the deposit was calculated prior to CIM National Instrument 43-101 guidelines and as such should only be considered from a historical point of view and not relied upon. A qualified person has not completed sufficient work to classify the historical estimates as current mineral resources. Further diamond drill programs are required to bring the mineralization into a proper NI 43-101 compliant category.

As part of the Company's due diligence, five grab samples were collected from the two historical zones at Wisa Lake. Two grab samples collected from the North Zone graded 1.4% and 0.95% Li<sub>2</sub>O which are comparable to the grade of the non-NI 43-101 compliant historical resource of 330,000 tonnes grading 1.15% Li<sub>2</sub>O. Three additional grab samples were collected in the South Zone, located 900m south and parallel to the North Zone, which graded 1.75%, 1.47% and 1.45% Li<sub>2</sub>O. Both zones were drilled in the 1950's but very little work has been completed since. Alset has now collected and submitted for assay, an additional 56 grab samples from various pegmatites occurring on the property. Of particular interest is a newly discovered spodumene-bearing dyke located 100m south of the South Zone. Once received, these results will help guide the next phase of exploration.

### ***North Zone***

The North Zone, which contains the non-NI43-101 compliant resource of 330,000 tonnes grading 1.15% Li<sub>2</sub>O has been traced on surface by Alset personnel for nearly 200m, and was defined by historic drilling over 350m. The historic drill logs show that the deposit is open to the east and there is plenty of room to complete a number of drill holes in hopes of adding to the the resource.

### ***South Zone***

The South Zone was also drilled in the 1950's but not to the extent of the North Zone. This area of interest appears to have the highest spodumene content discovered on the property and will continue to be a focus of the company's exploration efforts.

### ***Future Plans***

Alset has received its exploration permit from the Ministry of Northern Development and Mines (MNDM) and is designing an exploration program to better understand the historical work performed as well as to increase the size of known lithium-bearing pegmatites. The Wisa Lake project has also qualified for the Junior Exploration Assistance Program offered by the Ontario Prospectors Association and the Northern Ontario Heritage Fund, and Alset will receive funding to cover 33.3% of all prospecting, sampling and assaying in 2016.

Alset will work diligently to build a strong relationship with all stakeholders in the area, but particularly Lac La Croix First Nation whom are located near the property.

## **(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 current 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.

The staked ground covers a large concentration of airborne electromagnetic (EM) anomalies hosted in metasediments. The airborne survey was conducted by Dighem Surveys & Processing Inc in 1989 on behalf of Champion Bear Resources Ltd. Dighem describes the anomalous area as consisting of numerous sub-parallel bedrock conductors of variable strength associated with a highly complex magnetic unit (MNDM assessment files). A year prior to the airborne geophysical survey, historical trenching was conducted by Bellwether Resources Ltd. in 1988. The trenching uncovered graphite occurrences where channel samples returned weighted average grades of up to 1.76% carbon over 25.0m (MNDM assessment files).

Alset field personnel made an initial visit to the property in the spring of 2016 to ground truth a number of the EM anomalies. Using a geophysical instrument designed by Geonics Limited in 1963 known as the Ronka EM 15, the Company identified and confirmed multiple individual conductive zones associated with flake graphite in overburden covered areas. Seven small individual holes dug to bedrock at a depth of approximately 1m over a distance of approximately 1.3km across stratigraphy has identified flake graphite that graded from 1.7% to 8.98% Carbon. Alset is very encouraged with these initial grab samples yet cautions that all the sampling results above are selective grab samples and may not be reflective of the average grade of any of these identified zones.

Permit applications for stripping/trenching and eventual drilling have been obtained from the Ministry of Northern Development and Mines (MNDM).

During the period ended September 30, 2016, the Company received the results of the surface channel sampling program completed on the project. A total of 5 trenches were completed intermittently over a distance of approximately 1km, ranged from 9m to 94m long and 2m wide and were excavated perpendicular to the strike of the stratigraphy. Each trench, oriented in a northwesterly direction, tested a separate parallel airborne electromagnetic anomalies with the exception of Trench 1 which was oriented east west and designed to cross folded stratigraphy. A total of 114 channel samples, of which 112 were 2m in length, were cut from the bedrock and composite assays are listed in the following table:



Trench No	Graphitic Carbon %	Length (m)	Comments
<b>Trench 1</b>	2.89	4.0	open to NW and SE
and	4.19	4.0	open to NW and SE
and	5.96	1.5	open to NW and SE
and	1.86	14.0	
incl	3.01	8.0	
<b>Trench 2</b>	1.16	18.0	
incl	1.40	12.0	
incl	2.00	4.0	
and	2.37	8.0	open to south
<b>Trench 3</b>	2.70	18.0	open to south
incl	2.33	8.0	
and	6.51	4.0	open to south
and	2.50	30.0	open to north
incl	3.65	6.0	open to north
incl	3.96	12.0	
and	4.76	16.0	open to south
incl	6.40	6.0	open to south
<b>Trench 4</b>	1.10	4.0	open to south
<b>Trench 5</b>	3.23	8.0	open to north and south

Individual assays of the 2m cut samples ranged from trace to 8.19% graphitic carbon. Many of the highly mineralized zones ended due to deeper overburden conditions and remain open for expansion. The graphitic mineralization is vertically dipping or close to it and as such the lengths of the composites listed above are close to true thickness. As well, a minimum of 7 strong parallel airborne electromagnetic anomalies ranging from 500 to 2000m long have yet to be investigated.

The surface channel samples were submitted to Activation Laboratories Ltd. (“Actlabs”), that is ISO 17025 accredited, in Thunder Bay, ON where they were prepped. The pulverized samples were then sent to Actlabs in Ancaster where the samples were analyzed using their 4F-C graphitic carbon infrared technique.

Channel sample rejects have been sent for metallurgical testing that will include graphite recoveries, impurities analysis, and flake size distribution.

#### (d) Goodchild Cu-Ni-PGM Property

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. At June 30, 2016 the Company had deferred exploration and evaluation costs totalling \$1 (June 30, 2015 - \$1) and wrote-down \$678,771 in costs due to no current work planned on the project during the 2015 year.

The Goodchild property covers a very large airborne magnetic anomaly measuring approximately 5km by 8km and represents the Goodchild ultramafic intrusion. A geophysical airborne survey flown in the late 1980’s showed multiple coincidental electro-magnetic anomalies throughout the centre and along the margins of the intrusion. Early limited prospecting by the Company yielded values as high as 12.6% Ni, 2.4% Cu, 0.3% Co and 2 g/t PGE’s in select grab samples.

The Company completed a 957 line km airborne VTEM survey, linecutting, geological mapping, prospecting and ground geophysics to help prioritize diamond drill targets. Diamond drilling of priority targets was completed in October of 2008. This first phase of drilling identified several areas of anomalous Nickel and Copper and a second phase drill program was completed in the spring of 2009. To date drilling has confirmed that the property has consistent anomalous zones of mineralization but additional targets need to be tested to take the property further.

Recent visual and microscopic analysis of the Company’s Goodchild drill core has identified abundance of the mineral Awaruite. Awaruite is a naturally occurring stainless steel nickel-iron alloy and is the current focus of attention at the Decar property in British Columbia by partners Cliffs Natural Resources Canada Inc (an affiliate of Cliff Natural Resources Inc.) and First Point Minerals Inc. Alset has received results from 7 core samples that represent 45m of serpentinized ultramafic material sampled from historical drill hole GC08-08. The samples, sent to

Activation Laboratories Ltd in Thunder Bay, Ontario, were analyzed using fusion x-ray fluorescence (XRF) followed by Davis tube magnetic separation. The XRF returned assays ranging from 0.291 to 0.314% NiO (nickel oxide) and the subsequent magnetic concentrates recovered by the Davis tube method returned nickel grades of 0.303 to 1.48% NiO equating to 0.035 to 0.105% recoverable nickel. As a comparison First Point Minerals released (see NR April 16, 2012) an inferred mineral resource for the Baptiste deposit at the Decar property of 1.197 billion tonnes with a Davis tube recoverable nickel grade of 0.113% Ni using a 0.06% Ni cut-off. The Company currently has no further exploration plans for the project given its proposed acquisition of Folium. The project will be sold, optioned or allowed to lapse.

### SELECTED ANNUAL FINANCIAL INFORMATION

Description	Year ended June 30, 2016	Year ended June 30, 2015 \$	Year ended June 30, 2014 \$
Operating expenses	390,231	915,142	541,758
Interest income (loss)	10,802	17,075	18,215
Adjustment to fair market value of held for trading investments	-	-	-
Write down of mineral properties	-	(678,771)	-
Net loss being comprehensive loss	(414,429)	(978,067)	(2,065,194)
Earnings (loss) per share – basic (1) (2)	(0.01)	(0.03)	(0.05)
Cumulative mineral properties and deferred development expenditures	158,284	1	678,772
Total assets	1,084,350	1,177,890	6,581,244

- (1) Basic per share calculations are made using the weighted-average number of shares outstanding during the year.
- (2) Earnings (loss) per share on a diluted basis is the same as the basic calculation per share as all factors are anti-dilutive.

### SUMMARY OF QUARTERLY RESULTS

Three Month Period Ending	Net Earnings/(Loss) \$	Net Earnings/(Loss) per Share Basic and Diluted (1) (2) \$
September 30, 2016	(456,828)	(0.01)
June 30, 2016	(312,407)	(0.01)
March 31, 2016	(16,837)	-
December 31, 2015	(58,147)	-
September 30, 2015	(27,038)	-
June 30, 2015	(747,821)	(0.02)
March 31, 2015	(48,185)	(0.001)
December 31, 2014	(130,933)	(0.003)

- (1) Basic loss per share calculations are made using the weighted-average number of shares outstanding during the period.

## SHARE DATA

As at November 22, 2016, the Company has 44,760,178 common shares issued and outstanding as well as: (a) stock options to purchase an aggregate of 5,707,500 common shares expiring at various dates between September 4, 2017 and August 17, 2021 and exercisable at various prices between \$0.07 and \$0.35 per share and, (b) warrants to purchase an aggregate of 4,468,567 common shares at a price of \$0.20 expiring between October 17, 2018 and November 7, 2018. For additional details of share data, please refer to note 6 of the September 30, 2016 condensed consolidated interim financial statements.

## FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, temporary investments, accounts and other receivables, long-term investments, refundable security deposits and accounts payable and accrued liabilities. It is management's opinion that the Company is not exposed to significant interest or credit risks arising from these financial instruments.

## LIQUIDITY AND CAPITAL RESOURCES

The Company has a net working capital as at September 30, 2016 of \$127,658 (\$773,432 as at June 30, 2016) and cash on hand of \$120,817 (\$205,717 as at June 30, 2016), Temporary investments of \$243,240 (\$692,417 as at June 30, 2016) and a deficit of \$9,159,304 (deficit of \$8,715,131 as at June 30, 2016).

The Company's 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. Management feels that sufficient working capital will be obtained from public share offerings to meet the Company's liabilities and commitments as they come due. The consolidated 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.

The recovery of amounts shown as exploration and evaluation assets is dependent upon the discovery of economically recoverable resources, the ability of the Company to obtain adequate financing to complete development, and upon future profitable operations from the properties or proceeds from the dispositions thereof. The Company currently has no operations that generate cash flow and its long-term financial success is contingent upon management's ability to locate economically recoverable resources. This process can take many years to complete, cannot be guaranteed of success, and is also subject to factors beyond the control of management. Factors such as commodity prices, the health of the equity markets and the track record and experience of management all impact the Company's ability to raise funds to complete exploration and development programs.

## 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.

## **CAPITAL MANAGEMENT**

The Company's objectives when managing capital are as follows:

- i) To safeguard the Company's ability to continue as a going concern;
- ii) To raise sufficient capital to finance its exploration and development activities on its mineral exploration properties;
- iii) To raise sufficient capital to meet its general and administrative expenditures.

The Company manages its capital structure and makes adjustments to it based on the general economic conditions, its short-term working capital requirements, and its planned exploration and development program expenditure requirement. The capital structure of the Company is composed of working capital and shareholders' equity. The Company may manage its capital by issuing flow through or common shares, or by obtaining additional financing.

The Company utilizes annual capital and operating expenditure budgets to facilitate the management of its capital requirement. These budgets are approved by management and updated for changes in the budgets underlying assumptions as necessary.

## **SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES**

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both current and future periods.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the date of the statement of financial position that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- i. the recoverability of amounts receivable and prepayments which are included in the consolidated statements of financial position;
- ii. the carrying amount and recoverability of exploration and evaluation expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after costs are capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off to profit or loss in the period the new information becomes available;
- iii. the inputs used in accounting for share-based payment expense in the audited consolidated statement of comprehensive loss; and
- v. the provision for (recovery of) income taxes which is included in the consolidated statements of comprehensive loss and composition of deferred income tax assets and liabilities included in the consolidated statements of financial position at September 30, 2016.

### Critical accounting judgments

The following accounting policies involve judgments or assessments made by management:

- The determination of categories of financial assets and financial liabilities;
- The determination of a cash-generating unit for assessing and testing impairment;
- The allocation of exploration costs to cash-generating units; and
- The determination of when an exploration and evaluation asset moves from the exploration stage to the development stage.
- The point at which management determines that the decline in value of its equity investment is other than temporary.

### **OFF-BALANCE SHEET ARRANGEMENTS**

The Company has not participated in any off-balance sheet or income statement arrangements.

### **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.

## **INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRS”)**

### Statement of Compliance and Conversion to International Financial Reporting Standards (“IFRS”)

These condensed consolidated interim financial statements, including comparatives, have been prepared using accounting policies in compliance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) in effect as of September 30, 2016.

## **RISKS AND UNCERTAINTIES**

### Nature of Mineral Exploration and Mining

At the present time, the Company does not hold any interest in a mining property in production. The Company’s viability and potential success lie in its ability to discover, develop, exploit and generate revenue out of mineral deposits. The exploration and development of mineral deposits involve significant financial risks over a significant period of time which even a combination of careful evaluation, experience and knowledge may not eliminate. While discovery of a mine may result in substantial rewards, few properties which are explored are ultimately developed into producing mines. Major expenses may be required to establish reserves by drilling and to construct mining and processing facilities at a site. It is impossible to ensure that the current or proposed exploration programs on exploration properties in which the Company has an interest will result in a profitable commercial mining operation.

The operations of the Company are subject to all of the hazards and risks normally incidental to exploration and development of mineral properties, any of which could result in damage to life or property, environmental damage and possible legal liability for any or all damage. The activities of the Company may be subject to prolonged disruptions due to weather conditions depending on the location of operations in which the Company has interests. Hazards, such as unusual or unexpected formation, rock bursts, pressures, cave-ins, flooding or other conditions may be encountered in the drilling and removal of material. While the Company may obtain insurance against certain risks in such amounts as it considers adequate, the nature of these risks is such that liabilities could exceed policy limits or could be excluded from coverage. There are also risks against which the Company cannot insure or against which it may elect not to insure. The potential costs which could be associated with any liabilities not covered by insurance or in excess of insurance coverage or compliance with applicable laws and regulations may cause substantial delays and require significant capital outlays, adversely affecting the future earnings and competitive position of the Company and, potentially, its financial position.

Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are the particular attributes of the deposit, such as its size and grade, proximity to infrastructure, financing costs and governmental regulations, including regulations relating to prices, taxes, royalties, infrastructure, land use, importing and exporting and environmental protection. The effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital.

### Fluctuating Prices

Factors beyond the control of the Company may affect the marketability of any copper, nickel, gold, platinum or any other minerals discovered. Resource prices have fluctuated widely and are affected by numerous factors beyond the Company’s control. The effect of these factors cannot accurately be predicted.

### Competition

The mineral exploration and mining business is competitive in all of its phases. The Company competes with numerous other companies and individuals, including competitors with greater financial, technical and other resources than the Company, in the search for and acquisition of attractive mineral properties. The ability of the Company to acquire properties in the future will depend not only on its ability to develop its present properties, but also on its ability to select and acquire suitable properties or prospects for mineral exploration. There is no assurance that the Company will continue to be able to compete successfully with its competitors in acquiring such properties or prospects.

### Financing Risks

The Company has limited financial resources and no current revenues. There is no assurance that additional funding will be available to it for further exploration and development of its projects or to fulfill its obligations under applicable agreements. Although the Company has been successful in the past in obtaining financing through the sale of equity securities, there can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of the property interests of the Company with the possible dilution or loss of such interests.

### Permits and Licenses

The operations of the Company may require licenses and permits from various governmental authorities. The Company believes that it presently holds all necessary licenses and permits required carrying on with activities which it is currently conducting under applicable laws and regulations and the Company believes it is presently complying in all material respects with the terms of such laws and regulations. However, such laws and regulations are subject to change. There can be no assurance that the Company will be able to obtain all necessary licenses and permits required to carry out exploration, development and mining operations at its projects.

### No Assurance of Titles

The acquisition of title to mineral projects is a very detailed and time consuming process. Although the Company has taken precautions to ensure that legal title to its property interests is properly recorded in the name of the Company where possible, there can be no assurance that such title will ultimately be secured. Furthermore, there is no assurance that the interest of the Company in any of its properties may not be challenged or impugned.

### Environmental Regulations

The operations of the Company are subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mineral exploration and mining operations, which would result in environmental pollution. A breach of such legislation may result in the imposition of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner which means stricter standards, and enforcement, fines and penalties for non-compliance are more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and their directors, officers and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations.

### Conflicts of Interest

The directors and officers of the Company may serve as directors or officers of other public resource companies or have significant shareholdings in other public resource companies. Situations may arise in connection with potential acquisitions and investments where the other interests of these directors and officers may conflict with the interest of the Company. In the event that such a conflict of interest arises at a meeting of the directors of the Company, a director is required by the *Business Corporations Act* (Ontario) to disclose the conflict of interest and to abstain from voting on the matter.

From time to time several companies may participate in the acquisition, exploration and development of natural resource properties thereby allowing for their participation in larger programs, permitting involvement in a greater number of programs and reducing financial exposure in respect of any one program. It may also occur that a particular company will assign all or a portion of its interest in a particular program to another of these companies due to the financial position of the company making the assignment. In determining whether or not the Company will participate in a particular program and the interest therein to be acquired by it, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

Dependence on Key Personnel

The Company is dependent on a relatively small number of key people, the loss of any of whom could have an adverse effect on its operations. Any key person insurance which the Company may have on these individuals may not adequately compensate for the loss of the value of their services.

The MD&A was reviewed and approved by the Audit Committee and Board of Directors and is effective as of November 22, 2016.

**ADDITIONAL INFORMATION**

Additional information relating to the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com).