

Avaron Mining Corp (formerly Benz Capital Corp.)

Management Discussion and Analysis

Quarter Ended September 30, 2023

The following management's discussion and analysis of financial conditions and results of operations (the "MD&A") has been prepared by management and provides a review of the activities, results of operations and financial condition of Avaron Mining Corp. (the "Company" or "Avaron") formerly Benz Capital Corp. This discussion dated November 29, 2023, should be read in conjunction with the unaudited condensed interim financial statements for the three and six months ended September 30, 2023 and 2022 (the "Financial Statements"), and the audited annual financial statements for the years ended March 31, 2023 and 2022. Please also refer to the cautionary statement of forward-looking information at the end of this document.

All financial information in this MD&A is prepared in accordance with International Financial Reporting Standards ("IFRS") and reported in Canadian dollars unless otherwise noted. Additional information about the Company is available under the Company's profile on SEDAR at www.sedar.com.

1. COMPANY OVERVIEW

Avaron is a junior exploration stage company existing under the British Columbia *Business Corporations Act*. It was incorporated under the laws of the Province of British Columbia on February 8, 2021. The Company completed an initial public offering and commenced trading on the TSX Venture Exchange (the "TSX-V" or "Exchange") on October 4, 2021 and was originally classified as a Capital Pool Company ("CPC") as defined in the TSX-V Listings Policy 2.4. The activities of the Company were initially limited to the efforts to identify and evaluate the acquisition of assets and business, which would represent a "Qualifying Transaction" for regulatory purpose. The proceeds raised from the issuance of share capital may only be used to identify and evaluate assets or businesses for future investment, with the exception that up to \$3,000 per month from its proceeds may be used for general administrative expenses. On June 23, 2023 the Company successfully completed a "Qualifying Transaction" as described in the following section. Effective July 25, 2023, the Company changed its name from Benz Capital Corp. to Avaron Mining Corp.

2. QUALIFYING TRANSACTION

On June 23, 2023, the Company completed its qualifying transaction (the "Qualifying Transaction"), as defined by Policy 2.4 of the Exchange, consisting of an option to acquire a 100% interest of Copper Co d.o.o. (the "Vendor") in certain mineral claims known as the Tolisnica and Stanca Project, located near the city of Kraljevo, Republic of Serbia (the "Property").

In consideration of the grant of the option to acquire the Property, the Company will pay a total of \$125,000 to the Vendor in cash payments per the schedule listed below and made a one-time issuance of warrants to the Vendor to purchase 4,300,000 common shares at an exercise price of \$0.125 per share for a period of 5 years until June 29, 2028.

The cash payments will be made as follows:

- (a) \$25,000 within 5 days of the date on which the Exchange approves the Purchase Agreement (the "Effective Date") (fully paid); and
- (b) an additional \$100,000 on the 18-month anniversary of the Effective Date.

Following the exercise of the option to purchase the Property, the Company will also make certain milestone payments to the Vendor per the schedule listed below:

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- (a) pay the Vendor \$200,000 in cash within 5 business days of the earlier of: (i) the commencement of a scoping study on the Property; or (ii) the 5th anniversary of the Effective Date; and
- (b) grant the Vendor a 0.5% net smelter returns royalty within 5 business days of the commencement of commercial production on the Property.

Final acceptance of the Qualifying Transaction by the Exchange was received effective June 29, 2023. At this date the Company was classified as a Tier 2 mining issuer pursuant to Exchange policies and was no longer considered a Capital Pool Company. The trading symbol for the Company changed from BCC.P to BCC. With the Company's name change to Avaron Mining Corp. the trading symbol was changed to AVR.

The Private Placement

Concurrently with completion of the Qualifying Transaction, the Company closed a non-brokered private placement (the "Concurrent Financing") of units (the "Units") and has issued 4,582,497 common shares at a price of \$0.12 per common share and 2,291,248 common share purchase warrants (the Warrants"), for gross proceeds of \$549,900 (the "Offering"). Each Warrant entitles the holder to purchase one common share in the capital of the Company (a "Warrant Share") at a price of \$0.15 per Warrant Share for a period of 24 months following the Closing.

If during the term of the Warrants, but after the initial four month hold period has expired, the Company's common shares trade at or above a weighted average trading price of \$0.25 per share for 15 consecutive trading days, the Company may accelerate the expiry time of the Warrants by giving written notice to Warrant holders that the Warrants will expire 30 days from the date of providing such notice.

The Company intends to use the net proceeds of the Concurrent Financing to fund the recommended work program on the Property and working capital. All securities issued pursuant to the Concurrent Financing will be subject to a four-month hold period from the date of issue.

In connection with the Concurrent Financing, the Company paid no agent's commissions and/or finder's fees.

3. RESULTS OF OPERATIONS

Overall Performance

During the period from April 1 to June 22, 2023, the Company operated as a CPC. As a CPC, the Company's principal business was the identification, evaluation and acquisition of assets, properties or businesses or participation therein subject to, in certain cases, shareholder approval and acceptance by the Exchange. On June 23, 2023, the Company completed the Qualifying Transaction as previously discussed.

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4. REVIEW OF FINANCIAL RESULTS

Summary of Quarterly Results

	Sep 33, 2023	Jun 30, 2023	Mar 31, 2023	Dec 31, 2022	Sep 30, 2022	Jun 30, 2022	Mar 31, 2022	Dec 31, 2021
Net loss	\$(187,343)	\$(82,498)	\$(90,858)	\$(108,413)	\$(33,799)	\$(13,281)	\$(57,400)	\$(33,473)
Basic and diluted loss per share	(0.01)	(0.01)	(0.01)	(0.01)	-	-	(0.01)	-

During the quarter ended September 30, 2023, the Company had a net loss of \$187,343 compared to a net loss of \$33,799 for the quarter ended September 30, 2022. The increased loss primarily resulted from:

- An increase in management and consulting costs of \$73,350 as Avaron completed the Qualifying Transaction and commenced compensating management.
- An increase in marketing and travel costs of \$27,837 to raise awareness of the project.
- An increase in share-based payments of \$50,476 resulting from the option grant in July 2023.

5. LIQUIDITY AND CAPITAL RESOURCES

The Company does not have any externally imposed capital requirements to which it is subject other than the restriction on the use of cash as referred to in section 1, Company Overview. As at September 30, 2023 the Company had a cash balance of \$575,938 and working capital of \$612,720. The Company will be required to raise new financing through the sale of shares or issuance of debt to continue with its operations and to develop its mineral property. Although management intends to secure additional financing, there is no assurance that management will be successful in its efforts to secure additional financing, or that it will ever develop a self-supporting business.

Investing Activities

During the six months ended September 30, 2023, the only cash investing activities were the \$25,000 to the Vendor as part of the terms of the Qualifying Transaction and a further \$11,945 in expenditures at the project.

Financing Activities

During the six months ended September 30, 2023, the Company closed a private placement for gross proceeds of \$549,900 via the concurrent financing with the Qualifying Transaction.

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements.

Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

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Key management personnel include the members of the Board of Directors and officers of the Company, who have the authority and responsibility for planning, directing, and controlling the activities of the Company. The remuneration of directors and officers for the six months ended September 30, 2023 and 2022 was as follows:

	6 Months Ended September 30,	
	2023	2022
Management and consulting fees to officers and directors	\$ 73,350	\$ -
Share-based payments to officers and directors	55,097	-
	<u>\$ 128,447</u>	<u>\$ -</u>

Proposed Transactions

There are no proposed transactions.

Commitments

In consideration of the grant of the option to acquire the Property effective June 29, 2023, cash payments will be made as follows:

- (a) \$25,000 within 5 days following June 29, 2023 (payment was made accordingly)
- (b) \$100,000 on December 29, 2024

Further, the Company issued to the Vendor warrants to purchase 4,300,000 Common Shares at an exercise price of \$0.125 per Common Share exercisable for a period of 5 years until June 29, 2028.

Following the exercise of the option to purchase the Property, the Company will also make certain milestone payments to the Vendor per the schedule listed below:

- (a) pay the Vendor \$200,000 in cash within 5 business days of the earlier of: (i) the commencement of a scoping study on the Property; or (ii) the 5th anniversary of the Effective Date; and
- (b) grant the Vendor a 0.5% net smelter returns royalty within 5 business days of the commencement of commercial production on the Property.

Changes in Accounting Policies

There are no changes in accounting policies. With completion of the qualifying transaction, the Company adopted to the following policy:

Exploration and Evaluation Assets

Mineral property interest acquisition costs are recorded at historical cost. Exploration and evaluation expenditures are capitalized except for those expenditures incurred on properties prior to obtaining legal rights to explore the specific area which are recognized in profit or loss as incurred. Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to development assets within property, plant and equipment.

The carrying values of exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. When impairment indicators exist, the asset's recoverable amount is estimated. If it is determined that the estimated recoverable amount is less than the carrying value of an asset, then a write-down is recognized in profit or loss. An impairment loss is reversed if there is indication that there

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has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of amortization, if no impairment loss had been recognized.

Financial Instruments

The Company's financial instruments consist of cash, amounts receivable, and trade and other payables. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying value, unless otherwise noted.

Additional Disclosure for Venture Issuers without Significant Revenue

Details regarding material items within general and administrative expenses have been provided throughout this document.

Outstanding Share Data

Common Shares:

As at the date of this MD&A, the Company had the following issued and outstanding common shares and unexercised stock options and agent's options:

	Shares and Potential Shares
Common shares outstanding	13,726,497
Stock options (exercise price \$0.10)	1,369,000
Agent's options (exercise price \$0.10)	344,400
Warrants (exercise prices ranging between \$0.12 and \$0.125)	6,591,248
Total common shares and potential common shares	22,031,145

Stock Options:

On June 25, 2021, the Company granted stock options to a technical consultant of the Company exercisable to acquire up to an aggregate of 140,000 common shares. The options are exercisable to acquire one Common Share at an exercise price of \$0.10 per share for a period of 3 years from the date of issuance. The stock options vest at 25% every 6 months commencing on the date of grant.

On October 6, 2021, the Company granted an aggregate of 674,000 stock options to certain of its directors, officers and consultants, at an exercise price of \$0.10 per share for a period of 3 years from the date of issuance. The options vested on the date the Company completed its Qualifying Transaction.

On July 20, 2023, the Company granted an aggregate of 555,000 stock options to certain of its directors, officers and consultants, at an exercise price of \$0.10 per share for a period of 5 years from the date of issuance. The options fully vested and were exercisable on the date of grant.

Agents Options:

Pursuant to the IPO, the granted to the agent non-transferable options to acquire up to an aggregate of 344,400 Common Shares. Each agent's option is exercisable to acquire one common share at an exercise price of \$0.10 per share for a period of 2 years following the date of completing the Qualifying Transaction.

6. RISKS AND UNCERTAINTIES

Our business, operating, and financial condition could be harmed due to any of the following risks. The risks described below are not the only ones facing our Company. Additional risks not presently known, or that Avaron currently deems immaterial, may also impair our business operations. If any such risks actually occur, the financial condition, liquidity, and results of operations of the Company as well as the ability of the Company to implement its growth plans could be materially adversely affected.

The following is a description of certain risks and uncertainties that may affect the business of the Company.

Limited Operating History

The Company has a limited operating history upon which an evaluation of the Company, its current business and its prospects can be based. You should consider any purchase of the Company's securities in light of the risks, expenses and problems frequently encountered by all companies in the early stages of their corporate development. There is no assurance that the Company will be successful in achieving a return on shareholders' investment and the likelihood of success of the Company must be considered in light of the problems, expenses, difficulties, complications and delays frequently encountered in connection with the establishment of any business. An investment in the Common Shares carries a high degree of risk and should be considered speculative by purchasers. There is little probability of dividends being paid on the Common Shares.

Uncertain Liquidity and Capital Resources

In addition to the Concurrent Financing, the Company may need to raise additional capital by way of an offering of equity securities, an offering of debt securities, or by obtaining financing through a bank or other entity. In particular, the Company may not have sufficient funds to complete the recommended exploration program on the Property. The Company has not established a limit as to the amount of debt it may incur nor has it adopted a ratio of its equity to debt allowance. If the Company needs to obtain additional financing, there is no assurance that financing will be available from any source, that it will be available on terms acceptable to the Company, or that any future offering of securities will be successful. If additional funds are raised through the issuance of equity securities, there may be a significant dilution in the value of the Common Shares. The Company could suffer adverse consequences if it is unable to obtain additional capital which would cast substantial doubt on its ability to continue its operations and growth.

The Company does not currently have any revenue producing operations and may, from time to time, report a working capital deficit. To maintain its activities, the Company will require additional funds which may be obtained either by the sale of equity capital or by entering into an option or joint venture agreement with a third party providing such funding. There is no assurance that the Company will be successful in obtaining such additional financing; failure to do so could result in the loss of the Company's interest in the Property.

Going Concern and Requirement to Generate Cash Flow for Financial Obligations

While the information in this Filing Statement has been prepared in accordance with IFRS on a going concern basis, which presumes the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future, there are conditions and events that cast significant doubt on the validity of this presumption. The Company's ability to continue as a going concern is dependent upon

achieving profitable operations and upon obtaining additional financing. While the Company is making its commercial best efforts in this regard, the outcome of these matters cannot be predicted at this time. The Company's ability to generate sufficient cash flow from operations to make scheduled payments to its contractors, service providers and merchants will depend on future financial performance, which will be affected by a range of economic, competitive, regulatory, legislative and business factors, many of which are outside of its control. If the Company does not generate sufficient cash flow from operations to satisfy its contractual obligations, it may have to undertake alternative financing plans. The Company's inability to generate sufficient cash flow from operations or undertake alternative financing plans would have an adverse effect on its business, financial condition and results or operations, as well as its ability to satisfy its contractual obligations. Any failure to meet its financial obligations could result in termination of key contracts, which could harm the Company's ability to provide its products and services.

COVID-19

Since March 30, 2020, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operations in future periods. Rapid spread of COVID-19 and declaration of the outbreak as a global pandemic has resulted in travel advisories and restrictions, certain restrictions on business operations, social distancing precautions and restrictions on group gatherings which are having direct impacts on businesses in Canada, the United States and around the world and could result in travel bans, closure of assay labs, work delays, difficulties for contractors and employees getting to site, and diversion of management attention all of which in turn could have a negative impact on exploration and development of the Property and the Company generally.

The government of Canada and/or British Columbia are continually issuing new rules and restrictions and changing them periodically based on the specific circumstances of the COVID-19 outbreak. The Company follows all rules, guidelines and restrictions that are implemented by the applicable governmental authorities. The Company's exploration work on the Property to date has not been adversely affected by COVID-19 other than to the extent that exploration activities and laboratory results have taken longer than expected due to certain delays.

Ukraine-Russia Conflict

In late February 2022, a conflict commenced in Ukraine. In response, various countries, including Canada, issued broad-ranging economic sanctions against Russia. The ramifications of the sanctions may not be limited to Russia and Ukraine and may spill over to and negatively impact other regional and global economic markets, sectors, industries and markets for securities and commodities globally. The current circumstances are dynamic and the duration of the conflict and related impact of imposed sanctions on the Company's business cannot be reasonably estimated at this time. While the Company expects no direct impacts of the conflict in Ukraine, the direct impacts on the economy may negatively affect the business and future operations of the Company.

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Mineral Exploration Risks

The Company is an exploration stage company and the Property is at an early stage of exploration. The mineral exploration business is very speculative. Mineral exploration involves a high degree of risk, which even a combination of experience, knowledge and careful evaluation may not be able to avoid. Few properties that are explored are ultimately developed into producing mines. Unusual or unexpected formations, formation pressures, fires, power outages, labour disruptions, flooding, explosions, cave-ins, landslides and the inability to obtain adequate machinery, equipment and/or labour are some of the risks involved in mineral exploration activities. The Company has relied on and may continue to rely on consultants and others for mineral exploration expertise. Substantial expenditures are required to establish mineral reserves and resources through drilling, to develop metallurgical processes to extract the metal from the material processed and to develop the mining and processing facilities and infrastructure at any site chosen for mining. There can be no assurance that commercial or any quantities of ore will be discovered. There is also no assurance that even if commercial quantities of ore are discovered, that the Property will be brought into commercial production or that the funds required to exploit any mineral reserves and resources discovered by the Company will be obtained on a timely basis or at all. The commercial viability of a mineral deposit once discovered is also dependent on a number of factors, some of which are the particular attributes of the deposit, such as size, grade and proximity to infrastructure, as well as gold prices. Most of the above factors are beyond the control of the Company. There can be no assurance that the Company's mineral exploration activities will be successful. In the event that such commercial viability is never attained, the Company may seek to transfer its property interests or otherwise realize value or may even be required to abandon its business and fail as a "going concern".

Fluctuations in Metal Prices

Factors beyond the Company's control may affect the marketability of metals discovered, if any. Metal prices have fluctuated widely, particularly in recent years. The effect of these factors on the Company's exploration activities cannot be predicted. For example, gold prices are affected by numerous factors including central bank sales, producer hedging activities, the relative exchange rate of the U.S. dollar with other major currencies, global and regional demand and political and economic conditions. Worldwide gold production levels also affect gold prices. As well, the price of gold has on occasion been subject to rapid short- term changes due to speculative activities.

Global Financial Conditions

Global financial conditions continue to be subject to volatility arising from international geopolitical developments and global economic phenomenon, as well as inflation, general financial market turbulence, including but not limited to a significant recent market reaction to the COVID-19 pandemic, resulting in a significant reduction in many major market indices. Access to public financing and credit can be negatively impacted by the effect of these events on Canadian and global credit markets. The health of the global financing and credit markets may impact the ability of the Company to obtain equity or debt financing in the future and the terms at which financing or credit is available to the Company. These instances of volatility and market turmoil could adversely impact the Company's operations and the trading price of the Common Shares. The adverse effects on the capital markets generally make the raising of capital by equity or debt financing much more difficult and the Company is dependent upon the capital markets to raise financing. Any of these events, or any other events caused by turmoil in world financial markets, may have a material adverse effect on the Company's business, operating results, and financial condition.

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Title Risk

The Property may be subject to prior unregistered agreements, transfers or claims and title may be affected by undetected defects. There is no guarantee that title to the Company's mineral properties will not be challenged or impugned. The Company's claims may be subject to prior unregistered agreements or transfers and title may be affected by unidentified or unknown defects. The Company has conducted as thorough an investigation as possible on the title of the Property to confirm that there are no other claims or agreements that could affect its title to the concessions or claims. If title to the Company's properties is disputed it may result in the Company paying substantial costs to settle the dispute or clear title and could result in the loss of the property, which events may affect the economic viability of the Company.

Community Groups

There is an ongoing level of public concern relating to the effects of mining on the natural landscape, on communities and on the environment. Certain non-governmental organizations, public interest groups and reporting organizations who oppose resource development can be vocal critics of the mining industry. Any such actions and the resulting media coverage could have an adverse effect on the reputation and financial condition of the Company or its relationships with the communities in which it operates, which could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows or prospects.

Land Use Approvals and Permits

The proposed exploration program of the Property described in the Technical Report is expected to include exploration work for which land use approvals or permits must be obtained from the applicable regulatory authorities. The Company cannot guarantee that it will be able to obtain all such approvals or permits in a timely manner or at all, and any delay or failure to receive any required land use approvals or permits could negatively impact the Company's future exploration of the Property.

In the ordinary course of business, the Company will be required to obtain and/or renew governmental licenses or permits for exploration, development, construction and commencement of mining at the Property. Obtaining or renewing the necessary governmental licenses or permits is a complex and time-consuming process involving public hearings and costly undertakings on the part of the Company. The duration and success of the Company's efforts to obtain and renew licenses or permits are contingent upon many variables not within the Company's control, including the interpretation of applicable requirements implemented by the licensing authority. The Company may not be able to obtain or renew licenses or permits that are necessary to its operations, including, without limitation, an exploitation license, or the cost to obtain or renew licenses or permits may exceed what the Company believes they can recover from the Property. Any unexpected delays or costs associated with the licensing or permitting process could delay the development or impede the operation of a mine, which could adversely impact the Company's operations and profitability. There can be no guarantee that the Company will be able to obtain all necessary permits and approvals that may be required to undertake exploration activity or commence construction or operation of mine facilities on the Property.

Exploration and Development Risk

Resource exploration and development is a speculative business, characterized by a number of significant risks including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but from finding mineral deposits which, though present, are insufficient in quantity and

quality to return a profit from production. The marketability of minerals acquired or discovered by the Company may be affected by numerous factors which are beyond the control of the Company and which cannot be accurately predicted, such as market fluctuations, the proximity and capacity of milling facilities, mineral markets and processing equipment and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals and environmental protection, the combination of which factors may result in the Company not receiving an adequate return of investment capital.

Substantial expenditures are required to establish ore reserves through drilling, to develop metallurgical processes to extract the metal from the ore and, in the case of new properties, to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities and grades to justify commercial operations or that funds required for development can be obtained on a timely basis. Estimates of reserves, mineral deposits and production costs can also be affected by such factors as environmental permitting regulations and requirements, weather, environmental factors, unforeseen technical difficulties, unusual or unexpected geological formations and work interruptions. In addition, the grade of ore ultimately mined may differ from that indicated by drilling results. Short term factors relating to reserves, such as the need for orderly development of ore bodies or the processing of new or different grades, may also have an adverse effect on mining operations and on the results of operations. Material changes in ore reserves, grades, stripping ratios or recovery rates may affect the economic viability of any project.

Environmental Laws and Regulations

The Company's operations are subject to environmental regulations in the jurisdictions in which it operates. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations.

The operations of the Company including exploration and any development activities or commencement of production on its properties, require permits from various federal, provincial and local governmental authorities and such operations are and will be governed by laws and regulations governing prospecting, development, mining, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters. To the extent that such approvals are required and not obtained, the Company may be delayed or prohibited from proceeding with planned exploration or development of its mineral properties.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or to be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Exploration and mining operations involve a potential risk of releases to soil, surface water and groundwater of metals, chemicals, fuels, liquids having acidic properties and other contaminants. In

recent years, regulatory requirements and improved technology have significantly reduced those risks. However, those risks have not been eliminated, and the risk of environmental contamination from present and past exploration or mining activities exists for mining companies. The Company may be liable for environmental contamination and natural resource damages relating to the Property that occurred before the Company owned or had rights to the Property. No assurance can be given that potential liabilities for such contamination or damages caused by past activities at the Property do not exist.

Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or require abandonment or delays in development of new mining properties.

Volatility of Mineral Prices

The Company's revenues, if any, are expected to be in large part derived from the extraction and sale of precious and base minerals and metals. Factors beyond the control of the Company may affect the marketability of metals discovered, if any. Metal prices have fluctuated widely, particularly in recent years. Consequently, the economic viability of any of the Company's exploration projects cannot be accurately predicted and may be adversely affected by fluctuations in mineral prices. In addition, currency fluctuations may affect the cash flow which the Company may realize from its operations, since most mineral commodities are sold in a world market in United States dollars.

Infrastructure

Exploration, development and processing activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important elements of infrastructure, which affect access, capital and operating costs. The lack of availability on acceptable terms or the delay in the availability of any one or more of these items could prevent or delay exploration or development of the Property. If adequate infrastructure is not available in a timely manner, there can be no assurance that the exploration or development of the Property will be commenced or completed on a timely basis, if at all. Furthermore, unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of necessary infrastructure could adversely affect the Company's operations.

Climate Change

Due to changes in local and global climatic conditions, many analysts and scientists predict an increase in the frequency of extreme weather events such as floods, droughts, forest and brush fires and extreme storms. Such events could materially disrupt the Company's operations, particularly if they affect the Company's sites, impact local infrastructure or threaten the health and safety of the Company's employees and contractors. Any such event could result in material economic harm to the Company. The Company is focused on operating in a manner designed to minimize the environmental impacts of its activities; however, environmental impacts from mineral exploration and mining activities are inevitable. Increased environmental regulation and/or the use of fiscal policy by regulators in response to concerns over climate change and other environmental impacts, such as additional taxes levied on activities deemed harmful to the environment, could have a material adverse effect on the Company's financial condition or results of operations.

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Claims and Legal Proceedings

The Company may be subject to claims or legal proceedings covering a wide range of matters that arise in the ordinary course of business activities, including relating to former employees. These matters may give rise to legal uncertainties or have unfavourable results. The Company may carry liability insurance coverage and mitigate risks that can be reasonably estimated; however, there is a risk that insurance may not be adequate to cover all possible risks arising from the Company's operations. In addition, the Company may be involved in disputes with other parties in the future that may result in litigation or unfavourable resolution which could materially adversely impact the Company's financial position, cash flow, results of operations, and reputation, regardless of the specific outcome.

Force Majeure

The Company's projects now or in the future may be adversely affected by risks outside the control of the Company, including the price of gold on world markets, labour unrest, civil disorder, war, subversive activities or sabotage, fires, floods, explosions or other catastrophes, epidemics or quarantine restrictions.

Uncertainty of Use of Proceeds

Although the Company has set out its intended use of proceeds in this Filing Statement, these intended uses are estimates only and subject to change. While management does not contemplate any material variation, management does retain broad discretion in the application of such proceeds. The failure by the Company to apply these funds effectively could have a material adverse effect on the Company's business, including the Company's ability to achieve its stated business objectives.

Influence of Third Party Stakeholders

The Property or the roads or other means of access which the Company intends to utilize in carrying out its work programs or general business mandates on the Property may be subject to interests or claims by third party individuals, groups or companies. In the event that such third parties assert any claims, the Company's work programs may be delayed even if such claims are not meritorious. Such delays may result in significant financial loss and loss of opportunity for the Company.

Uninsurable Risks

Exploration, development and production of mineral properties is subject to certain risks, and in particular, unexpected or unusual geological operating conditions including rock bursts, cave-ins, fires, flooding and earthquakes may occur. It is not always possible to insure fully against such risks and we may decide not to take out insurance against such risks as a result of high premiums or for other reasons. Should such liabilities arise, they could have an adverse impact on our operations and could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of the securities of the Company.

Competition

Significant and increasing competition exists for the limited number of mineral acquisition opportunities available. As a result of this competition, some of which is with large established mining companies with substantial capabilities and greater financial and technical resources than the Company, the Company may be unable to acquire attractive mineral properties on terms it considers acceptable. The Company also competes with other companies for the recruitment and retention of qualified employees and other personnel.

Avaron Mining Corp (formerly Benz Capital Corp.)

Management Discussion and Analysis

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Management

The Company's prospects depend in part on the ability of its senior management and directors to operate effectively and the loss of the services of such persons could have a material adverse effect on the Company. To manage its growth, the Company may have to attract and retain additional highly qualified management, financial and technical personnel and continue to implement and improve operational, financial and management information systems. The Company does not have key man insurance in place in respect of any of its directors or officers. If the Company is not successful in attracting, training and retaining qualified personnel, the efficiency of its operations could be impaired, which could have an adverse impact on its future cash flows, earnings, results of operations and financial condition. There is no assurance the Company can maintain the services of its directors, officers or other qualified personnel required to operate its business.

Purchase Agreement Obligations

The Purchase Agreement provides that Company upon completion of the Qualifying Transaction, must make a series of payments in cash over certain time periods and an issuance of Initial Payment Warrants. If the Company fails to make such payments or issuances in a timely fashion, the Company may lose its interest in the Property.

The Company does not own the mineral rights pertaining to the Property. Rather, it holds a right to purchase the mineral rights. There is no guarantee the Company will be able to raise sufficient funding in the future to explore and develop the Property so as to maintain its interests therein or pursue the acquisition of other property interests. If the Company loses or abandons its interest in the Property, there is no assurance that it will be able to acquire another mineral property of merit or that such an acquisition would be approved by the Exchange. There is also no guarantee that the Exchange will approve the acquisition of any additional properties by the Company, whether by way of option or otherwise, should the Company wish to acquire any additional properties. Unless the Company acquires additional property interests, any adverse developments affecting the Property could have a material adverse effect upon the Company and would materially and adversely affect any profitability, financial performance and results of operations of the Company.

Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that the funds required for development can be obtained on a timely basis. The discovery of mineral deposits is dependent upon a number of factors. The commercial viability of a mineral deposit once discovered is also dependent upon a number of factors, some of which relate to particular attributes of the deposit, such as size, grade and proximity to infrastructure, and some of which are more general factors such as metal prices and government regulations, including environmental protection. Most of these factors are beyond the control of the Company. In addition, because of these risks, there is no certainty that the expenditures to be made by the Company on the exploration of its Property as described herein will result in the discovery of commercial quantities of ore. The Company has no history of operating earnings and the likelihood of success must be considered in light of problems, expenses, etc. which may be encountered in establishing a business.

Mineral exploration and development involves a high degree of risk and few properties that are explored are ultimately developed into producing mines. There is no assurance that the Company's mineral exploration and development programs at the Property will result in the definition of bodies of commercial mineralization.

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Conflicts of Interest

Certain directors and officers of the Company and proposed directors and officers of the Resulting Company are, and may continue to be, involved in the mining and mineral exploration industry through their direct and indirect participation in corporations, partnerships or joint ventures which are potential competitors of the Company or the Resulting Company. Situations may arise in connection with potential acquisitions or investments where the other interests of these directors and officers may conflict with the interests of the Company or the Resulting Company. Directors and officers of the Company and proposed directors and officers of the Resulting Issuer with conflicts of interest will be subject to and will follow the procedures set out in applicable corporate and securities legislation, regulations, rules and policies.

Risks Associated with Acquisitions

If appropriate opportunities present themselves, the Company may acquire mineral claims, material interests in other mineral claims, and companies that the Company believes are strategic. The Company currently has no understandings, commitments or agreements with respect to any other material acquisition and no other material acquisition is currently being pursued. There can be no assurance that the Company will be able to identify, negotiate or finance future acquisitions successfully, or to integrate such acquisitions with its current business. The process of integrating an acquired Company or mineral claims into the Company may result in unforeseen operating difficulties and expenditures and may absorb significant management attention that would otherwise be available for ongoing development of the Company's business. Future acquisitions could result in potentially dilutive issuances of equity securities, the incurrence of debt, contingent liabilities and/or amortization expenses related to goodwill and other intangible assets, which could materially adversely affect the Company's business, results of operations and financial condition.

Dividends

The Company has not declared or paid any dividends on its common shares and does not currently have a policy on the payment of dividends. For the foreseeable future, the Company anticipates that it will retain future earnings and other cash resources for the operation and developments of its business. The payment of any future dividends will depend upon earnings and the Resulting Issuer's financial condition, current and anticipated cash needs and such other factors as the directors of the Resulting Issuer consider appropriate.

Reporting Issuer Status

As a reporting issuer, the Company will be subject to reporting requirements under applicable securities law and stock exchange policies. Compliance with these requirements will increase legal and financial compliance costs, make some activities more difficult, time consuming or costly, and increase demand on existing systems and resources. Among other things, the Company will be required to file annual, quarterly and current reports with respect to its business and results of operations and maintain effective disclosure controls and procedures and internal controls over financial reporting. In order to maintain and, if required, improve disclosure controls and procedures and internal controls over financial reporting to meet this standard, significant resources and management oversight may be required. As a result, management's attention may be diverted from other business concerns, which could harm the Company's business and results of operations. The Company may need to hire additional employees to comply with these requirements in the future, which would increase its costs and expenses.

Management of the Company expects that being a reporting issuer will make it more expensive to maintain director and officer liability insurance. This factor could also make it more difficult for the Company to retain qualified directors and executive officers.

Estimates and Assumptions

Preparation of its financial statements requires the Company to use estimates and assumptions. Accounting for estimates requires the Company to use its judgment to determine the amount to be recorded on its financial statements in connection with these estimates. If the estimates and assumptions are inaccurate, the Company could be required to write down its recorded values. On an ongoing basis, the Company re-evaluates its estimates and assumptions. However, the actual amounts could differ from those based on estimates and assumptions.

Costs and Compliance Risks

Legal, accounting and other expenses associated with public company reporting requirements are significant. The Company anticipates that costs may increase with corporate governance related requirements, including, without limitation, requirements under National Instrument 52-109 – Certification of Disclosure in Companies’ Annual and Interim Filings, National Instrument 52-110 – Audit Committees and National Instrument 58-101 – Disclosure of Corporate Governance Practices.

The Company also expects these rules and regulations may make it more difficult and more expensive for it to obtain director and officer liability insurance, and it may be required to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. As a result, it may be more difficult for the Company and the Resulting Issuer to attract and retain qualified individuals to serve on its Board of Directors or as executive officers.

7. INTERNAL CONTROL OVER FINANCIAL REPORTING

The Company’s management is responsible for establishing and maintaining adequate internal control over financial reporting. Any system of internal control over financial reporting, no matter how well designed, has inherent limitations and may not prevent or detect misstatements. Therefore, even those systems determined to be effective can only provide reasonable assurance with respect to financial statement preparation and presentation. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

8. CRITICAL JUDGEMENTS AND ESTIMATES

The financial statements are prepared in accordance with IFRS. The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period.

The critical judgments that the Company’s management has made in the process of applying the Company’s accounting policies that has the most significant effect on the amounts recognized in the Company’s financial statements are related to the assumption that the Company will continue as a going concern and the valuation of share-based payments.

For a summary of significant accounting policies, please refer to Note 3 of the Financial Statements. Management believes it has made estimates that best reflect the facts and circumstances; however, actual results may differ from estimates.

9. FORWARD LOOKING INFORMATION

Certain statements contained in this MD&A constitute forward-looking information within the meaning of securities laws. Forward-looking information may relate to our future outlook and anticipated events or results and may include statements regarding the future financial position, business strategy, budgets, litigation, projected costs, capital expenditures, financial results, taxes and plans and objectives of or involving the Company. Particularly, statements regarding our future operating results and economic performance are forward-looking statements. In some cases, forward-looking information can be identified by terms such as “may”, “will”, “should”, “expect”, “plan”, “anticipate”, “believe”, “intend”, “estimate”, “predict”, “potential”, “continue” or other similar expressions concerning matters that are not historical facts. Forward-looking information is subject to certain factors, including risks and uncertainties, which could cause actual results to differ materially from what we currently expect. Forward-looking information contained in this MD&A is based on our current estimates, expectations, and projections, which we believe are reasonable as of the current date. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking information, except as required by law.

Readers are cautioned not to place undue reliance on these forward-looking statements which speak only as at the date of this MD&A or as of the date otherwise specifically indicated herein. Due to risks and uncertainties, including the risks and uncertainties identified above and elsewhere in this MD&A, actual events may differ materially from current expectations.