

BENZ MINING CORP.

Financial Statements

April 30, 2017

(Expressed in Canadian dollars)

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LANCASTER & DAVID

CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Benz Mining Corp.:

We have audited the accompanying financial statements of Benz Mining Corp., which comprise the statements of financial position as at April 30, 2017, and 2016, and the statements of operations and comprehensive loss, changes in equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at April 30, 2017, and 2016, and its financial performance and its cash flows for the years then ended, in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the financial statements which describes conditions and matters that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

/s/ "Lancaster & David"

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, BC
August 28, 2017

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The financial statements of Benz Mining Corp. (the "Company") are the responsibility of the Company's management. The financial statements are prepared in accordance with International Financial Reporting Standards and reflect management's best estimates and judgment based on information currently available.

The Board of Directors is responsible for ensuring management fulfills its responsibilities. The Audit Committee reviews the results of the audit and the financial statements prior to their submission to the Board of Directors for approval.

The financial statements as at April 30, 2017, and 2016, and for the years then ended have been audited by Lancaster & David, Chartered Professional Accountants, and their report outlines the scope of their examination, and gives their opinion on the financial statements.

"Miloje Vicentijevic"

Miloje Vicentijevic
President, CEO, and Director
August 28, 2017

"Carlos Escribano"

Carlos Escribano
CFO and Director
August 28, 2017

Benz Mining Corp.

Statements of operations and comprehensive loss
Years ended April 30, 2017 and 2016

	Note	Years ended April 30,	
		2017	2016
Operating Costs			
Exploration and evaluation costs	4	\$ 76,222	\$ 2,921
Interest expense	5	3,106	3,773
Listing and filing fees		16,281	4,776
Management fees	7	208,201	28,160
Office and miscellaneous		18,355	30,522
Professional fees		41,277	10,979
Share-based payments	6	69,555	97,536
Shareholder information		4,231	6,357
Loss from operations		(437,228)	(185,024)
Other income (expenses)			
Gain on foreign exchange		-	3,643
Interest Income		143	47
Write-down on mineral property	4	-	(2,719,429)
Net loss and comprehensive loss		(437,085)	(2,900,763)
Loss per share - basic and diluted			
		\$ (0.15)	\$ (1.61)
Weighted average number of shares outstanding - basic and diluted			
		2,916,378	1,801,872

See accompanying notes to the financial statements

Benz Mining Corp.

Statements of financial position

As at April 30, 2017 and 2016

	Note	April 30, 2017	April 30, 2016
ASSETS			
Current Assets			
Cash and cash equivalents		\$ 434,965	\$ 53,969
Sales taxes recoverable		17,475	3,042
Prepaid expenses and deposits		4,612	2,190
		457,052	59,201
Exploration and evaluation assets	4	22,000	-
		\$ 479,052	\$ 59,201
LIABILITIES			
Current Liabilities			
Trade and other payables	7	\$ 81,436	\$ 15,176
Promissory note payable	5	-	50,000
		81,436	65,176
EQUITY			
Common shares	6	4,416,599	3,783,611
Subscriptions received		-	50,935
Equity reserves		572,038	313,415
Deficit		(4,591,021)	(4,153,936)
		397,616	(5,975)
		\$ 479,052	\$ 59,201

Nature and Continuance of Operations (Note 1)

Subsequent Events (Note 11)

Approved on behalf of the board on August 28, 2017

(Signed) Miloje Vicentijevic
Miloje Vicentijevic, President, CEO and Director

(Signed) Carlos Escribano
Carlos Escribano, CFO and Director

See accompanying notes to the financial statements

Benz Mining Corp.

Statements of cash flows

Years ended April 30, 2017 and 2016

	Note	2017	2016
Cash Flow from Operating Activities			
Net loss for the period		\$ (437,085)	\$ (2,900,763)
Adjustments for non-cash items:			
Share based payments	6	69,555	97,536
Write-down of mineral property	4	-	2,719,429
Changes in non-cash working capital:			
Decrease in sales taxes recoverable		(14,433)	2,513
Decrease (increase) in prepaid expenses		(2,422)	3,027
(Decrease) increase in trade and other payables		276,260	(40,022)
Net cash flows used in operating activities		(108,125)	(118,280)
Cash Flow from Investing Activities			
Additions to exploration and evaluation assets		(20,000)	-
Net cash flows used in investing activities		(20,000)	-
Cash Flow from Financing Activities			
Issuance of common shares for cash, net costs	6	565,056	-
Proceeds from subscriptions received		(50,935)	50,935
Payment on loan from Avaron Mining Corp.	5	(5,000)	-
Net cash flows provided by financing activities		509,121	50,935
Net change in cash and cash equivalents		380,996	(67,345)
Cash and Cash Equivalents, Beginning of Year		53,969	121,314
Cash and Cash Equivalents, End of Year		\$ 434,965	\$ 53,969
Supplemental Disclosures:			
Interest paid		\$ -	\$ -
Income tax paid		\$ -	\$ -
Non-cash Investing and Financing Activities:			
Issuance of common shares for debt settlement		\$ 257,000	\$ -

See accompanying notes to the financial statements

Benz Mining Corp.

Statements of changes in equity

Years ended April 30, 2017 and 2016

	Note	Common Shares		Subscriptions Received	Equity		Total Equity
		Number	Amount		Reserves	Deficit	
Balance, April 30, 2015		1,801,872	\$ 3,783,611	\$ -	\$ 232,679	\$ (1,269,973)	\$ 2,746,317
Proceeds from subscription agreements		-	-	50,935	-	-	50,935
Share based payments	6e	-	-	-	97,536	-	97,536
Expiry of stock options					(16,800)	16,800	-
Net loss for the year		-	-	-	-	(2,900,763)	(2,900,763)
Balance, April 30, 2016		1,801,872	\$ 3,783,611	\$ 50,935	\$ 313,415	\$ (4,153,936)	\$ (5,975)
Common shares issued for cash:							
Proceeds from private placement	6	4,672,897	386,867	-	189,068	-	575,935
Share issuance costs	6	-	(10,879)	-	-	-	(10,879)
Proceeds from subscription agreements	6	-	-	(50,935)	-	-	(50,935)
Shares issued to settle debt	6	1,352,632	257,000	-	-	-	257,000
Share based payments	6e	-	-	-	69,555	-	69,555
Net loss for the year		-	-	-	-	(437,085)	(437,085)
Balance, April 30, 2017		7,827,401	\$ 4,416,599	\$ -	\$ 572,038	\$ (4,591,021)	\$ 397,616

See accompanying notes to the financial statements

Benz Mining Corp.

Notes to the financial statements

April 30, 2017

1. NATURE AND CONTINUANCE OF OPERATIONS

Benz Mining Corp. (the “Company”), formerly Benz Capital Corp., was incorporated under the Business Corporations Act (British Columbia) on November 9, 2011. The Company is involved in the acquisition, exploration and exploitation of mineral properties located in the Americas.

The Company’s head office is located at 606 - 909 Burrard Street, Vancouver, British Columbia, V6Z 2N2; and the registered office is located at 20th Floor, 250 Howe Street, Vancouver, BC V6C 3R8. The Company’s common shares are traded on the TSX-V Exchange.

The business of mining and exploring for minerals involves a high degree of risk, and there can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of the carrying value of exploration and evaluation assets and the Company's ability to continue as a going concern is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, or the ability of the Company to raise alternative financing.

These financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As at April 30, 2017, the Company has working capital of \$375,616 and accumulated losses of \$4,591,021. The Company has not yet generated any revenues from its operations. The Company is 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. These factors together may raise significant doubt about the Company’s ability to continue as a going concern. These financial statements do not include any adjustments that might result from the outcome of this uncertainty.

2. BASIS OF PRESENTATION

Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

Basis of presentation

These financial statements are expressed in Canadian dollars, the Company’s functional currency, and have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value.

Approval of the financial statements

These financial statements were reviewed by the Audit Committee, and approved and authorized for issue by the Board of Directors on August 28, 2017.

Benz Mining Corp.

Notes to the financial statements

April 30, 2017

2. BASIS OF PRESENTATION (continued)

Significant Accounting Judgements and Estimates

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the statement of financial position date, 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:

a) *Going concern*

Determining if the Company has the ability to continue as a going concern is dependent on its ability to achieve profitable operations. Certain judgments are made when determining if the Company will achieve profitable operation. Further disclosure is included in Note 1.

b) *Impairment of exploration and evaluation assets*

Management considers both external and internal sources of information in assessing whether there are any indications that the Company's exploration and evaluation assets are impaired. External sources of information that management considers include changes in the market, economic and legal environment, in which the Company operates, that are not within its control, and affect the recoverable amount of its mining interests.

c) *Valuation of share-based payments*

The Company uses the Black-Scholes option pricing model for valuation of share-based payments. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate, and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves.

d) *Recognition and measurement of deferred tax assets and liabilities*

Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. Weight is attached to tax planning opportunities that are within the Company's control, and are feasible and implementable without significant obstacles. The likelihood that tax positions taken will be sustained upon examination by applicable tax authorities is assessed based on individual facts and circumstances of the relevant tax position evaluated in light of all available evidence. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets/liabilities.

Benz Mining Corp.

Notes to the financial statements

April 30, 2017

3. SIGNIFICANT ACCOUNTING POLICIES

Financial instruments

Financial assets and liabilities are recognized when the entity becomes a party to the contractual provisions of the instrument. Upon initial recognition, financial assets and liabilities are measured at fair value plus transaction costs, except for those financial assets and liabilities classified as fair value through profit or loss, which are initially measured at fair value. The Company's financial instruments consist principally of cash and cash equivalents, trade and other payables, and promissory note payable.

(i) Financial assets

The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

- Fair value through profit or loss ("FVTPL") - This category comprises derivatives, assets acquired or incurred principally for the purpose of selling or repurchasing it in the near term, or assets designated upon initial recognition as FVTPL. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of comprehensive income (loss).
- Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortized cost using the effective interest rate method less any impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. The carrying amount of trade receivables is reduced through an allowance account. Amounts deemed to be uncollectable are written off against the allowance account and subsequent recoveries are credited against the allowance account.
- Changes in the allowance account are recognized in the statement of comprehensive loss.
- Held-to-maturity investments - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows discounted at the entity's original effective interest rate. Any changes to the carrying amount of the investment, including impairment losses, are recognized in the statement of comprehensive loss.

Benz Mining Corp.

Notes to the financial statements

April 30, 2017

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

(i) Financial assets (continued)

- Available-for-sale - Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized directly in equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in the statement of comprehensive loss.

All financial assets except for those recorded at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described above.

(ii) Financial liabilities

The Company classifies its financial liabilities into one of two categories depending on the purpose for which the liability was assumed. The Company's accounting policy for each category is as follows:

- Fair value through profit or loss - This category comprises derivatives, liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term, or liabilities designated upon initial recognition as FVTPL. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of comprehensive loss.
- Other financial liabilities - Other financial liabilities are subsequently measured at amortized cost, using the effective interest rate method.

(iii) Classification of financial instruments

IFRS 7 establishes a fair value hierarchy that reflects significance of inputs in measuring fair value as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices); and

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company's cash and cash equivalents are designated as Level 1.

Benz Mining Corp.

Notes to the financial statements

April 30, 2017

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand, and short-term deposits with an original maturity of three months or less, which are cashable and readily convertible into a known amount of cash.

Exploration and evaluation assets

The cost of a property acquired as an individual asset purchase or as part of a business combination represents the property's fair value at the date of acquisition. This cost is capitalized until the viability of the mining property is determined. When it is determined that a property is not economically viable, the amount capitalized is written off which includes expenditures which were capitalized to the carrying amount of the property subsequent to its acquisition.

The Company expenses all costs relating to the exploration for and evaluation of mineral claims until such time as a technical feasibility study has been completed and commercial viability of extracting the mineral resources is demonstrable. Such costs include, but are not limited to, geological, geophysical studies, exploratory drilling and sampling. Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation expenses attributable to that area of interest will be capitalized to mineral properties. Costs will continue to be capitalized until the property to which they relate is ready for its intended use, sold, abandoned, or management has determined there is impairment. If economically recoverable reserves are developed, capitalized costs of the property are depleted using the units of production method.

The Company capitalizes acquisition costs related to mineral properties.

Impairment

Non-financial assets are reviewed for impairment at the end of each reporting period and throughout the year if there is any indication that the carrying amount may not be recoverable. If any such indication is present, the recoverable amount of the asset is estimated in order to determine whether impairment exists. Where the asset does not generate cash inflows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Goodwill, any intangible asset with an indefinite useful life, or any intangible asset not yet available for use is tested for impairment annually and whenever there is an indication that the asset may be impaired.

An asset or cash-generating unit's recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value, using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted.

Benz Mining Corp.

Notes to the financial statements

April 30, 2017

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment (continued)

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount is reduced to the recoverable amount. Impairment is recognized immediately in profit or loss. Where an impairment subsequently reverses, the carrying amount is increased to the revised estimate of recoverable amount but only to the extent that this does not exceed the carrying value that would have been determined if no impairment had previously been recognized. Impairment of goodwill cannot be reversed.

Share-based payment transactions

The share option plan allows Company employees, directors, and consultants to acquire shares of the Company. All options granted are measured at fair value and are recognized in expenses as share-based payments with a corresponding increase in equity reserves. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

The fair value of employee options is measured at grant date, and each tranche is recognized using the graded vesting method over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. For non-employees, share-based payments are measured at the fair value of goods and services received or the fair value of the equity instruments issued, if it is determined that the fair value cannot be reliably measured, and are recorded at the date the goods or services are received. The fair value of the options is accrued and charged either to operations or exploration and evaluation assets, with the offset credit to equity reserves. This includes a forfeiture estimate, which is revised for actual forfeitures in subsequent periods. Upon the expiration or cancellation of unexercised stock options, the Company will transfer the value attributed to those stock options from equity reserves to deficit.

Provisions

Provisions are recognized where a legal or constructive obligation has been incurred as a result of past events, it is probable that an outflow of resources embodying economic benefit will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. If material, provisions are measured at the present value of the expenditures expected to be required to settle the obligation. The increase in any provision due to passage of time is recognized as accretion expense.

Loss per share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares. In the Company's case, diluted loss per share is the same as basic loss per share as the effects of including all outstanding options and warrants would be anti-dilutive.

Benz Mining Corp.

Notes to the financial statements

April 30, 2017

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects.

Unit offerings

The Company has adopted the relative fair value method with respect to the measurement of shares and warrants issued as equity units. The relative fair value method requires an allocation of the net proceeds received based on the pro rata relative fair values of the components. If and when the warrants are ultimately exercised, the applicable amounts are transferred from equity reserves to share capital. If the warrants expire unexercised, the Company will transfer the value attributed to those warrants from equity reserves to deficit.

Income taxes

Income tax comprises current and deferred tax. Income tax is recognized in profit or loss, except to the extent that it relates to items recognized directly in equity, in which case it is recognized as equity.

Current tax expense is the expected tax payable on the taxable income for the year, using rates substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is provided for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is reduced using a valuation allowance.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Comprehensive loss

Comprehensive loss is the overall change in the net assets of the Company for a period, other than changes attributable to transactions with shareholders. It is made up of net loss and other comprehensive income. Other comprehensive income includes gains or losses that IFRS requires to be recognized in a period, but excluded from net income for that period. The Company has no items representing other comprehensive income during the years ended April 30, 2017 and 2016.

Benz Mining Corp.

Notes to the financial statements

April 30, 2017

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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. Parties are also considered to be related if they are subject to common control. 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.

Recent accounting pronouncements

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB that are mandatory for the Company's accounting periods beginning on May 1, 2017, or later periods. Some updates that are not applicable or not consequential to the Company may have been excluded from the list below. The following accounting standards were issued but not yet effective as of April 30, 2017:

- (i) IFRS 2 – *Share-based Payment (Amendments to IFRS 2)*
- (ii) IFRS 9 – *Financial Instruments* (New in 2014; to replace IAS 39, IFRIC 9 and earlier versions of IFRS 9)
- (iii) IFRS 15 – *Revenue from Contracts with Customers* (New in 2014; to replace IAS 11, IAS 18, IFRIC 13, IFRIC 15, IFRIC 18 and SIC-31; incorporates Effective Date of IFRS 15 and Clarifications to IFRS 15 *Revenue from Contracts with Customers*)
- (iv) IFRS 16 – *Leases* (New in 2016; to replace IAS 17 *Revenue from Contracts with Customers*)

Management has not yet completed its process of assessing the impact that these new standards will have on the Company's financial statements or whether to early adopt any of the standards.

4. EXPLORATION AND EVALUATION ASSETS

The Company has accumulated the following acquisition and exploration expenditures:

	Mel Property	San Javier	Total
Balance, April 30, 2015	\$ -	\$ 2,719,429	\$ 2,719,429
Write-down of mineral property		(2,719,429)	(2,719,429)
Balance, April 30, 2016	\$ -	\$ -	\$ -
Acquisition costs	22,000	-	22,000
Balance, April 30, 2017	\$ 22,000	\$ -	\$ 22,000

Benz Mining Corp.

Notes to the financial statements

April 30, 2017

4. EXPLORATION AND EVALUATION ASSETS (continued)

Mel Property

On March 14, 2017 (“Effective Date”), the Company entered into a Property Purchase Agreement with Silver Range Resources Ltd. (“Silver Range”), pursuant to which the Company has an option to purchase 100% of Silver Range’s wholly-owned Mel zinc-lead-barite project (the “Project”) located near Watson Lake in southeast Yukon for an aggregate purchase price of \$2,700,000. The Project consists of 257 claims, encompasses an area of 9,315 hectares and is located 80 kilometers east-northeast of the town of Watson Lake. The Project extends 47 km south from the main exploration targets to the Alaska Highway, following the route of a proposed haulage road.

Subject to the underlying royalties, the Company has the option to purchase a 100% interest in the Project for an aggregate of \$2,700,000. The Company, at its election, has the option to satisfy specific option payments through the issuance of common shares. The deemed value of all common shares issued in partial or full satisfaction of specific option payments shall be calculated using the volume-weighted average price of the Company’s shares for the 10 trading days prior to the applicable option payment date. The option payment schedule, along with the portion that may be paid in shares at the Company’s discretion, is summarized below:

	Option Payments Payable in Cash	Maximum Portion of Option Payments Payable in Shares
Upon TSX Venture Exchange Acceptance (paid)	\$20,000	-
On or before 120 days following the Effective Date	\$80,000	-
On or before the 1 st Anniversary of the Effective Date	\$150,000	\$75,000
On or before the 2 nd Anniversary of the Effective Date	\$300,000	\$150,000
On or before the 3 rd Anniversary of the Effective Date	\$600,000	\$450,000
On or before the 4 th Anniversary of the Effective Date	\$1,200,000	\$1,200,000
On or before the 5 th Anniversary of the Effective Date	\$350,000	\$350,000
Total Price	\$2,700,000	\$2,225,000

The Company agreed to pay a finder's fee of \$167,500 to a third party in accordance with the policies of the TSX Venture Exchange. The Agreement is subject to a total of 2% net smelter return royalty following the commencement of commercial production from the Project. On May 19, 2017, the Company received TSX Venture Exchange acceptance of the Property Purchase Agreement.

San Javier Property

During the year ended April 30, 2016 the Company relinquished its rights to the option purchase agreement of the San Javier Property and recognized a write-down of \$2,719,429.

Benz Mining Corp.

Notes to the financial statements

April 30, 2017

5. PROMISSORY NOTE PAYABLE

On August 29, 2014, the Company issued a promissory note to Avaron Mining Corp. in exchange for \$100,000 for a maximum term of 12 months at an interest rate of 8% per annum. On August 29, 2015, the term of the promissory note was extended with identical terms until August 29, 2025. The promissory note payable to Avaron constitutes a related party transaction as the Company and Avaron share common directors that collectively control more than 50% of Avaron's issued and outstanding shares. On November 6, 2014, the Company repaid \$50,000 of the principal amount owing on the promissory note and previously accrued interest of \$756. On June 6, 2016, the Company repaid a further \$5,000 on the principal amount owing. In April 2017, the Company settled its outstanding indebtedness in the amount of \$45,000, in addition to accrued interest of \$10,000, with the issuance of 289,474 common shares with a fair value of \$0.19 per share.

6. SHARE CAPITAL

On February 17, 2017, the Company completed a share consolidation of issued and outstanding common shares on the basis of ten pre-consolidated common shares for one post-consolidated common share. The share consolidation affects all issued and outstanding common shares, stock options, warrants, and other convertible securities. All information relating to issued and outstanding common shares, stock options, warrants, and other convertible securities have been adjusted retrospectively to reflect the share consolidation.

a) Authorized: Unlimited common shares, without par value
Unlimited preferred shares, without par value

b) Issued:

- (i) On April 28, 2017, the Company settled outstanding indebtedness in the amount of \$257,000 (the "Debt") by the issuance of 1,352,632 common shares with a fair value of \$0.19 per share. The Debt includes amounts due to certain creditors, a promissory note payable to Avaron Mining Corp. and past management, accounting, geological, and engineering services rendered and accrued to senior officers of the Company.
- (ii) On March 8, 2017, the Company closed a non-brokered private placement (the "Private Placement"). The Company issued 4,166,664 units (each, a "Unit") at a price of \$0.12 per Unit, for gross proceeds of \$500,000. Each Unit consists of one common share in the capital of the Company (each a "Share") and one whole common share purchase warrant (each a "Warrant"). Each Warrant entitles the holder to purchase one Share (a "Warrant Share") at a price of \$0.15 per Warrant Share for a period of 12 months following issuance.
- (iii) On May 3, 2016, the Company closed a private placement and issued a total of 506,233 common shares at a price of \$0.15 per common share for gross proceeds of \$75,935.

Benz Mining Corp.

Notes to the financial statements

April 30, 2017

6. SHARE CAPITAL (continued)

Escrow Shares:

As at April 30, 2017, an amount of 413,143 common shares are held in escrow. These shares are subject to an escrow agreement with Tusk Exploration Ltd. On January 13, 2015, 10% of the shares originally held in escrow were released. The remaining shares are released in six equal tranches of 15% every six months for a period of 36 months.

c) Share purchase warrants and compensation options

A summary of the share purchase warrants and compensation options issued, exercised and expired during the years ended April 30, 2017 and 2016 are as follows:

	Underlying Shares	Weighted Average Exercise Price
Balance, April 30, 2015 and 2016	79,068	\$ 5.50
Issued	4,166,664	0.15
Balance, April 30, 2017	4,245,732	\$ 0.25

Details of share purchase warrants and compensation options outstanding as at April 30, 2017 and 2016, are:

Expiry Date	Exercise Price per Share	Outstanding and Exercisable	
		April 30, 2017	April 30, 2016
July 28, 2019	\$5.50	49,068	49,068
November 25, 2019	\$5.50	30,000	30,000
March 7, 2018	\$0.15	4,166,664	-
		4,245,732	79,068

Benz Mining Corp.

Notes to the financial statements

April 30, 2017

6. SHARE CAPITAL (continued)

d) Stock option plan

The Company's stock option plan authorizes for the granting of options to directors, officers, employees, and consultants. Pursuant to the terms of the Stock Option Plan, the Board of Directors may from time to time, in its discretion, and in accordance with Exchange policies, grant incentive stock options ("Options") to purchase the Company's common shares to directors, officers, employees, and consultants. Under the Stock Option Plan, a maximum of 10% of the outstanding shares can be reserved for issuance. The number of shares reserved for issuance to any individual director or officer will not exceed five percent (5%) of the issued and outstanding shares and the number of shares reserved for issuance to all technical consultants will not exceed two percent (2%) of the issued and outstanding shares.

Stock option activity for the years ended April 30, 2017 and 2016, is summarized as follows:

	Underlying Shares	Weighted Average Exercise Price
Stock options outstanding, April 30, 2015	150,969	\$2.70
Expired	(37,693)	\$1.80
Stock options outstanding, April 30, 2016	113,276	\$2.98
Issued	534,000	\$0.19
Stock options outstanding, April 30, 2017	647,276	\$0.68
Stock options exercisable, April 30, 2017	58,638	\$2.97

A summary of stock options outstanding as at April 30, 2017 is as follows:

Number of Stock Options Outstanding	Number of Stock Options Exercisable	Exercise Price	Weighted Average Remaining Contractual Life (in years)	Intrinsic Value	Expiry Date
4,000	4,000	\$2.50	1.23	\$0.00	April 26, 2018
109,276	54,638	\$3.00	7.97	\$0.00	January 18, 2025
534,000	-	\$0.19	9.86	\$85,440	March 9, 2027
647,276	58,638		9.42		

Benz Mining Corp.

Notes to the financial statements

April 30, 2017

6. SHARE CAPITAL (continued)

e) Share-based payments

On January 19, 2015, the Company granted 121,969 stock options to consultants, directors, and officers, exercisable at \$3.00 per share for a period of 10 years from the grant date. The stock options vest over a four year period with 25% each year.

On March 9, 2017, the Company granted an aggregate of 534,000 incentive stock options to certain directors, officers and consultants of the Company at an exercise price of \$0.19 per share for a period of ten years. The options vest one year from the grant date on March 9, 2018.

During the year ended April 30, 2017, the Company recorded total share-based payments of \$69,555 (2016 - \$97,536). The amounts expensed were allocated to directors, officers, and consultants as follows:

	April 30, 2017	April 30, 2016
Directors and officers	\$ 66,154	\$ 100,159
Consultants	3,401	(2,623)
	<u>\$ 69,555</u>	<u>\$ 97,536</u>

Option-pricing requires the use of highly subjective estimates and assumptions including the expected stock price volatility. Changes in the underlying assumptions can materially affect the fair value estimates. The fair value of the options granted to officers, directors, consultants, and employees was calculated using the Black-Scholes model with the following weighted average assumptions:

	April 30, 2017	April 30, 2016
Weighted average assumptions:		
Risk-free interest rate	1.50%	1.45%
Expected dividend yield	\$0.00	\$0.00
Expected option life (years)	9.81	9.6
Expected stock price volatility	100%	106%
Weighted average fair value at measurement date	\$0.50	\$1.80

Benz Mining Corp.

Notes to the financial statements

April 30, 2017

7. RELATED PARTY TRANSACTIONS AND BALANCES

Related party transactions are measured at the estimated fair values of the services provided or goods received. Related party transactions not disclosed elsewhere in these financial statements are as follows:

a) Key Management Compensation

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 year ended April 30, 2017 and 2016 was as follows:

	April 30, 2017	April 30, 2016
Salaries, bonuses, fees and benefits		
Management fees to the Officers and Chairman of the Board of the Company	\$ 208,201	\$ 28,160
Share-based payments		
Officers and directors of the Company	66,081	100,159
	\$ 274,282	\$ 128,319

b) In the normal course of operations, the Company transacts with companies related to its directors or officers. The following amounts are payable to related parties, and are included in trade and other payables:

	April 30, 2017	April 30, 2016
Management fees	\$ 24,325	\$ -
Promissory note and accrued interest to Avaron Mining Corp. (common directors)	\$ -	\$ 53,773

8. INCOME TAXES

A reconciliation of income taxes at statutory rates with reported taxes is as follows:

	April 30, 2017	April 30, 2016
Statutory rates	26%	26%
Loss before income taxes	\$ (437,085)	\$ (2,900,765)
Expected income tax recovery at statutory rate	113,642	754,199
Non-deductible items and permanent differences	(32,992)	(727,195)
Change in valuation allowance	(80,650)	(27,004)
Future income tax recovery	\$ -	\$ -

Benz Mining Corp.

Notes to the financial statements

April 30, 2017

8. INCOME TAXES (continued)

The significant components of the Company's future income tax assets are as follows:

	April 30, 2017	April 30, 2016
Future income tax asset:		
Non-capital loss carryforwards	\$ 278,716	\$ 198,066
Exploration expenditure pool	199,062	179,245
Undeducted financing costs	2,606	4,909
	480,384	382,220
Less: valuation allowance	(480,384)	(382,220)
Net future income tax assets	\$ -	\$ -

The Company has non-capital losses for tax purposes of approximately \$1,072,000 (2016 - \$761,800), which may be used to reduce future taxable income in Canada, expiring beginning in 2022. The Company has unclaimed exploration expenditures of approximately \$765,600 (2016 - \$689,400), which can be deducted for income tax purposes in Canada in future years at the Company's discretion.

9. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the exploration and development of its properties and to maintain a flexible capital structure for its projects for the benefit of its stakeholders. In the management of capital, the Company includes the components of shareholders' equity.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares or adjust the amount of cash and cash equivalents. Management reviews the capital structure on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

The Company is not subject to externally imposed capital requirements. There were no changes to the Company's capital management during the year ended April 30, 2017.

Benz Mining Corp.

Notes to the financial statements

April 30, 2017

10. FINANCIAL INSTRUMENTS AND RISK

The Company's financial instruments consist of cash and cash equivalents, trade and other payables, and promissory note payable. The fair value of the financial instruments approximates their carrying values, unless otherwise noted.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

a) Credit risk

The Company's credit risk is mainly attributable to its liquid financial assets: cash and cash equivalents. The Company deposits cash with high credit quality financial institutions and credit risk is considered to be minimal. The Company's maximum exposure to credit risk is \$434,965.

b) Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at April 30, 2017, the Company had a cash and cash equivalents balance of \$434,965 (2016 - \$53,969) to settle current liabilities of \$81,436 (2016 - \$65,176).

c) Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

d) Interest rate risk

The Company has cash balances and no interest-bearing term deposits. As at April 30, 2017, the Company does not have any interest rate risk exposure from its now fully settled promissory note, and has not entered any agreements to alleviate the exposure.

e) Foreign currency risk

For the years ended April 30, 2017 and 2016, the Company was not exposed to financial risk related to the fluctuation of the foreign exchange rate between the Canadian and US Dollars.

f) Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

Benz Mining Corp.

Notes to the financial statements

April 30, 2017

11. SUBSEQUENT EVENTS

a) Private Placement

On August 15, 2017, the Company closed a non-brokered private placement (the "Private Placement"). The Company issued 3,661,800 units (each, a "Unit") at a price of \$0.20 per Unit, for gross proceeds of \$732,360. Each Unit consists of one common share in the capital of the Company (each a "Share") and one whole common share purchase warrant (each a "Warrant"). Each Warrant entitles the holder to purchase one Share (a "Warrant Share") at a price of \$0.35 per Warrant Share for a period of 24 months following issuance.

Finder's fees in the aggregate of \$10,875 were paid and an aggregate of 54,376 Finder's warrants (the "Finder's Warrants") were issued in conjunction with the Private Placement. Each Finder's Warrant will be exercisable into one common share at a price of \$0.35 for a period of 24 months following issuance.

b) Warrant Exercise

On August 23, 2017, the Company issued 570,866 common shares pursuant to the exercise of 570,866 warrants at a price of \$0.15 per share for total proceeds of \$85,630.

c) Private Placement

Subsequent to the year ended April 30, 2017, the Company announced a non-brokered, private placement of up to 6,250,000 units (each, a "Unit") at a price of \$0.20 per Unit, for gross proceeds of up to \$1,250,000 (the "Private Placement"). Each Unit consisting of one common share in the capital of the Company (each a "Share") and one whole common share purchase warrant (each a "Warrant"). Each Warrant will entitle the holder to purchase one Share (a "Warrant Share") at a price of \$0.35 per Warrant Share for a period of 24 months following closing.

All of the Shares issued pursuant to the Private Placement (including Warrant Shares issuable upon exercise of Warrants) will be subject to a four-month hold period from the date of issue. The Private Placement is subject to approval from the TSX Venture Exchange.