

# **BENZ MINING CORP.**

Management's Discussion and Analysis  
For the three and six months ended October 31, 2019  
(Expressed in Canadian dollars)

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## Management Discussion and Analysis

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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 Benz Mining Corp. (the “Company” or “Benz Mining”). This discussion dated December 27, 2019 complements and supplements the Company’s unaudited condensed interim financial statements and associated notes for the three and six months ended October 31, 2019 and 2018. 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](http://www.sedar.com).

### 1. COMPANY OVERVIEW

Benz Mining is an exploration and development stage company existing under the *Canada Business Corporations Act*. It was incorporated under the laws of the Province of British Columbia on November 9, 2011. The Company’s common shares trade on the TSX Venture Exchange under the symbol “BZ” and commenced trading on the Frankfurt Exchange under the trading symbol “1VU” on August 14, 2017.

On March 13, 2017, Benz Mining entered into a purchase agreement with Silver Range Resources Ltd. (“Silver Range”), pursuant to which Benz 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 CAD \$2.7 million.

On August 7, 2019, the Company entered into an option agreement with Eastmain Resources Inc. to acquire a 100% interest in the former producing Eastmain Gold project located in James Bay District, Quebec for \$5,000,000.

### 2. MINERAL PROPERTIES

#### ***Mel Project***

The Mel Project consists of 576 claims, encompassing an area of 11,451 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.

In November 2019, Benz Mining terminated the property purchase agreement with Silver Range Resources Ltd. to acquire up to a 100% interest in the Mel Zinc project located in Yukon. The decision was made following a review of the property and considering current market conditions and commodity prices.

#### ***Eastmain Project***

The Eastmain Gold project, located approximately 750 km northeast of Montreal, and 316 km northeast of Chibougamau, comprises 152 contiguous mining claims each with an area of approximately 52.7 ha covering a total of 8,014.36 ha plus one industrial lease permit owned by Eastmain Mines Inc., a wholly owned subsidiary of the Vendor.

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The Project is road accessible via the Route 167 extension, a permanent all-season road, and is serviced by an existing camp, all season gravel roads, and an airstrip. The Project benefits from access to Chibougamau (population of 7,541) that serves as the main centre of communications and supplies for the area.

The Project has a history of significant exploration that has been undertaken intermittently since Placer Development Limited's initial discovery of the Eastmain Deposit in 1969/1970. At this time the gold-silver-copper bearing A Zone was intersected while drill-testing an airborne geophysical conductor. Subsequent drill testing of airborne conductors in the 1980's defined two additional gold-rich zones known as the B and C Zones. In 1987, the Placer and MSV Resources Inc. joint venture completed underground development on the Eastmain deposit including an 826.2 m decline, 226.2 m of sub-level drifting, and 95.5m of raising. In 1994 to 1995, MSV Resources mined 118,356 tonnes grading 10.58 g/t Au and 0.3% Cu by room and pillar mining. The mineralization was processed at the Copper Rand Mine in Chibougamau and 40,000 oz of Au was recovered.

The Company has filed the NI 43-101 Technical Report titled "Technical Report and Mineral Resource Estimate on the Eastmain Mine Property, James Bay District, Quebec", prepared by P&E Mining Consultants Inc. ("P&E"). The Mineral Resource Estimate reported tonnes and contained gold ounces, stating Indicated Mineral Resource of 899kt at a grade of 8.19 g/t gold, 8 g/t silver and 0.13% copper (236.5 koz contained gold), and Inferred Mineral Resources of 579 kt at a grade of 7.48 g/t gold, 8.2 g/t silver and 0.16% copper (139.3 koz contained gold).

Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability. Mineral Resource Estimates do not account for mineability, selectivity, mining loss and dilution. Inferred Mineral Resources are normally considered too speculative geologically to have economic considerations applied to them that would enable them to be categorized as Mineral Reserves. There is also no certainty that Indicated Mineral Resources will be converted into Mineral Reserves, once economic considerations are applied; or that Inferred Mineral Resources will be converted to Measured and Indicated classifications through further drilling, or into Mineral Reserves, once economic considerations are applied.

P&E considers that the Eastmain Mine Property contains a significant precious metal and base metal Mineral Resources that is associated with a well-defined mineralized trend. P&E considers that the property has potential for delineation of additional Mineral Resources and that further exploration is warranted.

Benz Exploration staff and management are reviewing the Technical Report recommendations and compiling results from the previous exploration programs along with historic work to define an appropriate work proposal for 2019/2020 years.

The Technical Report, completed for Benz Mining Corp. on September 3, 2019 and amended on October 21, 2019, is available on SEDAR under the Company's profile.

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### 3. REVIEW OF FINANCIAL RESULTS

#### Summary of Quarterly Results

	Oct. 31, 2019	Jul. 31, 2019	Apr. 30, 2019	Jan. 31, 2019	Oct. 31, 2018	Jul. 31, 2018	Apr. 30, 2018	Jan. 31, 2018
Interest Income	\$ 1,786	\$ 2,127	\$ 2,445	\$ 2,569	\$ 2,198	\$ 1,695	\$ 1,773	\$ 1,600
Net loss	(311,073)	(112,103)	(141,730)	(139,447)	(148,589)	(211,927)	(267,168)	(508,607)
Basic and diluted loss per share	(0.01)	0.00	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.02)

#### Quarter ended October 31, 2019 compared with the quarter ended October 31, 2018.

During the quarter ended October 31, 2019, the Company had a net loss of \$311,073 compared to a net loss of \$148,589 for the quarter ended October 31, 2018. The difference between these two quarters is primarily due to the following:

- Increase in exploration and evaluation costs of \$147,214
- Increase in management and consulting fees of \$46,919
- Decrease in professional fees of \$6,850
- Decrease in shareholder information of \$25,375

### 4. LIQUIDITY AND CAPITAL RESOURCES

The Company's financial statements have been prepared in accordance with IFRS applicable to a going concern. The Company's future liquidity will depend upon its ability to develop and finance future profitable business opportunities. Until this is achieved the ability of the Company to meet its financial liabilities and commitments is primarily dependent upon the continued issuance of equity to new or existing shareholders. There is no assurance that the Company will be able to obtain further funds required for its continued working capital requirements.

A summary of the Company's cash and cash equivalents and working capital balances are as follows:

	Oct. 31, 2019	Jul. 31, 2019	Apr. 30, 2019	Jan. 31, 2019	Oct. 31, 2018	Jul. 31, 2018	Apr. 30, 2018	Jan. 31, 2018
Cash and cash equivalents	471,561	945,116	945,116	1,114,189	1,213,217	1,330,989	1,444,696	1,740,555
Working Capital	461,224	959,400	959,400	1,116,190	1,247,739	1,396,328	1,546,737	1,899,111

The changes in both cash on hand and working capital are primarily due to operating activities, as discussed in the previous section, and investing and financing activities as detailed below.

#### Investing Activities

##### Three months ended October 31, 2019

On August 7, 2019, the Company entered into an option agreement with Eastmain Resources Inc. to acquire a 100% interest in the former producing Eastmain Gold project. Per the terms of the option agreement, Benz Mining made a cash payment of \$75,000.

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### Three months ended October 31, 2018

There were no investing activities during this period.

### *Financing Activities*

### Three months ended October 31, 2019

There were no financing activities during this period.

### Three months ended October 31, 2018

There were no financing activities during this period.

### *Off-Balance Sheet Arrangements*

The Company does not have any off-balance sheet arrangements other than those discussed above.

### *Related Party Transactions*

During the six months ended October 31, 2019 and 2018 the Company engaged in the following related party transactions with key management personnel.

	<u>October 31, 2019</u>	<u>October 31, 2018</u>
<b>Salaries, bonuses, fees and benefits</b>		
Management fees to the officers and directors of the Company	\$ 101,000	\$ 121,600
Rent fees paid to a company controlled by an officer of the Company	-	7,800
<b>Share-based payments</b>		
Officers and directors of the Company	-	45,355
	<u>\$ 101,000</u>	<u>\$ 174,755</u>

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:

	<u>October 31, 2019</u>	<u>April 30, 2019</u>
Management fees	\$ 17,000	\$ 13,125
Expenses paid on behalf of the Company	14,525	2,093
	<u>\$ 31,525</u>	<u>\$ 15,218</u>

### *Changes in Accounting Policies*

There are no changes in accounting policies.

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### *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 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 three and six months ended October 31, 2019.

### *Financial Instruments*

The Company's financial instruments consist of cash and cash equivalents, trade and other payables and promissory note payable. 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*

Detail regarding material items within general and administrative expenses has been provided throughout this document.

### *Outstanding Shares*

Authorized share capital consists of an unlimited number of common shares without par value and an unlimited number of preferred shares without par value.

As at December 27, 2019, the Company had the following issued and outstanding common shares and unexercised stock options, warrants and agent compensation options:

	<b>Shares and Potential Shares</b>
Common shares outstanding	26,317,094
Stock options (weighted average exercise price \$0.21)	2,361,598
Warrants (weighted average exercise price \$5.50)	30,000
<b>Total common shares and potential common shares</b>	<b>28,908,692</b>

As at October 31, 2019, an amount of 222,857 common shares are held in escrow subject to an escrow agreement with Tusk Exploration Ltd. These shares continue to be held due to unmet contractual obligations.

On September 5, 2019, the Company granted incentive options to a consultant to purchase up to 200,000 common shares of the Company which were subsequently forfeited prior to vesting.

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### 5. 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 Benz Mining 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*

Benz Mining is a relatively new company with limited operating history and no history of business or mining operations, revenue generation, or production history. Benz Mining was incorporated on November 9, 2011, and has yet to generate a profit from its activities. The Company is subject to all of the business risks and uncertainties associated with any new business enterprise, including the risk that it will not achieve its growth objective. The Company anticipates that it may take several years to achieve positive cash flow from operations.

#### *Exploration, Development, and Operating Risks*

The exploration for and development of minerals involves significant risks, which even a combination of careful evaluation, experience, and knowledge may not eliminate. Few properties, which are explored, are ultimately developed into producing mines. There can be no guarantee that the estimates of quantities and qualities of minerals disclosed will be economically recoverable. With all mining operations there is uncertainty and, therefore, risk associated with operating parameters and costs resulting from the scaling up of extraction methods tested in pilot conditions. Mineral exploration is speculative in nature, and there can be no assurance that any minerals discovered will be discovered in sufficient quantities to warrant commercial exploitation. The Company's operations will be subject to all of the hazards and risks normally encountered in the exploration, development, and production of minerals. These include unusual and unexpected geological formations, rock falls, seismic activity, flooding, and other conditions involved in the extraction of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage, and possible legal liability. Although precautions to minimize risk will be taken, operations are subject to hazards that may result in environmental pollution and consequent liability that could have a material adverse impact on the business, operations, and financial performance of the Company.

#### *Substantial Capital Requirements and Liquidity*

Substantial additional funds will be required and there can be no assurances given that the Company will be able to raise the necessary funds. To meet such funding requirements, the Company may undertake additional equity financing, which would be dilutive to shareholders. There is no assurance that additional financing will be available on terms acceptable to the Company, or at all. If the Company is unable to obtain additional financing as needed, it may be required to discontinue operations.

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### *Competition*

There is competition within the mining industry for the discovery and acquisition of properties considered to have commercial potential. The Company will compete with other mining companies, many of which have greater financial, technical, and other resources than the Company, for, among other things, the acquisition of minerals claims, leases, and other mineral interests as well as for the recruitment and retention of qualified employees and other personnel.

### *Reliance on Management and Dependence on Key Personnel*

The success of the Company is currently largely dependent upon the performance of its directors and officers, and the ability to attract and retain its key personnel. The loss of the services of these persons may have a material adverse effect on the Company's business and prospects. Benz Mining will compete with numerous other companies for the recruitment and retention of qualified employees and contractors. There is no assurance that the Company can maintain the service of its directors and officers or other qualified personnel required to operate its business. Failure to do so could have a material adverse effect on the Company and its prospects.

### *Fluctuating Mineral Prices and Marketability of Minerals*

The market price of any mineral is volatile and affected by many factors beyond the Company's control, including but not limited to: international supply and demand, consumer product demand levels, international economic trends, commodity prices, operations costs, variations in mineral grade, fluctuations in the market price of minerals, currency exchange rate fluctuations, the level of interest rates, the rate of inflation, global or regional political events, and international events as well as a range of other market forces. Depending on the price of certain minerals, the Company may determine that it is impractical to continue its mineral exploration or development operations, if any. Sustained downward movements in mineral market prices could render less economic, or uneconomic, some or all of the mineral extraction and/or exploration activities to be undertaken by the Company. The marketability of minerals is affected by factors such as government regulation of mineral prices, royalties, allowable production, and the importation and exportation of minerals, the effect of which cannot be accurately predicted. There is no assurance that a profitable market will exist for the sale of minerals found, if any, on the Company's properties.

### *No Mineral Reserves or Mineral Resources*

Mineral resources are estimates of the size and grade of deposits based on limited sampling and on certain assumptions and parameters. No assurance can be given that the anticipated tonnages and grades will be achieved or realized. Prolonged declines in the market price of silver, copper, lead or zinc may render mineral resources containing relatively lower grades of mineralization uneconomic and could materially reduce any estimate of resources. Should such declines occur, the Company could be required to take a material write-down of its investment in mining properties or the development of new projects, resulting in increased net losses.

### *Environmental Risks*

All phases of the mining business present environmental risks and hazards, and are subject to environmental regulation pursuant to a variety of international conventions, local laws, and regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases or emissions of various substances produced in association with mining operations. The legislation also

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requires that operations be operated, maintained, abandoned, and reclaimed to the satisfaction of applicable regulatory authorities. Compliance with such legislation can require significant expenditures and a breach may result in the imposition of fines and penalties, some of which may be material. Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability, and potentially increased capital expenditures and operating costs.

### *Governmental Regulations and Processing Licenses and Permits*

The activities of the Company are subject to government approvals, various laws governing prospecting, development, land resumptions, production taxes, labour standards, and occupational health, mine safety, toxic substances, and other matters. Although the Company believes that its activities are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted, or that existing rules and regulations will not be applied in a manner, which could limit or curtail production or development. Amendments to current laws and regulations governing operations and activities of exploration and mining, or more stringent implementation thereof, could have a material adverse impact on the business, operations, and financial performance of the Company. Further, the mining licenses and permits issued in respect of its projects may be subject to conditions which, if not satisfied, may lead to the revocation of such licenses. In the event of revocation, the value of the Company's investments in such projects may decline.

### *Conflicts of Interest*

Certain directors and officers of the Company will be engaged in, and will continue to engage in, other business activities on their own behalf and on behalf of other companies (including mineral resource companies) and, as a result of these and other activities, such directors and officers of the Company may become subject to conflicts of interest. The Business Corporations Act of British Columbia ("BCBCA") provides that in the event that a director has a material interest in a contract or proposed contract or agreement that is material to the issuer, the director shall disclose his interest in such contract or agreement, and shall refrain from voting on any matter in respect of such contract or agreement, subject to and in accordance with the BCBCA. To the extent that conflicts of interest arise, such conflicts will be resolved in accordance with the provisions of the BCBCA.

### *Markets for Securities*

There can be no assurance that an active trading market in the Company's shares will be established and sustained. The market price for the Company's shares could be subject to wide fluctuations. Factors such as commodity prices, government regulation, interest rates, share price movements of the Company's peer companies and competitors, as well as overall market movements, may have a significant impact on the market price of the securities of Company. The stock market has from time to time experienced extreme price and volume fluctuations, particularly in the mining sector.

### *Uninsurable Risks*

Exploration, development, and production operations on mineral properties involve numerous risks, including unexpected or unusual geological operating conditions, rock bursts, cave-ins, fires, floods, earthquakes, and other environmental occurrences. It is not always possible to obtain insurance against all such risks, and the Company may decide not to insure against certain risks as a result of high premiums or other reasons. Should such liabilities arise, they could have an adverse impact on the Company's results

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of operations and financial condition, and could cause a decline in the value of the Company's shares. The Company does not intend to maintain insurance against environmental risks.

### 6. CHANGES IN ACCOUNTING STANDARDS

#### *IFRS 9 Financial instruments ("IFRS 9")*

On May 1, 2018, the Company adopted IFRS 9 which replaced IAS 39. IFRS 9 is intended to reduce the complexity for the classification and measurement of financial instruments. IFRS 9 did not impact the Company's classification and measurement of financial assets and liabilities.

#### *IFRS 15 Revenue from contracts with customers ("IFRS 15")*

On May 1, 2018, the Company adopted IFRS 15, which replaces IAS 18 "Revenue", IAS 11 "Construction Contracts", and related interpretations. The standard establishes a comprehensive framework for determining whether, how much, and when revenue from contracts with customers is recognized. IFRS 15 did not impact the Company as it does not currently, nor in the past, have revenues from operations.

#### *IFRS 16 Leases ("IFRS16")*

On May 1, 2019, the Company adopted IFRS 16 "Leases", which replaces IAS 17 Leases. IFRS 16 applies to lessees, requiring the recognition of assets and liabilities for most leases and eliminates the distinction between operating and financing leases. The Company has not entered into any leases as defined by IFRS 16 and will apply this standard for any future leases entered into.

### 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 is related to the assumption that the Company will continue as a going concern, the impairment of exploration and evaluation assets, the valuation of share-based payments and the valuation of deferred tax assets and liabilities.

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For a summary of significant accounting policies, please refer to Note 3 of the annual financial statements for the year ended April 30, 2019. Management believes it has made estimates that best reflect the facts and circumstances, however, actual results may differ from estimates.

### 9. APPROVAL

The Board of Directors of the Company has approved the disclosure contained in this MD&A.

### 10. FORWARD LOOKING INFORMATION

This MD&A is based on a review of the Company's operations, financial position, and plans for the future based on facts and circumstances as of December 27, 2019. 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, 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. Such factors include, but are not limited to, the risk that the Company's option agreements with Silver Range and Eastmain Resources may not be completed or fulfilled for any reason whatsoever and the potential development of the Mel and/or Eastmain projects to producing mines may not occur as planned or at all and the Company may not meet all requirements to maintain its listing on the TSX Venture Exchange. 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.