

BENZ MINING CORP.

Condensed Interim Financial Statements

For the Three and Six Months Ended October 31, 2019

(Expressed in Canadian dollars - Unaudited)

NOTICE OF NO AUDITOR REVIEW

The accompanying unaudited condensed interim financial statements of Benz Mining Corp. (the "Company") have been prepared by and are the responsibility of the Company's management.

In accordance with National Instrument 51-102, the Company discloses that its independent auditor has not performed a review of these unaudited condensed interim financial statements.

Benz Mining Corp.

Condensed Interim Statements of Operations and Comprehensive Loss (unaudited)

	Note	Three months ended October 31,		Six months ended October 31,	
		2019	2018	2019	2018
Operating Costs					
Exploration and evaluation costs	4	\$ 147,214	\$ -	\$ 147,214	\$ -
Interest expense		-	-	-	-
Listing and filing fees		8,967	6,353	13,535	10,267
Management & consulting fees	5	115,863	68,944	191,043	128,848
Office and miscellaneous		27,846	30,296	44,451	41,697
Professional fees		10,479	17,329	28,322	20,329
Share-based payments	6	-	-	-	61,518
Shareholder information		2,490	27,865	2,524	101,750
Loss from operations		(312,859)	(150,787)	(427,089)	(364,409)
Other income					
Gain on foreign exchange		-	-	-	-
Interest Income		1,786	2,198	3,913	3,893
Write-down on mineral property	4	-	-	-	-
Net loss and comprehensive loss		(311,073)	(148,589)	(423,176)	(360,516)
Loss per share - basic and diluted					
		\$ (0.01)	\$ (0.01)	\$ (0.02)	\$ (0.01)
Weighted average number of shares outstanding - basic and diluted					
		26,577,964	26,039,518	26,447,529	26,039,518

See accompanying notes to the condensed interim financial statements

Benz Mining Corp.

Condensed Interim Statements of Financial Position (unaudited)

	Note	October 31, 2019	April 30, 2019
ASSETS			
Current Assets			
Cash and cash equivalents		\$ 471,561	\$ 945,116
Sales taxes recoverable		15,673	15,683
Prepaid expenses and deposits		50,111	33,505
		537,345	994,304
Exploration and evaluation assets	4	599,703	269,703
		\$ 1,137,048	\$ 1,264,007
LIABILITIES			
Current Liabilities			
Trade and other payables	5	\$ 76,121	\$ 34,904
EQUITY			
Common shares	6	6,675,305	6,420,305
Equity reserves		2,412,444	2,412,444
Deficit		(8,026,822)	(7,603,646)
		1,060,927	1,229,103
		\$ 1,137,048	\$ 1,264,007

Nature and Continuance of Operations (Note 1)

Approved on behalf of the board on December 27, 2019

(Signed) Miloje Vicentijevic
Miloje Vicentijevic, Chairman of the Board

(Signed) Carlos Escibano
Carlos Escibano, CFO and Director

See accompanying notes to the condensed interim financial statements

Benz Mining Corp.

Condensed Interim Statements of Cash Flows (unaudited)

		Three months ended October 31,	
	Note	2019	2018
Cash Flow from Operating Activities			
Net loss for the period		\$ (423,176)	\$ (360,516)
Adjustments for non-cash items:			
Share based payments	6	-	61,518
Changes in non-cash working capital:			
Decrease in sales taxes recoverable		10	9,051
Decrease (increase) in prepaid expenses		(16,606)	94,539
Decrease in trade and other payables		41,217	(36,071)
Net cash flows used in operating activities		(398,555)	(231,479)
Cash Flow from Investing Activities			
Additions to exploration and evaluation assets	4	(75,000)	-
Net cash flows used in investing activities		(75,000)	-
Net change in cash and cash equivalents		(473,555)	(231,479)
Cash and Cash Equivalents, Beginning of Year		945,116	1,444,696
Cash and Cash Equivalents, End of Year		\$ 471,561	\$ 1,213,217
Supplemental Disclosures:			
Interest paid		\$ -	\$ -
Income tax paid		\$ -	\$ -
Non-cash Investing and Financing Activities:			
Issuance of common shares for mineral properties		\$ (255,000)	\$ -

See accompanying notes to the condensed interim financial statements

Benz Mining Corp.

Condensed Interim Statements of Changes in Equity (unaudited)

	Note	Common Shares		Equity		Total Equity
		Number	Amount	Reserves	Deficit	
Balance, April 30, 2018		26,039,518	\$ 6,399,487	\$ 2,340,588	\$ (6,961,953)	\$ 1,778,122
Shares issued for exploration and evaluation assets	6	277,576	20,818	-	-	20,818
Share based payments	6	-	-	71,856	-	71,856
Net loss for the year		-	-	-	(641,693)	(641,693)
Balance, April 30, 2019		26,317,094	\$ 6,420,305	\$ 2,412,444	\$ (7,603,646)	\$ 1,229,103
Shares issued for exploration and evaluation assets	6	3,000,000	255,000	-	-	255,000
Net loss for the year		-	-	-	(423,176)	(423,176)
Balance, October 31, 2019		29,317,094	\$ 6,675,305	\$ 2,412,444	\$ (8,026,822)	\$ 1,060,927

See accompanying notes to the condensed interim financial statements

Benz Mining Corp.

Notes to the Condensed Interim Financial Statements (unaudited)
October 31, 2019

1. NATURE AND CONTINUANCE OF OPERATIONS

Benz Mining Corp. (“Benz” or the “Company”) is involved in the acquisition, exploration and exploitation of mineral properties located in the Americas. The Company’s head and registered offices are located at 927 Poirier Street, Coquitlam, British Columbia, V3J 6C3. 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 unaudited condensed interim financial statements for the three and six months ended October 31, 2019 (“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 October 31, 2019, the Company has working capital of \$461,224 and accumulated losses of \$8,026,822. The Company has not yet generated any revenues from its operations and 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, including comparatives, have been prepared in accordance with International Accounting Standards (“IAS”) 34 ‘Interim Financial Reporting’ (“IAS 34”) using accounting policies consistent with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”).

These Financial Statements were approved and authorized for issue by the Company’s Board of Directors on December 27, 2019.

Basis of measurement

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.

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Notes to the Condensed Interim Financial Statements (unaudited)

October 31, 2019

Significant Accounting Judgements and Estimates

Estimates and judgements are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

In preparing the Financial Statements, the judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those applied to the audited financial statements as at and for the year ended April 30, 2019.

3. SIGNIFICANT ACCOUNTING POLICIES

These Financial Statements have been prepared on the basis of accounting policies and methods of computation consistent with those applied in the Company's April 30, 2019 audited annual financial statements. These Financial Statements should be read in conjunction with the Company's audited financial statements for the year ended April 30, 2019.

Changes in Accounting Standards

IFRS 9 Financial instruments ("IFRS 9")

On January 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 January 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 9 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.

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Notes to the Condensed Interim Financial Statements (unaudited)
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4. EXPLORATION AND EVALUATION ASSETS

The Company has accumulated the following acquisition and exploration expenditures:

	Mel Property	Eastmain Property
Balance, April 30, 2019	\$ 269,703	\$ -
Acquisition costs	-	330,000
Balance, October 31, 2019	\$ 269,703	\$ 330,000

Subsequent to the quarter ended October 31, 2019, the Company relinquished its rights to the option purchase agreement of the Mel Property and recognized a write-down of \$269,703.

Eastmain Property

During the quarter ended October 31, 2019, the Company entered into an option agreement (the "Option Agreement") to acquire a 100% interest in the former producing Eastmain Gold project (the "Project") located in James Bay District, Quebec for \$5,000,000.

Pursuant to the Option Agreement, the Company retains the right and option to earn a 75% interest in the Project by issuing the following cash and common shares payments to the Vendor (the "Option Payments"):

	Option Payments Payable in Cash	Option Payments Payable in Cash or Shares
Upon TSX Venture Exchange Acceptance (paid)	\$75,000	-
On or before the 1 st Anniversary of the Effective Date	\$100,000	\$100,000
On or before the 2 nd Anniversary of the Effective Date	\$100,000	\$110,000
On or before the 3 rd Anniversary of the Effective Date	\$100,000	\$110,000
On or before the 4 th Anniversary of the Effective Date	\$1,250,000	\$375,000
Total Price*	\$1,625,000	\$695,000

* Total in cash and shares is \$2,320,000.

In addition to the Option Payments, the Company issued to the vendor 3,000,000 common shares, with a value of \$255,000 on grant date.

The Project property expenditure schedule, as defined in the Option Agreement totals \$3,500,000 and is as follows:

	Cash Spend
On or before the 1 st Anniversary of the Effective Date	\$500,000
On or before the 2 nd Anniversary of the Effective Date	\$1,000,000
On or before the 3 rd Anniversary of the Effective Date	\$1,000,000
On or before the 4 th Anniversary of the Effective Date	\$1,000,000
Total Property Expenditure	\$3,500,000

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If and when the Company has made the Option Payments, issued shares and incurred expenditures as described above, the Company will be deemed to have exercised the Option and a 75% right, title and interest. The Company has the right to accelerate expenditures at any time.

Following the exercise of the Option, the Company will be obligated to make the following additional payments to the vendor on the occurrence of the following events:

- \$1,000,000 within five (5) business days of the closing of project financing to place the Property or any part thereof into commercial production in accordance with a feasibility study completed by the Optionee within 24 months of the exercise of the Option. With this payment, Benz will have acquired 100% of Eastmain Resources recorded and/or leasehold interest in the Project. If Benz fails to make this milestone payment, Eastmain Resources will have the right to buy back Company's 75% interest in the Project for \$3,500,000, of which up to \$1,225,000 may be paid in common shares of Eastmain Resources; and
- \$1,500,000 within five (5) business days of the Commencement of Commercial Production.

The Company may, at its election, pay up to 25% of this payment in common shares of the Company. The number of common shares required to be issued will be determined by the share equivalent of such payment on the date of issuance.

The vendor would retain a 2% Net Smelter Return royalty in respect of the Project. The Company may, at any time, purchase one half of the NSR Royalty, thereby reducing the NSR Royalty to a 1% net smelter returns royalty, for \$1,500,000.

5. 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 six months ended October 31, 2019 and 2018 was as follows:

	October 31, 2019	October 31, 2018
Salaries, bonuses, fees and benefits		
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
Share-based payments		
Officers and directors of the Company	-	45,355
	\$ 101,000	\$ 174,755

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- 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:

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

6. SHARE CAPITAL

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

b) **Issued:**

In October 2019, the Company issued 3,000,000 common shares pursuant to the terms of the Eastmain option agreement (see Note 4) with a value of \$255,000.

Escrow Shares

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.

c) **Share purchase warrants and compensation warrants**

A summary of changes in share purchase warrants and compensation warrants is as follows:

	Underlying Shares	Weighted Average Exercise Price
Balance, April 30, 2019	16,951,544	\$ 0.37
Expired	(16,921,544)	0.36
Balance, October 31, 2019	30,000	\$ 0.07

Details of share purchase warrants and compensation warrants outstanding as at October 31, 2019 and 2018, are:

Expiry Date	Exercise Price per Share	Outstanding and Exercisable	
		October 31, 2019	October 31, 2018
July 28, 2019	\$5.50	-	49,068
November 25, 2019	\$5.50	30,000	30,000
August 15, 2019	\$0.35	-	3,716,176
September 1, 2019	\$0.35	-	13,156,300
		30,000	16,951,544

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d) Stock options

A summary of changes in stock options is as follows:

	Underlying Shares	Weighted Average Exercise Price
Stock options outstanding, April 30, 2019	2,593,276	\$0.33
Issued	200,000	\$0.11
Cancelled	(231,678)	\$1.35
Stock options outstanding, October 31, 2019	2,561,598	\$0.22
Stock options exercisable, October 31, 2019	2,261,598	\$0.23

In September 2019, Benz cancelled an aggregate of 231,678 stock options previously held by directors and officers.

A summary of stock options outstanding as at October 31, 2019, 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
22,598	22,598	\$3.00	5.22	\$0.00	January 18, 2025
434,000	434,000	\$0.19	7.36	\$0.00	March 9, 2027
1,255,000	1,155,000	\$0.265	7.84	\$0.00	August 31, 2027
650,000	650,000	\$0.10	8.52	\$0.00	May 4, 2028
200,000	-	\$0.11	1.85	\$0.00	September 5, 2021
2,561,598	2,261,598		7.44		

e) Share-based payments

During the six months ended October 31, 2019, the Company recorded total share-based payments of \$Nil (2018 - \$61,518).

7. 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.

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Notes to the Condensed Interim Financial Statements (unaudited)

October 31, 2019

The Company is not subject to externally imposed capital requirements. There were no changes to the Company's capital management during the six months ended October 31, 2019.

8. FINANCIAL INSTRUMENTS AND RISK

The Company's financial instruments consist of cash and cash equivalents, and trade and other payables. 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 \$471,561, which is the carrying value of the Company's cash and cash equivalents at October 31, 2019.

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 October 31, 2019, the Company had a cash and cash equivalents balance of \$471,561 (April 30, 2019 - \$945,116) to settle current liabilities of \$76,121 (April 30, 2019 - \$34,904).