

BENZ MINING CORP.

Financial Statements

April 30, 2019

(Expressed in Canadian dollars)

Table of Contents

Independent auditor’s report	3-4
Management’s responsibility for financial reporting	5
Statements of operations and comprehensive loss	6
Statements of financial position	7
Statements of cash flows	8
Statements of changes in equity.....	9
Notes to the financial statements	10

LANCASTER & DAVID

CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the shareholders of Benz Mining Corp.:

Opinion

We have audited the financial statements of Benz Mining Corp. [the "Company"], which comprise the statements of financial position as at April 30, 2019 and 2018, and the statements of loss and comprehensive loss, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at April 30, 2019 and 2018, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ["IFRSs"].

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which indicates that as of April 30, 2019, the Company has no source of recurring revenue, generates negative cash flows from operating activities, and has an accumulated deficit of \$7,603,646. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis, which we obtained prior to the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audits of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Michael J. David.

/s/ Lancaster & David

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, BC
June 27, 2019

Incorporated Partners: David E. Lancaster, C.P.A., C.A. ~ Michael J. David, C.P.A., C.A.
Address: Suite 510, 701 West Georgia Street, PO Box 10133, Vancouver, BC, Canada, V7Y 1C6
Telephone: 604.717.5526 **Facsimile:** 604.717.5560 **Email:** admin@lancasteranddavid.ca

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, 2019, and 2018, 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
June 27, 2019

"Carlos Escribano"

Carlos Escribano
CFO and Director
June 27, 2019

Benz Mining Corp.

Statements of Operations and Comprehensive Loss

		Years ended April 30,	
	Note	2019	2018
Operating Costs			
Exploration and evaluation costs	4	\$ -	\$ 950,022
Listing and filing fees		13,161	75,188
Management & consulting fees	5	262,894	307,029
Office and miscellaneous		82,368	126,020
Professional fees		62,346	27,878
Share-based payments	6	71,856	395,360
Shareholder information		157,975	493,707
Loss from operations		(650,600)	(2,375,204)
Other income			
Gain on foreign exchange		-	-
Interest Income		8,907	4,272
Net loss and comprehensive loss		(641,693)	(2,370,932)
Loss per share - basic and diluted			
		\$ (0.02)	\$ (0.12)
Weighted average number of shares outstanding - basic and diluted			
		26,204,543	19,740,221

See accompanying notes to the financial statements

Benz Mining Corp.
Statements of Financial Position

	Note	April 30, 2019	April 30, 2018
ASSETS			
Current Assets			
Cash and cash equivalents		\$ 945,116	\$ 1,444,696
Sales taxes recoverable		15,683	16,314
Prepaid expenses and deposits		33,505	158,889
		994,304	1,619,899
Exploration and evaluation assets	4	269,703	231,385
		\$ 1,264,007	\$ 1,851,284
LIABILITIES			
Current Liabilities			
Trade and other payables	5	\$ 34,904	\$ 73,162
EQUITY			
Common shares	6	6,420,305	6,399,487
Equity reserves		2,412,444	2,340,588
Deficit		(7,603,646)	(6,961,953)
		1,229,103	1,778,122
		\$ 1,264,007	\$ 1,851,284

Nature and Continuance of Operations (Note 1)

Approved on behalf of the board on June 27, 2019

(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

	Note	Years ended April 30,	
		2019	2018
Cash Flow from Operating Activities			
Net loss for the period		\$ (641,693)	\$ (2,370,932)
Adjustments for non-cash items:			
Share based payments	6	71,856	395,360
Changes in non-cash working capital:			
Decrease in sales taxes recoverable		631	1,161
Decrease (increase) in prepaid expenses		125,384	(154,277)
Decrease in trade and other payables		(38,258)	(8,274)
Net cash flows used in operating activities		(482,080)	(2,136,962)
Cash Flow from Investing Activities			
Additions to exploration and evaluation assets	4	(17,500)	(163,000)
Net cash flows used in investing activities		(17,500)	(163,000)
Cash Flow from Financing Activities			
Issuance of common shares for cash, net costs	6	-	3,052,218
Proceeds from the exercise of warrants	6	-	257,475
Net cash flows provided by financing activities		-	3,309,693
Net change in cash and cash equivalents		(499,580)	1,009,731
Cash and Cash Equivalents, Beginning of Year		1,444,696	434,965
Cash and Cash Equivalents, End of Year		\$ 945,116	\$ 1,444,696
Supplemental Disclosures:			
Interest paid		\$ -	\$ -
Income tax paid		\$ -	\$ -
Non-cash Investing and Financing Activities:			
Fair value of brokers' warrants issued		-	128,642
Issuance of common shares for mineral properties		\$ 20,818	\$ 46,385

See accompanying notes to the financial statements

Benz Mining Corp.

Statements of Changes in Equity

	Note	Common Shares		Equity		Total Equity
		Number	Amount	Reserves	Deficit	
Balance, April 30, 2017		7,827,402	\$ 4,416,599	\$ 572,038	\$ (4,591,021)	\$ 397,616
Common shares issued for cash:						
Proceeds from private placement	6	16,164,300	1,910,424	1,322,436	-	3,232,860
Share issuance costs	6	-	(309,284)	128,642	-	(180,642)
Exercise of warrants	6	1,716,498	335,363	(77,888)	-	257,475
Shares issued for exploration and evaluation assets	6	331,318	46,385	-	-	46,385
Share based payments	6	-	-	395,360	-	395,360
Net loss for the year		-	-	-	(2,370,932)	(2,370,932)
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

See accompanying notes to the financial statements

Benz Mining Corp.

Notes to the Financial Statements

April 30, 2019

1. NATURE AND CONTINUANCE OF OPERATIONS

Benz Mining Corp. (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 audited financial statements for the year ended April 30, 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 April 30, 2019, the Company has working capital of \$959,400 and accumulated losses of \$7,603,646. 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 have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

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.

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 June 27, 2019.

Benz Mining Corp.

Notes to the Financial Statements

April 30, 2019

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.

3. SIGNIFICANT ACCOUNTING POLICIES

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.

Benz Mining Corp.

Notes to the Financial Statements

April 30, 2019

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.

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.

Benz Mining Corp.

Notes to the Financial Statements

April 30, 2019

Financial instruments

Financial assets and financial liabilities are classified into three categories: Amortized Cost, Fair Value through Other Comprehensive Income ("FVOCI") and Fair Value through Profit and Loss ("FVPL"). The classification of financial assets is determined by their context in the Company's business model and by the characteristics of the financial asset's contractual cash flows.

Financial assets and financial liabilities are measured at fair value on initial recognition, which is typically the transaction price unless a financial instrument contains a significant financing component. Subsequent measurement is dependent on the financial instrument's classification.

Cash and cash equivalents, trade and other receivables, trade and other payables and promissory note payable are measured at amortized cost. The contractual cash flows received from the financial assets are solely payments of principal and interest and are held within a business model whose objective is to collect the contractual cash flows. The financial assets and financial liabilities are subsequently measured at amortized cost using the effective interest method.

The Company has no financial instruments measured at FVPL or FVOCI.

Impairment of financial assets is determined by measuring the assets' expected credit loss ("ECL"). Trade and other accounts receivable are due within one year or less; therefore, these financial assets are not considered to have a significant financing component and a lifetime ECL is measured at the date of initial recognition of the accounts receivable.

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.

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.

Benz Mining Corp.

Notes to the Financial Statements

April 30, 2019

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.

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.

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.

Benz Mining Corp.

Notes to the Financial Statements

April 30, 2019

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.

Adoption of New 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 had no material impact on 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.

Future Accounting Standards not yet effective

IFRS 16 Leases ("IFRS 16")

In January 2016, the IASB issued IFRS 16 "Leases", which replaces IAS 17 Leases and is applicable for fiscal years beginning on/after January 1, 2019. Under the current guidance, finance leases are recognized on the balance sheet while operating leases are recognized in the consolidated statements of income when the expense is incurred. Under IFRS 16, substantially all lease contracts, with the exception of those that qualify for certain exemptions as provided by the guidance, require recognition of a lease liability and a corresponding right-of-use-asset. The Company has not entered into any leases as defined by IFRS 16 and will adopt this standard for any future leases entered into.

Benz Mining Corp.

Notes to the Financial Statements

April 30, 2019

4. EXPLORATION AND EVALUATION ASSETS

The Company has accumulated the following acquisition and exploration expenditures:

	Mel Property
Balance, April 30, 2017	\$ 22,000
Acquisition costs	209,385
Balance, April 30, 2018	\$ 231,385
Acquisition costs	38,318
Balance, April 30, 2019	\$ 269,703

Mel Property

On March 14, 2017 (“Effective Date”), the Company entered into a Property Purchase Agreement (the “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.

On March 27, 2019, the Agreement was amended such that, subject to the underlying royalties, the Company has the option to purchase a 100% interest in the Project for an aggregate of \$2,717,500. 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, subject to a floor price of \$0.26 per share. The amended option payment schedule, along with the portion that may be paid in either cash or shares at the Company’s discretion, is summarized below:

	Option Payments Payable in Cash	Option Payments Payable in Cash or Shares
Upon TSX Venture Exchange Acceptance (paid)	\$20,000	-
On or before 120 days following the Effective Date (paid)	\$80,000	-
On or before the 1 st Anniversary of the Effective Date (paid)	\$75,000	\$75,000*
On or before April 5, 2019 (paid)	\$17,500	-
On or before September 14, 2019	\$150,000	\$150,000
On or before the 3 rd Anniversary of the Effective Date	\$150,000	\$450,000
On or before the 4 th Anniversary of the Effective Date	\$Nil	\$1,200,000
On or before the 5 th Anniversary of the Effective Date	\$Nil	\$350,000
Total Price**	\$475,000	\$2,225,000

*Paid through the issuance of 608,894 common shares with a fair value of \$67,203.

**The aggregate purchase price in cash and shares is \$2,717,500.

Benz Mining Corp.

Notes to the Financial Statements

April 30, 2019

Pursuant to a Finder's Fee Agreement dated November 29, 2016, the Company agreed to pay finder's fees which become payable upon the Company completing each of its option payments. The finder's fees are payable in cash or shares, at the Company's election. As of April 30, 2019, the Company has paid \$10,000 cash and issued 42,857 shares as finder's fees. A finder's fee of \$1,750 relating to the \$17,500 option payment made on April 5, 2019 remains outstanding as at April 30, 2019.

The Agreement is subject to a total of 2% net smelter return royalty following the commencement of commercial production from the Project, of which 1% can be bought down for \$1,000,000.

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 years ended April 30, 2019 and 2018 was as follows:

	April 30, 2019	April 30, 2018
Salaries, bonuses, fees and benefits		
Management fees to the officers and directors of the Company	\$ 234,100	\$ 211,370
Rent fees paid to a company controlled by an officer of the Company	12,624	13,000
Share-based payments		
Officers and directors of the Company	55,853	333,721
	\$ 302,577	\$ 558,091

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, 2019	April 30, 2018
Management fees	\$ 13,125	\$ 5,250
Expenses paid on behalf of the Company	2,093	23,834
	\$ 15,218	\$ 29,084

Benz Mining Corp.

Notes to the Financial Statements

April 30, 2019

6. SHARE CAPITAL

- a) **Authorized:** Unlimited common shares, without par value
Unlimited preferred shares, without par value
- b) **Issued:**
- (i) On September 25, 2018, the Company issued 277,576 common shares with a fair value of \$0.075 per share as an option payment on the Mel property (Note 4).
 - (ii) During the year ended April 30, 2018, the Company received \$257,475 pursuant to the exercise of 1,716,498 share purchase warrants. In connection with the exercise, the Company reclassified the original fair value of the share purchase warrants of \$77,888 from equity reserves to common shares.
 - (iii) On March 12, 2018, the Company issued 288,461 common shares with a fair value of \$0.14 per share as an option payment on the Mel property (Note 4).
 - (iv) On March 16, 2018, the Company issued 42,857 common shares with a fair value of \$0.14 per share as payment towards the finder's fee on the Mel property (Note 4).
 - (v) On September 1, 2017, the Company closed a non-brokered private placement (the "Private Placement"). The Company issued 12,502,500 units (each, a "Unit") at a price of \$0.20 per Unit, for gross proceeds of \$2,500,500. 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 until September 1, 2019. Cash proceeds from the private placement of \$871,840 and \$897,340 were allocated to the common shares and warrants issued in the private placement, respectively, based on their relative fair values at the closing date of the private placement. In connection with the private placement, the Company issued 653,800 brokers' warrants with a fair value of \$120,356 and incurred other share issuance costs of \$150,741.
 - (vi) 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 until August 15, 2019. Cash proceeds from the private placement of \$455,010 and \$277,350 were allocated to the common shares and warrants issued in the private placement, respectively, based on their relative fair values at the closing date of the private placement. In connection with the private placement, the Company issued 54,376 brokers' warrants with a fair value of \$8,286 and incurred other share issuance costs of \$29,901.

Benz Mining Corp.

Notes to the Financial Statements

April 30, 2019

Escrow Shares

As at April 30, 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 the share purchase warrants and compensation warrants issued, exercised and expired during the years ended April 30, 2019, and 2018, are as follows:

	Underlying Shares	Weighted Average Exercise Price
Balance, April 30, 2017	4,245,732	\$ 0.25
Issued	16,872,476	0.35
Exercised	(1,716,498)	0.15
Expired	(2,450,166)	0.15
Balance, April 30, 2019 and 2018	16,951,544	\$ 0.37

Details of share purchase warrants and compensation warrants outstanding as at April 30, 2019 and 2018, are:

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

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.

Benz Mining Corp.

Notes to the Financial Statements

April 30, 2019

Stock option activity for the years ended April 30, 2019, and 2018, is summarized as follows:

	Underlying Shares	Weighted Average Exercise Price
Stock options outstanding, April 30, 2017	647,276	\$0.68
Issued	1,800,000	\$0.265
Expired	(504,000)	\$0.23
Stock options outstanding, April 30, 2018	1,943,276	\$0.40
Issued	650,000	\$0.10
Stock options outstanding, April 30, 2019	2,593,276	\$0.33
Stock options exercisable, April 30, 2019	2,443,276	\$0.33

A summary of stock options outstanding as at April 30, 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
109,276	109,276	\$3.00	5.73	\$0.00	January 18, 2025
434,000	434,000	\$0.19	7.86	\$0.00	March 9, 2027
1,400,000	1,250,000	\$0.265	8.34	\$0.00	August 31, 2027
650,000	650,000	\$0.10	9.02	\$0.00	May 4, 2028
2,593,276	2,443,276		8.32		

e) Share-based payments

During the year ended April 30, 2019, the Company recorded total share-based payments of \$71,856 (2018 - \$395,360). The amounts expensed were allocated to directors, officers, and consultants as follows:

	April 30, 2019	April 30, 2018
Directors and officers	\$ 55,853	\$ 333,721
Consultants	16,003	61,639
	\$ 71,856	\$ 395,360

Benz Mining Corp.

Notes to the Financial Statements

April 30, 2019

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, 2019	April 30, 2018
Weighted average assumptions:		
Risk-free interest rate	2.39%	2.05%
Expected dividend yield	\$0.00	\$0.00
Expected option life (years)	10	9.5
Expected stock price volatility	124%	126%
Weighted average fair value at measurement date	\$0.09	\$0.19

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.

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, 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 \$945,116, which is the carrying value of the Company's cash and cash equivalents at April 30, 2019.

Benz Mining Corp.

Notes to the Financial Statements

April 30, 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 April 30, 2019, the Company had a cash and cash equivalents balance of \$945,116 (2018 - \$1,444,696) to settle current liabilities of \$34,904 (2018 - \$73,162).

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, 2019, and 2018, the Company does not have any interest rate risk exposure.

e) Foreign currency risk

For the years ended April 30, 2019 and 2018, 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.

9. INCOME TAXES

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

	April 30, 2019	April 30, 2018
Statutory rates	27%	26.33%
Loss before income taxes	\$ (641,693)	\$ (2,370,932)
Expected income tax recovery at statutory rate	173,257	624,345
Non-deductible items and permanent differences	(3,892)	(340,293)
Effect of change in tax rates	27,473	6,159
Change in valuation allowance	(196,838)	(290,211)
Future income tax recovery	\$ -	\$ -

Benz Mining Corp.

Notes to the Financial Statements

April 30, 2019

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

	April 30, 2019	April 30, 2018
Future income tax asset:		
Non-capital loss carryforwards	\$ 750,045	\$ 580,680
Exploration expenditure pool	463,224	463,224
Undeducted financing costs	51,279	68,746
	1,264,548	1,112,650
Less: valuation allowance	(1,264,548)	(1,112,650)
Net future income tax assets	\$ -	\$ -

The Company has non-capital losses for tax purposes of approximately \$2,777,900 (2018 - \$2,150,700), which may be used to reduce future taxable income in Canada, expiring beginning in 2022. The Company has unclaimed exploration expenditures of approximately \$1,715,600 (2018 - \$1,715,600), which can be deducted for income tax purposes in Canada in future years at the Company's discretion.