

MANAGEMENT DISCUSSION AND ANALYSIS FOR THE SIX MONTHS ENDED OCTOBER 31, 2020

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”). This discussion dated December 17, 2020 complements and supplements the Company’s unaudited condensed interim financial statements and associated notes for the three and six months ended October 31, 2020 and 2019. 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 AND OVERALL PERFORMANCE**

Benz 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 August 7, 2019, the Company entered into an option agreement with Eastmain Resources Inc. (“the Vendor”) to acquire a 100% interest in the former producing Eastmain Gold project located in James Bay District, Quebec for \$5,000,000. In April 2020, Benz entered into an amending agreement (the “Amending Agreement”) in connection with the Eastmain Mine project pursuant to which it acquired a further option to earn a 100% interest in the Ruby Hill West and Ruby Hill East properties, located west of the Eastmain gold mine project.

Pursuant to the Option and Amendment Agreements, the Company retains the right and option to earn a 75% interest in the Project and Ruby Hill properties by issuing the following cash and common shares payments to the Vendor (the “Option Payments”):

	<b>Option Payments Payable in Cash</b>	<b>Option Payments Payable in Cash or Shares</b>
Option Agreement Effective date – October 23, 2019 (paid)	\$75,000	-
Amending Agreement approval date by TSX-V Exchange– May 21, 2020 (paid)	\$75,000	-
On or before the 1 <sup>st</sup> Anniversary of the Effective Date (paid)	\$150,000	\$100,000
On or before the 2 <sup>nd</sup> Anniversary of the Effective Date	\$150,000	\$110,000
On or before the 3 <sup>rd</sup> Anniversary of the Effective Date	\$200,000	\$110,000
On or before the 4 <sup>th</sup> Anniversary of the Effective Date	\$1,250,000	\$475,000
<b>Total Price*</b>	<b>\$1,900,000</b>	<b>\$795,000</b>

\* Total in cash and shares is \$2,695,000.

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. Per the terms of the Amending Agreement, in May 2020, Benz issued a further 2,000,000 common shares and 4,000,000 share purchase warrants, with a value of \$360,000 and

## ***Management's Discussion and Analysis (continued)***

\$539,078, respectively. Each warrant enabling the holder to purchase one common share of Benz at a price of \$0.12 until April 27, 2023.

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

	<b>Cash Spend</b>
On or before the 1 <sup>st</sup> Anniversary of the Effective Date	\$0
On or before the 2 <sup>nd</sup> Anniversary of the Effective Date	\$1,000,000
On or before the 3 <sup>rd</sup> Anniversary of the Effective Date	\$1,500,000
On or before the 4 <sup>th</sup> Anniversary of the Effective Date	\$1,000,000
<b>Total Property Expenditure</b>	<b>\$3,500,000</b>

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

Following the exercise of the options, 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.

Benz will have the right to earn an additional 25% interest in the Ruby Hill West and Ruby Hill East properties by paying an additional \$100,000 to the Vendor by October 23, 2025, which can be paid in shares at the election of the Vendor based on the prevailing VWAP of the Company's shares up to a maximum of 500,000 shares.

Following the acquisition of a 100% interest in the Ruby Hill West and Ruby Hill East properties the Vendor will retain a 1% net smelter return royalty, of which one half may be purchased for \$500,000 thereby reducing it to a 0.5% net smelter returns royalty. The net smelter returns royalty is also offset by any pre-existing royalties which may reduce the royalty burden.

## ***Management's Discussion and Analysis (continued)***

### **2. OPERATIONS**

#### ***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.

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 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). The resource estimate is based on a gold price of US\$1,288 and a US\$0.77 exchange rate.

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.

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

#### ***Eastmain Drilling Program***

Field crews mobilized to begin the Company's first phase exploration program on the high-grade Eastmain gold mine project in Quebec, including the completion of essential camp upgrades and clean-up for a 6,000-7,000 metre drill program that started in early September.

Prior to the start of the drill program, Benz contracted a third-party to complete a 109-line kilometres of Time Domain Electromagnetics ("TDEM") ground surveys and 3,480 metre Bore Hole Electromagnetics ("BHEM") on 12 historic drill holes completed in 2016 and 2017. The integration of historic exploration data with the objective of prioritizing drill targets is ongoing.

A program consisting of 6,000-7,000 metres of drilling commenced in early September. It is designed to test new geophysical targets obtained by the TDEM and BHEM surveys. Additional BHEM was completed on historic holes located at the margins of the known resource area in order to extend the mine mineralization represented by Zones A, B and C. In addition, all new holes will be probed after the drilling is completed.

Benz has implemented protective measures for its program, which follow the CNESST guidelines during the COVID-19 pandemic. The Company's protocols have been reviewed and accepted by the Cree Nation Government.

## Management's Discussion and Analysis (continued)

### 3. REVIEW OF FINANCIAL RESULTS

#### Summary of Quarterly Results

	Oct. 31, 2020	Jul. 31, 2020	Apr. 30, 2020	Jan. 31, 2020	Oct. 31, 2019	Jul. 31, 2019	Apr. 30, 2019	Jan. 31, 2019
Interest Income	\$ 4,105	\$ 2,023	\$ 548	\$ 1,044	\$ 1,786	\$ 2,127	\$ 2,445	\$ 2,569
Net loss	(3,882,950)	(1,124,931)	(487,068)	(393,606)	(311,073)	(112,103)	(141,730)	(139,447)
Basic and diluted loss per share	(0.05)	(0.02)	(0.02)	(0.01)	(0.01)	0.00	(0.01)	(0.01)

#### Quarter ended October 31, 2020 compared with the quarter ended October 31, 2019.

During the quarter ended October 31, 2020, the Company had a net loss of \$3,882,950 compared to a net loss of \$311,073 for the quarter ended October 31, 2019. The difference between these two quarters is primarily due to the following:

- Increase in exploration and evaluation costs of \$1,673,534 related to the Eastmain drilling program
- Increase in listing and filing fees of \$99,584
- Decrease in management & consulting fees of \$62,766
- Increase in share-based payments of \$1,878,002

### 4. LIQUIDITY AND CAPITAL RESOURCES

A summary of the Company's working capital balances is as follows:

	October 31, 2020	Apr. 30, 2020
Cash and cash equivalents	17,380,568	2,350,371
Sales taxes recoverable	134,489	23,619
Prepaid expenses and deposits	11,307	5,150
Trade and other payables	(1,109,313)	(243,785)
<b>Working Capital</b>	<b>16,417,051</b>	<b>2,135,355</b>

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

#### Cash Used in Investing Activities

##### Six months ended October 31, 2020

Benz made cash payments of \$225,000 pursuant to the terms of the Eastmain amended option agreement.

##### Six months ended October 31, 2019

Benz made a cash payment of \$75,000 pursuant to the terms of the Eastmain amended option agreement.

#### Cash from Financing Activities

##### Six months ended October 31, 2020

In June 2020, the Company closed a non-brokered flow-through private placement of 12,000,000 flow through units at a price of \$0.30 per unit, for gross proceeds of \$3,600,000. Each unit consists of one

## **Management's Discussion and Analysis (continued)**

common share of the Company and one common share purchase warrant. Each warrant entitles the holder to purchase one non-flow through common share at a price of \$0.17 per share until June 1, 2023.

In October 2020, the Company closed a non-brokered flow-through private placement of 14,857,142 flow through units at a price of \$0.875 and 400,000 hard dollar units at \$0.55 per unit, for aggregate gross proceeds of \$13.2 million. Each flow-through unit and hard dollar unit consists of one common share of the Company and one-half common share purchase warrant. Each whole warrant entitles the holder to purchase one non-flow through common share at a price of \$1.00 per share until October 29, 2022. The Company incurred share issuance costs of \$535,561 in the form of finders' fees.

During the six months ended October 31, 2020, the Company issued 3,502,750 shares on the exercise of options for \$599,579.

During the six months ended October 31, 2020, the Company issued 3,333,304 shares on the exercise of warrants for \$474,948.

### Six months ended October 31, 2019

There were no financing activities during this period.

## **5. OFF-BALANCE SHEET ARRANGEMENTS**

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

## **6. RELATED PARTY TRANSACTIONS**

During the six months ended October 31, 2020 and 2019 the Company engaged in the following related party transactions with key management personnel:

	<u>October 31, 2020</u>	<u>October 31, 2019</u>
<b>Salaries, bonuses, and fees</b>		
Management fees to the officers and directors of the Company	\$ 331,762	\$ 101,000
<b>Share-based payments</b>		
Officers and directors of the Company	1,838,283	-
	<u>\$ 2,170,045</u>	<u>\$ 101,000</u>

## **7. PROPOSED TRANSACTIONS**

As is typical of the mining industry, the Company is continually reviewing potential merger, acquisition, investment and joint venture transactions and opportunities that could enhance shareholder value.

## **8. FINANCIAL INSTRUMENTS**

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

## ***Management's Discussion and Analysis (continued)***

### **9. ADDITIONAL DISCLOSURES**

#### ***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 the date of this MD&A, 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	97,954,491
Stock options (average exercise price \$0.41)	7,504,963
Warrants (average exercise price \$0.27)	47,546,291
Compensation units (average exercise price \$0.13)	7,111,304
<b>Total common shares and potential common shares</b>	<b>160,117,049</b>

As at October 31, 2020, 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.

In December 2020, the Company issued 4,000,000 common shares for total proceeds of A\$2,000,000 under a Prospectus lodged with the Australian Securities and Investments Commission in relation to its proposed dual listing on the Australian Securities Exchange. The expected commencement of trading on the Australian Securities Exchange is December 23, 2020.

#### ***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.

#### ***Critical Judgements and Estimates***

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

The critical judgments that the Company's management has made in the process of applying the Company's accounting policies that has the most significant effect on the amounts recognized in the Company's financial statements are the impairment of exploration and evaluation assets, the valuation of share-based payments and the valuation of deferred tax assets and liabilities.

## ***Management's Discussion and Analysis (continued)***

For a summary of significant accounting judgements and estimates, please refer to Note 2 of the audited annual financial statements for the year ended April 30, 2020. Management believes it has made estimates that best reflect the facts and circumstances, however, actual results may differ from estimates.

### ***Management Changes***

In July 2020, Carlos Escribano and Ron Hall resigned as directors of the Company. Further, Miloje Vicentijevic resigned from his role as Director, President and CEO of the Company. Carlos Escribano continues as the Chief Financial Officer of the Company.

In September 2020, Evan Cranston and Peter Williams were appointed as directors of the Company. Mr. Cranston was also appointed Chairman, replacing Nick Tintor who will remain as a non-executive director. The Benz management team was further strengthened with the additions of Xavier Braud as Head of Corporate Development (Australia), Danielle Giovenazzo as Vice President Exploration, and Paul Fowler as Head of Corporate Development (Canada). Mr Braud will also act as Chief Executive Officer of the Company.

## **10. RISKS AND UNCERTAINTIES**

Benz is involved in the acquisition, exploration and exploitation of mineral properties located in the Americas. The Company is exposed to a number of risks, both financial and operational, through the pursuit of its strategic objectives. Actively managing these risks improves the ability to effectively execute its business strategy. Financial risks associated with the mining industry include fluctuations in commodity prices, interest rates, currency exchange rates and the cost of goods and services. Financial risks also include third party credit risk, and liquidity risk. Operational risks include exploration uncertainties, competition and regulatory, environment and safety concerns.

For a detailed discussion of these and other risks, including COVID-19, please see the Company's management's discussion and analysis for the year ended April 30, 2020.

## **11. APPROVAL**

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

## ***Management's Discussion and Analysis (continued)***

### **12. 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 17, 2020. 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 Eastmain Resources may not be completed or fulfilled for any reason whatsoever and the potential development of the Eastmain project to a producing mine 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.