

# **BENZ MINING CORP.**

(Formerly Benz Capital Corp.)

## **Condensed Interim Financial Statements**

For the six months ended October 31, 2015 and 2014

(Expressed in Canadian dollars - Unaudited)

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## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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

Management has developed, and is maintaining, a system of internal controls to ensure that the Company's assets are safeguarded, transactions are authorized and properly recorded, and financial information is reliable.

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

The condensed interim financial statements as at October 31, 2015 and 2014 and for the periods then ended have not been audited or reviewed.

*"Miloje Vicentijevic"*

Miloje Vicentijevic  
President, CEO, and Director  
December 29, 2015

*"Carlos Escribano"*

Carlos Escribano  
CFO and Director  
December 29, 2015

# Benz Mining Corp. (Formerly Benz Capital Corp.)

Statements of operations and comprehensive loss

Three and six months ended October 31, 2015 and 2014 (unaudited)

	Note	Three months Ended October 31,		Six months ended October 31,	
		2015	2014	2015	2014
<b>Operating Costs</b>					
Property exploration & evaluation costs	5	\$ -	\$ 22,987	\$ 4,678	\$ 161,612
Interest expense		1,081	1,381	2,324	1,381
Listing and filing fees		2,303	1,986	3,603	30,606
Management fees	8	3,960	35,760	25,960	65,880
Office and miscellaneous		9,348	21,746	21,476	25,070
Professional fees		2,500	4,025	5,464	27,333
Share based payments	7(e)	34,733	-	69,067	-
Shareholder information		1,119	9,758	2,181	18,590
Loss from operations		(55,044)	(97,643)	(134,753)	(330,472)
<b>Other income (expenses)</b>					
Gain (loss) on foreign exchange		-	(32)	3,642	(85)
Interest Income		8	85	46	318
<b>Net loss and comprehensive income</b>		<b>(55,036)</b>	<b>(97,590)</b>	<b>(131,065)</b>	<b>(330,239)</b>
<b>Loss per share – basic and diluted</b>		<b>\$ (0.00)</b>	<b>\$ (0.01)</b>	<b>\$ (0.01)</b>	<b>\$ (0.04)</b>
<b>Weighted average number of shares outstanding – basic and diluted</b>		<b>18,018,726</b>	<b>8,442,848</b>	<b>18,018,726</b>	<b>8,150,900</b>

See accompanying notes to the condensed interim financial statements

# Benz Mining Corp. (Formerly Benz Capital Corp.)

Statements of financial position

As at October 31, 2015 and 2014

	Note	October 31, 2015 (unaudited)	April 30, 2015
<b>Assets</b>			
Current assets			
Cash and cash equivalents		\$ 17,067	\$ 121,314
Sales taxes recoverable		5,025	5,555
Prepaid expenses and deposits		5,533	5,217
		27,625	132,086
Exploration and Evaluation Assets	4,5	2,719,429	2,719,429
		\$ 2,747,054	\$ 2,851,515
<b>Liabilities</b>			
Current liabilities			
Trade and other payables	8	12,735	55,198
Promissory note payable	6	50,000	50,000
		62,735	105,198
<b>Equity</b>			
Common shares	7	3,783,611	3,783,611
Equity reserves		301,746	232,679
Deficit		(1,401,038)	(1,269,973)
		2,684,319	2,746,317
		\$ 2,747,054	\$ 2,851,515

Nature and Continuance of Operations (Note 1)

Approved on behalf of the board on December 29, 2015

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

(Signed) Carlos Escribano  
Carlos Escribano, CFO and Director

See accompanying notes to the condensed interim financial statements

# Benz Mining Corp. (Formerly Benz Capital Corp.)

Statements of cash flows

Six months ended October 31, 2015 and 2014

	Note	2015	2014
<b>Cash Flows from Operating Activities</b>			
Net loss for the period		\$ (131,065)	\$ (330,239)
Adjustments for non-cash items:			
Share-based payments	7(e)	69,067	-
Change in non-cash operating working capital:			
Decrease in sales taxes recoverable		530	5,698
Increase in prepaid expenses		(316)	(5,010)
Increase in trade and other payables		(42,463)	(21,038)
Net cash flows used in operating activities		(104,247)	(350,589)
<b>Cash Flows from Investing Activities</b>			
Additions to exploration and evaluation assets		-	(148,000)
Net cash flows used by investing activities		-	(148,000)
<b>Cash Flows from Financing Activities</b>			
Issuance of common shares for cash, net costs		-	243,021
Issuance of promissory note		-	100,000
Net cash flows provided by financing activities		-	343,021
<b>Net change in cash and cash equivalents</b>		<b>(104,247)</b>	<b>(155,568)</b>
<b>Cash and cash equivalents, beginning of year</b>		<b>121,314</b>	<b>220,762</b>
<b>Cash and cash equivalents, end of year</b>		<b>\$ 17,067</b>	<b>\$ 65,194</b>
<b>Supplemental Disclosures:</b>			
Interest paid		\$ -	\$ -
Income tax paid		\$ -	\$ -
<b>Non-cash Investing and Financing Activities:</b>			
Issuance of common shares for mineral property		\$ -	\$ -

See accompanying notes to the condensed interim financial statements

## Benz Mining Corp. (Formerly Benz Capital Corp.)

Statements of changes in equity

Six months ended October 31, 2015 and 2014

	Note	Common Shares		Equity Reserves	Deficit	Total Equity
		Number	Amount			
<b>Balance, April 30, 2014</b>		<b>7,842,952</b>	<b>\$ 767,390</b>	<b>\$ 132,643</b>	<b>\$ (558,283)</b>	<b>\$ 341,750</b>
Common shares issued for cash:						
Proceeds from private placement		490,679	132,126	98,493	-	230,619
Share issuance costs		-	(3,298)	-	-	(3,298)
Exercise of warrants		157,000	29,830	(14,130)	-	15,700
Net loss for the period		-	-	-	(330,239)	(330,239)
<b>Balance, October 31, 2014</b>		<b>8,490,631</b>	<b>\$ 926,048</b>	<b>\$ 217,006</b>	<b>\$ (888,522)</b>	<b>\$ 254,532</b>
<b>Balance, April 30, 2015</b>		<b>18,018,726</b>	<b>\$ 3,783,611</b>	<b>\$ 232,679</b>	<b>\$ (1,269,973)</b>	<b>\$ 2,746,317</b>
Share based payments	7(e)	-	-	69,067	-	69,067
Net loss for the period		-	-	-	(131,065)	(131,065)
<b>Balance, October 31, 2015</b>		<b>18,018,726</b>	<b>\$ 3,783,611</b>	<b>\$ 301,746</b>	<b>\$ (1,401,038)</b>	<b>\$ 2,684,319</b>

See accompanying notes to the condensed interim financial statements

# Benz Mining Corp. (Formerly Benz Capital Corp.)

Notes to the financial statements

October 31, 2015

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## 1. NATURE AND CONTINUANCE OF OPERATIONS

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

Prior to April 10, 2013 the Company was a Capital Pool Company ("CPC") as defined by the TSX Venture Exchange (the "TSX-V Exchange") Policy 2.4. The activities of the Company were initially limited to the efforts to identify and evaluate the acquisition of assets and businesses, which would represent a "Qualifying Transaction" for regulatory purposes. On April 10, 2013 the Company successfully completed a "Qualifying Transaction" by acquiring an option to acquire up to an undivided 100% interest in and to certain mineral mining leases in the Yukon Territory known collectively as the Eagle Property.

The Company's head office is located at 5430 Keith Rd., West Vancouver, British Columbia, V7W 2N2; and the registered office is located at 20<sup>th</sup> Floor, 250 Howe Street, Vancouver, BC V6C 3R8. The Company's common shares are traded on the TSX-V Exchange.

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

These condensed interim 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, 2015, the Company has working capital deficit of \$35,110 and accumulated losses of \$1,401,038. The Company has not yet generated any revenues from its operations. The Company is required to raise new financing through the sale of shares or issuance of debt to continue with its operations and to develop its mineral property. Although management intends to secure additional financing, there is no assurance that management will be successful in its efforts to secure additional financing, or that it will ever develop a self-supporting business. These factors together may raise significant doubt about the Company's ability to continue as a going concern. These condensed interim financial statements do not include any adjustments that might result from the outcome of this uncertainty.

# Benz Mining Corp. (Formerly Benz Capital Corp.)

Notes to the financial statements

October 31, 2015

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## 2. BASIS OF PRESENTATION

### Statement of compliance

These condensed interim 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”).

### Basis of presentation

These condensed interim 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 condensed interim financial statements

These condensed interim financial statements were reviewed by the Audit Committee, and approved and authorized for issue by the Board of Directors on December 29, 2015.

### 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, are discussed in Note 2 of the Company’s audited financial statements for the year ended April 30, 2015.

## 3. SIGNIFICANT ACCOUNTING POLICIES

These condensed interim 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, 2015 audited annual financial statements. These condensed interim financial statements should be read in conjunction with the Company’s audited financial statements for the year ended April 30, 2015.

### Recent accounting pronouncements

The mandatory adoption of the following new and revised accounting standards and interpretations on May 1, 2015 had no significant impact on the Company’s condensed consolidated interim financial statements for the periods presented:

### Annual improvements

In December 2013, the IASB issued the Annual Improvements 2010-2012 and 2011-2013 cycles, effective for annual periods beginning on or after July 1, 2014.

# Benz Mining Corp. (Formerly Benz Capital Corp.)

Notes to the financial statements

October 31, 2015

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### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

The following standard will be effective for the Company's annual periods beginning on or after May 1, 2016:

#### ***IFRS 9 – Financial Instruments***

In November 2009, as part of the IASB project to replace IAS 39 *Financial Instruments: Recognition and Measurement*, the IASB issued the first phase of IFRS 9 *Financial Instruments* that introduces new requirements for the classification and measurement of financial assets. The standard was revised in October 2010 to include requirements regarding classification and measurement of financial liabilities.

#### ***IFRS 7 – Financial instruments: Disclosure***

IFRS 7 was amended to require additional disclosures on transition from IAS 39 to IFRS 9. The standard is effective on adoption of IFRS 9, which is effective for annual periods commencing on or after January 1, 2018.

#### **Annual improvements**

In September 2014, the IASB issued the Annual Improvements 2012-2014 cycle, effective for annual periods beginning on or after July 1, 2016. These annual improvements made necessary but non-urgent amendments to existing IFRSs.

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

### 4. EXPLORATION AND EVALUATION ASSETS

The Company has accumulated the following acquisition and exploration expenditures:

	<b>Eagle Property</b>	<b>San Javier</b>	<b>Total</b>
<b>Balance, April 30, 2014</b>	\$ 155,500	\$ -	\$ 155,500
Costs incurred during 2015:			
Acquisition Costs	-	2,719,429	2,719,429
Write-down of mineral property	(155,500)	-	(155,500)
<b>Balance, April 30, 2015 and October 31, 2015</b>	\$ -	\$ 2,719,429	\$ 2,719,429

# Benz Mining Corp. (Formerly Benz Capital Corp.)

Notes to the financial statements

October 31, 2015

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## 4. EXPLORATION AND EVALUATION ASSETS (continued)

### San Javier Property

On May 5, 2014, the Company entered into a Definitive Agreement with Tusk Exploration Ltd. ("Tusk"), a private British Columbia company, for the option to acquire up to a 100% interest in the San Javier Copper Project near the village of San Javier, which is 140km east-southeast of Hermosillo, Sonora, Mexico.

### **Realization of Exploration and Evaluation Assets**

The investment in and expenditures on exploration and evaluation assets comprise a significant portion of the Company's assets. Realization of the Company's investment in these assets is dependent upon the establishment of legal ownership, the attainment of successful production from the properties or from the proceeds of their disposal. Resource exploration and development is highly speculative, and involves inherent risks. While the rewards, if an ore body is discovered, can be substantial, few properties that are explored are ultimately developed into producing mines. There can be no assurance that current exploration programs will result in the discovery of economically viable quantities of ore.

The amounts shown for acquisition and exploration costs represent costs incurred to date and do not necessarily reflect present or future values.

### **Title to Exploration and Evaluation Assets Interests**

Although the Company has taken steps to verify the title to exploration and evaluation assets in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfers, and title may be affected by undetected defects.

### **Environmental**

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties and properties in which it has previously had an interest. The Company conducts its mineral exploration activities in compliance with applicable environmental protection legislation. The Company is not aware of any existing environmental problems related to any of its current or former properties that may result in material liability to the Company.

Environmental legislation is becoming increasingly stringent and costs and expenses of regulatory compliance are increasing. The impact of new and future environmental legislation on the Company's operations may cause additional expenses and restrictions. If the restrictions adversely affect the scope of exploration and development on the mineral properties, the potential for production on the property may be diminished or negated.

# Benz Mining Corp. (Formerly Benz Capital Corp.)

Notes to the financial statements

October 31, 2015

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## 4. EXPLORATION AND EVALUATION ASSETS (continued)

### Eagle Property

During the year ended April 30, 2015, the Company relinquished its rights to the option purchase agreement of the Eagle Property and recognized a write-down of its full carrying value (\$155,000).

## 5. MINERAL PROPERTY OPTION AGREEMENTS

### **San Javier Project**

On May 5, 2014, the Company entered into a Definitive Agreement with Tusk Exploration Ltd. ("Tusk"), a private British Columbia company, for the option to acquire up to a 100% interest in the San Javier Copper Project near the village of San Javier, which is 140km east-southeast of Hermosillo, Sonora, Mexico.

Under the terms of the Agreement, the Company may acquire an initial 40% interest in the Property (the "First Option") through (i) the payment of \$200,000 upon receipt of the conditional acceptance of the Exchange and in any event on or before July 15, 2014; (ii) the issuance, on or before the date that is five business days following October 31, 2014, of such number of common shares of the Company (the "Consideration Shares") having a value of \$5,000,000 at a deemed price per Consideration Share equal to the lesser of \$0.50 and the price per common share of the Company to be issued pursuant to a private placement to be conducted by the Company in connection with the Transaction; and (iii) the payment of \$2,000,000 on or before January 2, 2018. Upon exercise of the First Option, the Company may, through the payment of \$2,000,000 on or before January 2, 2019, acquire an additional 60% interest for a total 100% interest in the Property (the "Second Option") subject to a net smelter returns royalty ("Royalty Percentage") to be granted to Tusk on the earlier of (i) the date the Company has exercised the Second Option and (ii) the date commercial production from the Property commences. The Royalty Percentage will be determined based on the realized price of copper and will have a range of 0.5% and 1.5%.

The Consideration Shares to be issued to Tusk will be restricted and released in stages over a four-year period. The terms of the Option Agreement also provide for the formation of a joint venture between the Company and Tusk in the event the Company determines not to, or fails to, exercise the Second Option.

On June 17, 2014, the Company entered into an Amending Agreement with Tusk. Subject to the amendment, should the Trinidad 1, Trinidad 2 and San Carlos concessions not be registered before the appropriate mining authorities in Mexico on the option payment dates referenced above, the Company shall be entitled to withhold 26% of the option payments due under the First Option and Second Option until such time as the registration of the concessions has been completed.

# Benz Mining Corp. (Formerly Benz Capital Corp.)

Notes to the financial statements

October 31, 2015

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## 5. MINERAL PROPERTY OPTION AGREEMENTS (continued)

On December 5, 2014, the Company signed an additional amending agreement with Tusk for the option to acquire a 100% interest in the San Javier. The terms of the amending agreement are as follows:

First Option: The payment of \$200,000 upon receipt of the conditional acceptance of the Exchange, of which \$148,000 has been paid, and the issuance of 8,571,428 Consideration Shares, with a deemed issuance price of \$0.35 per share for a deemed value of \$3 million, on or before the date that is five business days following December 31, 2014, that have been issued, will grant Benz a 30% interest in the Property.

Second Option: The issuance of 4,285,714 of Consideration Shares, with a deemed issuance price of \$0.35 per share for a deemed value of \$1.5 million, on or before the date that is five business days following June 30, 2016, will grant Benz an additional 15% interest in the Property. In order to exercise the second option Benz must complete arms-length equity (or convertible debt) financings for a minimum of \$2 million during the same period.

Third Option: The cash payment of \$2.225 million on or before January 2, 2018 will grant Benz an additional 30% interest in the Property.

Fourth Option: The final payment of \$2.25 million on or before January 2, 2019 granting Benz the remaining 25% interest, for a 100% interest in the Property.

Property exploration costs for the six months ended October 31, 2015 are as follows:

	<b>Property</b>	<b>Total</b>
Evaluation costs	San Javier Property	\$ 4,678
		<b>\$ 4,678</b>

## 6. PROMISSORY NOTE PAYABLE

On August 29, 2014, the Company issued a promissory note to Avaron Mining Corp. in exchange for \$100,000 for a maximum term of 12 months at an interest rate of 8% per annum. On November 6, 2014, the Company repaid \$50,000 of the principal amount owing on the promissory note and previously accrued interest of \$756.

On August 29, 2015, the term of the promissory note was extended by 12 months with identical terms. The promissory note payable to Avaron constitutes a related party transaction as the Company and Avaron share common directors that collectively control more than 50% of Avaron's issued and outstanding shares. As at October 31, 2015, the Company has accrued a \$4,689 (April 30, 2015 - \$3,877) interest expense in relation to this loan, which is reported as part of trade and other payables.

# Benz Mining Corp. (Formerly Benz Capital Corp.)

Notes to the financial statements

October 31, 2015

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## 7. SHARE CAPITAL

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

b) **Issued:**

- (i) On January 8, 2015, the Company issued 8,571,428 common shares with a fair value of \$2,571,429 in consideration of the first option in the Agreement with Tusk Exploration Ltd., as described in Note 5.
- (ii) On November 25, 2014, the Company closed a private placement for gross proceeds of \$150,000 (the "Private Placement"). The Private Placement was comprised of 300,000 units at \$0.50 per unit. Each Unit consists of one common share and one common share purchase warrant, which is exercisable to acquire one additional common share at a price of \$0.55 until November 25, 2019. Of this amount, \$60,448 was attributable to common share purchase warrants, which has been recorded in equity reserves. The fair value of the warrants issued has been estimated using the Black-Scholes option pricing model with the following assumptions: risk free rate of 1.47%, dividend yield of nil, volatility of 95.83%, and an expected life of 60 months.
- (iii) On November 6, 2014, 494,000 stock options and 162,667 common share purchase warrants were exercised for a total of 656,667 common shares at exercise prices of \$0.10, \$0.25, and \$0.35 per share for gross proceeds of \$130,933.
- (iv) On September 2, 2014, 157,000 compensation options were exercised for 157,000 common shares at an exercise price of \$0.10 per share for gross proceeds of \$15,700.
- (v) On July 28, 2014, the Company closed a non-brokered private placement issuing 490,679 units at a price of \$0.47 per unit for gross proceeds of \$230,619. Each unit consists of one common share and one non-transferable common share purchase warrant. Each whole common share purchase warrant is exercisable into one common share at a price of \$0.55 per common share until July 28, 2019. Of this amount, \$98,493 was attributable to common share purchase warrants, which has been recorded in equity reserves. The fair value of the warrants issued has been estimated using the Black-Scholes option pricing model with the following assumptions: risk free rate of 1.48%, dividend yield of nil, volatility of 101.33%, and an expected life of 60 months.

# Benz Mining Corp. (Formerly Benz Capital Corp.)

Notes to the financial statements

October 31, 2015

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## 7. SHARE CAPITAL (continued)

### Escrow Shares:

As at October 31, 2015, an amount of 6,780,428 common shares are held in escrow. These shares are subject to two escrow agreements in accordance with the Exchange Policy 2.4. 495,000 of those relate to the initial issue of shares. On closing of the Qualifying Transaction, 10% of the shares originally held in escrow were released. The remaining shares are released in six equal tranches of 15% every six months following the closing of the Qualifying Transaction for a period of 36 months. 6,428,571 of the shares held in Escrow relate to shares issued to Tusk Exploration Ltd. in relation to the First Option described in Note 5. The shares will be released in equal tranches of 16.67% on October 31, 2015 (released), 2016 and 2017 and the remaining 50% will be released on October 31, 2018.

### c) Share purchase warrants and compensation options

A summary of the share purchase warrants and compensation options issued, exercised, and expired during the periods ended April 30, 2015 and October 31, 2015 are as follows:

	Underlying Shares	Weighted Average Exercise Price
Balance, April 30, 2014	657,000	\$ 0.29
Issued	790,679	0.55
Exercised	(319,667)	0.23
Forfeited and expired	(337,333)	0.35
<b>Balance, April 30 and October 31, 2015</b>	<b>790,679</b>	<b>\$ 0.55</b>

Details of share purchase warrants and compensation options outstanding as at October 31, 2015 and April 30, 2015, are:

Expiry Date	Exercise Price per Share	Outstanding and Exercisable	
		October 31, 2015	April 30, 2015
July 28, 2019	\$0.55	490,679	490,679
November 25, 2019	\$0.55	300,000	300,000
		<b>790,679</b>	<b>790,679</b>

# Benz Mining Corp. (Formerly Benz Capital Corp.)

Notes to the financial statements

October 31, 2015

## 7. SHARE CAPITAL (continued)

### d) Stock option plan

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

Stock option activity for the periods ended April 30 and October 31, 2015, is summarized as follows:

	<b>Underlying Shares</b>	<b>Weighted Average Exercise Price</b>
Stock options outstanding, April 30, 2014	784,000	\$0.14
Granted	1,219,690	\$0.30
Exercised	(494,000)	\$0.15
<b>Stock options outstanding, April 30 and October 31, 2015</b>	<b>1,509,690</b>	<b>\$0.27</b>
<b>Stock options exercisable, April 30 and October 31, 2015</b>	<b>290,000</b>	<b>\$0.14</b>

A summary of stock options outstanding as at October 31, 2015 is as follows:

<b>Number of Stock Options Outstanding</b>	<b>Number of Stock Options Exercisable</b>	<b>Exercise Price</b>	<b>Weighted Average Remaining Contractual Life (in years)</b>	<b>Intrinsic Value</b>	<b>Expiry Date</b>
220,000	220,000	\$0.10	1.88	\$0.00	September 17, 2017
30,000	30,000	\$0.25	0.21	\$0.00	January 16, 2016
40,000	40,000	\$0.25	2.49	\$0.00	April 26, 2018
1,219,690	-	\$0.30	9.22	\$0.00	January 18, 2025
<b>1,509,690</b>	<b>290,000</b>		<b>7.80</b>		

# Benz Mining Corp. (Formerly Benz Capital Corp.)

Notes to the financial statements

October 31, 2015

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## 7. SHARE CAPITAL (continued)

### e) Share-based payments

On January 19, 2015, the Company granted 1,219,690 stock options to consultants, directors, and officers, exercisable at \$0.30 per share for a period of 10 years from the grant date. The stock options vest over a four-year period with 25% each year.

On April 26, 2013, the Company granted 234,000 stock options to consultants, directors, and officers, exercisable at \$0.25 per share for a period of 5 years from the grant date. The stock options have vested and became exercisable on April 26, 2014.

On September 18, 2012, the Company granted 550,000 stock options to directors and officers, effective on the closing of the IPO, exercisable at \$0.10 per share for a period of 5 years from the closing date of the IPO.

During the six months ended October 31, 2015, the Company recorded total share-based payments of \$69,066 (2014 - \$nil). The amounts expensed were allocated to directors, officers, and consultants as follows:

	October 31, 2015	October 31, 2014
Directors and officers	\$ 69,910	\$ -
Consultants	(844)	-
	\$ 69,066	\$ -

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:

	October 31, 2015	October 31, 2014
Weighted average assumptions:		
Risk-free interest rate	1.47%	N/A
Expected dividend yield	\$0.00	N/A
Expected option life (years)	9.86	N/A
Expected stock price volatility	99.83%	N/A
Weighted average fair value at grant date	\$0.23	N/A

# Benz Mining Corp. (Formerly Benz Capital Corp.)

Notes to the financial statements

October 31, 2015

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## 8. 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 condensed interim 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 periods ended October 31, 2015 and 2014 was as follows:

	<b>October 31, 2015</b>	<b>October 31, 2014</b>
<b>Salaries, bonuses, fees and benefits</b>		
Management fees to the CEO and CFO of the Company	\$ 25,960	\$ 65,880
Legal fees to a law firm of which a Director is Principal	-	14,068
<b>Share-based payments</b>		
Officers and directors of the Company	69,066	-
	<b>\$ 95,026</b>	<b>\$ 79,948</b>

b) In the normal course of operations, the Company transacts with companies related to its directors or officers. As at October 31, 2015, the Company owes \$50,000 under a promissory note to Avaron Mining Corp. The Company and Avaron share common directors that collectively control more than 50% of Avaron's issued and outstanding shares. Refer to Note 6. The following amounts are payable to related parties, and are included in trade and other payables:

	<b>October 31, 2015</b>	<b>April 30, 2015</b>
Management fees	\$ -	\$ 7,938
Accrued interest to Avaron Mining Corp. (common directors)	\$ 4,689	\$ 3,877

# Benz Mining Corp. (Formerly Benz Capital Corp.)

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## 9. CAPITAL MANAGEMENT

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

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

The Company is not subject to externally imposed capital requirements. There were no changes to the Company's capital management during the six months ended October 31, 2015.

## 10. FINANCIAL INSTRUMENTS AND RISK

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

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

### a) Credit risk

The Company's credit risk is mainly attributable to its liquid financial assets: cash and cash equivalents. The Company deposits cash with high credit quality financial institutions and credit risk is considered to be minimal. The Company's maximum exposure to credit risk is \$17,067.

### 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, 2015, the Company had a cash and cash equivalents balance of \$17,067 (April 30, 2015 - \$121,314) to settle current liabilities of \$12,735 (April 30, 2015 - \$55,198) and a promissory note payable of \$50,000 (April 30, 2015 - \$50,000).

### 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 October 31, 2015, the Company has a promissory note payable in the amount of \$50,000 with a fixed interest rate of 8% per annum outstanding. The Company considers the interest rate risk exposure from promissory note as insignificant, and has not entered any agreements to alleviate the exposure.

# Benz Mining Corp. (Formerly Benz Capital Corp.)

Notes to the financial statements

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## 10. FINANCIAL INSTRUMENTS AND RISK (continued)

### e) Foreign currency risk

The Company is exposed to financial risk related to the fluctuation of the foreign exchange rate between the Canadian and US Dollars. The Company has outstanding accounts payable of US\$nil (April 30, 2015 - US\$24,333). Assuming that all other variables remain constant, a 10% appreciation or depreciation of the US Dollar against the Canadian Dollar would result in a \$nil (April 30, 2015 - \$2,935) change to the Company's net loss for the period.

### 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.