

BENZ MINING CORP.

Condensed Interim Financial Statements

For the three and six months ended October 31, 2016 and 2015

(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 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, 2016 and 2015 and for the periods then ended have not been audited or reviewed.

"Miloje Vicentijevic"

Miloje Vicentijevic
President, CEO, and Director
December 30, 2016

"Carlos Escribano"

Carlos Escribano
CFO and Director
December 30, 2016

Benz Mining Corp.

Statements of operations and comprehensive loss

Three and six months ended October 31, 2016 and 2015 (unaudited)

	Note	Three months ended October 31,		Six months ended October 31,	
		2016	2015	2016	2015
Operating Costs					
Exploration and evaluation costs	4	\$ -	\$ -	\$ -	4,678
Interest expense	5	898	1,081	1,826	2,324
Listing and filing fees		3,757	2,303	6,205	3,603
Management fees	7	2,800	3,960	2,800	25,960
Office and miscellaneous		2,552	9,348	3,723	21,476
Professional fees		1,800	2,500	2,600	5,464
Share-based payments	6	16,135	34,733	32,270	69,067
Shareholder information		809	1,119	1,074	2,181
Loss from operations		(28,751)	(55,044)	(50,498)	(134,753)
Other income (expenses)					
Gain on foreign exchange		-	-	-	3,642
Interest Income		6	8	13	46
Net loss and comprehensive loss		(28,745)	(55,036)	(50,485)	(131,065)
Loss per share - basic and diluted		\$ -	\$ -	\$ -	(0.01)
Weighted average number of shares outstanding - basic and diluted		23,081,059	18,018,726	23,081,059	18,018,726

See accompanying notes to the financial statements

Benz Mining Corp.

Statements of financial position

As at October 31, 2016 and 2015 (unaudited)

	Note	October 31, 2016	April 30, 2016
ASSETS			
Current Assets			
Cash and cash equivalents		\$ 44,834	\$ 53,969
Sales taxes recoverable		3,516	3,042
Prepaid expenses and deposits		5,867	2,190
		54,217	59,201
Exploration and evaluation assets	4	-	-
		\$ 54,217	\$ 59,201
LIABILITIES			
Current Liabilities			
Trade and other payables	7	\$ 11,036	\$ 15,176
Promissory note payable	5	45,000	50,000
		56,036	65,176
EQUITY			
Common shares	6	3,856,917	3,783,611
Subscriptions received	6	-	50,935
Equity reserves		345,685	313,415
Deficit		(4,204,421)	(4,153,936)
		(1,819)	(5,975)
		\$ 54,217	\$ 59,201

Nature and Continuation of Operations (Note 1)

Subsequent Event (Note 11)

Approved on behalf of the board on December 30, 2016

(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

Six months ended October 31, 2016 and 2015 (unaudited)

	Note	2016	2015
Cash Flow from Operating Activities			
Net loss for the period		\$ (50,485)	\$ (131,065)
Adjustments for non-cash items:			
Share based payments	6	32,270	69,067
Changes in non-cash working capital:			
Decrease in sales taxes recoverable		(474)	530
Decrease (increase) in prepaid expenses		(3,677)	(316)
(Decrease) increase in trade and other payables		(4,140)	(42,463)
Net cash flows used in operating activities		(26,506)	(104,247)
Cash Flow from Financing Activities			
Issuance of common shares for cash, net costs	6	73,306	-
Proceeds from subscriptions received		(50,935)	-
Payment on loan from Avaron Mining Corp.	5	(5,000)	-
Net cash flows provided by financing activities		17,371	-
Net change in cash and cash equivalents		(9,135)	(104,247)
Cash and Cash Equivalents, Beginning of Year		53,969	121,314
Cash and Cash Equivalents, End of Year		\$ 44,834	\$ 17,067
Supplemental Disclosures:			
Interest paid		\$ -	\$ -
Income tax paid		\$ -	\$ -
Non-cash Investing and Financing Activities:			
Issuance of common shares for mineral property		\$ -	\$ -

See accompanying notes to the financial statements

Benz Mining Corp.

Statements of changes in equity

Six months ended October 31, 2016 and 2015 (unaudited)

	Note	Common Shares		Subscriptions Received	Equity Reserves	Deficit	Total Equity
		Number	Amount				
Balance, April 30, 2015		18,018,726	\$ 3,783,611	\$ -	\$ 232,679	\$ (1,269,973)	\$ 2,746,317
Share based payments	6e	-	-	-	69,067	-	69,067
Net loss for the year		-	-	-	-	(131,065)	(131,065)
Balance, July 31, 2015		18,018,726	\$ 3,783,611	\$ -	\$ 301,746	\$ (1,401,038)	\$ 2,684,319
Balance, April 30, 2016		18,018,726	\$ 3,783,611	\$ 50,935	\$ 313,415	\$ (4,153,936)	\$ (5,975)
Common shares issued for cash:							
Proceeds from private placement	6	5,062,333	75,935	-	-	-	75,935
Share issuance costs	6	-	(2,629)	-	-	-	(2,629)
Proceeds from subscription	6	-	-	(50,935)	-	-	(50,935)
Share based payments	6e	-	-	-	32,270	-	32,270
Net loss for the year		-	-	-	-	(50,485)	(50,485)
Balance, October 31, 2016		23,081,059	\$ 3,856,917	\$ -	\$ 345,685	\$ (4,204,421)	\$ (1,819)

See accompanying notes to the financial statements

Benz Mining Corp.

Notes to the financial statements
October 31, 2016 (unaudited)

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 606 - 909 Burrard Street, Vancouver, British Columbia, V6Z 2N2; and the registered office is located at 20th 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 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, 2016, the Company has a working capital deficiency of \$1,819 and accumulated losses of \$4,204,421. 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 financial statements do not include any adjustments that might result from the outcome of this uncertainty.

In January, 2016, the Company relinquished the option agreement for the San Javier Project in Mexico and as at October 31, 2016 does not have any mineral properties in operation. Subsequent to the quarter ended October 31, 2016, the Company's listing was transferred to the NEX board of the TSX-V Exchange as it was unable to maintain the requirements for a Tier 2 Company in accordance with TSX-V Exchange Policy 2.5 (Note 11).

Benz Mining Corp.

Notes to the financial statements
October 31, 2016 (unaudited)

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 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 30, 2016.

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, 2016.

Benz Mining Corp.

Notes to the financial statements
October 31, 2016 (unaudited)

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, 2016 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, 2016.

Recent accounting pronouncements

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB that are mandatory for the Company's accounting periods beginning on August 1, 2016, or later periods. Some updates that are not applicable or not consequential to the Company may have been excluded from the list below.

The following accounting standards were issued but not yet effective as of October 31, 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. The standard is effective for annual periods beginning on or after January 1, 2018.

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. These amendments are not expected to have a significant impact on the Company's consolidated financial statements.

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

Benz Mining Corp.

Notes to the financial statements
October 31, 2016 (unaudited)

4. EXPLORATION AND EVALUATION ASSETS

The Company has accumulated the following acquisition and exploration expenditures:

	Eagle Property	San Javier	Total
Balance, April 30, 2015	\$ -	\$ 2,719,429	\$ 2,719,429
Write-down of mineral property		(2,719,429)	(2,719,429)
Balance, April 30, 2016 and October 31, 2016	\$ -	\$ -	\$ -

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.

San Javier Property

During the year ended April 30, 2016 the Company relinquished its rights to the option purchase agreement of the San Javier Property and recognized a write-down of \$2,719,429.

5. 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 June 6, 2016, the Company repaid a further \$5,000 on the principal amount owing.

On August 29, 2015, the term of the promissory note was extended by 12 months with identical terms and extended a further 12 months effective August 29, 2016. 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, 2016, the Company has accrued a \$8,720 (2015 - \$4,689) interest expense in relation to this loan, which is reported as part of trade and other payables.

Benz Mining Corp.

Notes to the financial statements
October 31, 2016 (unaudited)

6. SHARE CAPITAL

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

b) **Issued:**

- (i) On May 3, 2016 the Company closed a private placement and issued a total of 5,062,333 common shares at a price of \$0.015 per common share for gross proceeds of \$75,935.
- (ii) 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 relinquished Agreement with Tusk Exploration Ltd., as described in Note 4.
- (iii) 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.
- (iv) 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.
- (v) 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.
- (vi) 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.

Notes to the financial statements
October 31, 2016 (unaudited)

6. SHARE CAPITAL (continued)

Subscriptions Received:

During the year ended April 30, 2016, the Company received \$50,935 in subscriptions related to the May 3, 2016 private placement. On closing of the private placement, this amount was transferred to share capital.

Escrow Shares:

As at October 31, 2016, an amount of 5,713,714 common shares are held in escrow. These shares are subject to an escrow agreement with Tusk Exploration Ltd. The shares will be released in equal tranches of 16.67% on October 31, 2015, 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 October 31, 2016 and April 30, 2016 are as follows:

	Underlying Shares	Weighted Average Exercise Price
Balance, April 30, 2015	790,679	\$ 0.55
Issued	Nil	-
Exercised	Nil	-
Forfeited and expired	Nil	-
Balance, April 30, 2016 and October 31, 2016	790,679	\$ 0.55

Details of share purchase warrants and compensation options outstanding as at October 31, 2016 and 2015, are:

Expiry Date	Exercise Price per Share	Outstanding and Exercisable	
		October 31, 2016	October 31, 2015
July 28, 2019	\$0.55	490,679	490,679
November 25, 2019	\$0.55	300,000	300,000
		790,679	790,679

Benz Mining Corp.

Notes to the financial statements
October 31, 2016 (unaudited)

6. 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, 2016, is summarized as follows:

	Underlying Shares	Weighted Average Exercise Price
Stock options outstanding, April 30, 2015	1,509,690	\$0.27
Expired	(376,939)	\$0.18
Stock options outstanding, April 30 and October 31, 2016	1,132,751	\$0.30
Stock options exercisable, April 30 and October 31, 2016	313,188	\$0.29

A summary of stock options outstanding as at October 31, 2016 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
40,000	40,000	\$0.25	1.74	\$0.00	April 26, 2018
1,092,751	273,188	\$0.30	8.47	\$0.00	January 18, 2025
1,132,751	313,188		8.24		

Benz Mining Corp.

Notes to the financial statements
October 31, 2016 (unaudited)

6. 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.

During the six months ended October 31, 2016, the Company recorded total share-based payments of \$32,270 (2015 - \$34,334). The amounts expensed were allocated to directors, officers, and consultants as follows:

	October 31, 2016	October 31, 2015
Directors and officers	\$ 31,692	\$ 69,910
Consultants	578	(844)
	<u>\$ 32,270</u>	<u>\$ 69,066</u>

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, 2016	October 31, 2015
Weighted average assumptions:		
Risk-free interest rate	1.45%	1.47%
Expected dividend yield	\$0.00	\$0.00
Expected option life (years)	8.2	9.9
Expected stock price volatility	106.33%	99.83%
Weighted average fair value at measurement date	\$0.18	\$0.23

Benz Mining Corp.

Notes to the financial statements
October 31, 2016 (unaudited)

7. RELATED PARTY TRANSACTIONS AND BALANCES

Related party transactions are measured at the estimated fair values of the services provided or goods received. Related party transactions not disclosed elsewhere in these financial statements are as follows:

a) Key Management Compensation

Key management personnel include the members of the Board of Directors and officers of the Company, who have the authority and responsibility for planning, directing, and controlling the activities of the Company. The remuneration of directors and officers for the six months ended October 31, 2016 and 2015 was as follows:

	October 31, 2016	October 31, 2015
Salaries, bonuses, fees and benefits		
Management fees to the CEO and CFO of the Company	\$ 2,800	\$ 25,960
Share-based payments		
Officers and directors of the Company	-	69,066
	\$ 2,800	\$ 95,026

b) In the normal course of operations the Company transacts with companies related to its directors or officers. As at October 31, 2016, the Company owes \$45,000 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 5. The following amounts are payable to related parties, and are included in trade and other payables:

	October 31, 2016	October 31, 2015
Management fees	\$ -	\$ -
Accrued interest to Avaron Mining Corp. (common directors)	\$ 8,720	\$ 4,689

8. 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, 2016.

Benz Mining Corp.

Notes to the financial statements
October 31, 2016 (unaudited)

9. FINANCIAL INSTRUMENTS AND RISK

The Company's financial instruments consist of cash and cash equivalents, trade and other payables, and 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 \$44,834.

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, 2016, the Company had a cash and cash equivalents balance of \$44,834 (2015 - \$53,969) to settle current liabilities of \$56,036 (2015 - \$65,176) and a promissory note payable of \$45,000 (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, 2016, the Company has a promissory note payable in the amount of \$45,000 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.

e) Foreign currency risk

For the six months ended October 31, 2016 and 2015, the Company was not exposed to financial risk related to the fluctuation of the foreign exchange rate between the Canadian and US Dollars.

Benz Mining Corp.

Notes to the financial statements

October 31, 2016 (unaudited)

10. FINANCIAL INSTRUMENTS AND RISK (continued)

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.

11. SUBSEQUENT EVENT

On November 3, 2016 the Company announced that, in accordance with TSX-V Exchange Policy 2.5, the Company had not maintained the requirements for a Tier 2 Company. Therefore, effective November 7th, 2016, the Company's listing was transferred to NEX board of the TSX-V Exchange and the Company's Tier classification will change from Tier 2 to NEX.