

**BENZ CAPITAL CORP.**

(A Capital Pool Company)

Condensed Interim Financial Statements

Six months ended October 31, 2012 and 2011

(Expressed in Canadian dollars, Unaudited)

# Benz Capital Corp.

(A capital pool company)

October 31, 2012

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# Benz Capital Corp.

(A capital pool company)

October 31, 2012

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## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The condensed interim financial statements of Benz Capital Corp. (the "Company") are the responsibility of the Company's management. The condensed interim financial statements are prepared in accordance with International Accounting Standards Board 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, 2012 and 2011 and for the periods then ended have not been reviewed or audited.

*"Miloje Vicentijevic"*  
Miloje Vicentijevic  
President and Director  
December 18, 2012

*"Carlos Escribano"*  
Carlos Escribano  
CFO and Director  
December 18, 2012

# Benz Capital Corp.

(A capital pool company)

Condensed interim statements of operations and comprehensive loss

Six Months Ended October 31, 2012

(Unaudited)

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	Three months ended		Six months ended	
	October 31, 2012	October 31, 2012	October 31, 2012	October 31, 2012
	\$	\$	\$	\$
<b>Operating costs</b>				
Filing fees	1,281	-	5,683	-
Professional fees	3,600	-	3,600	-
Share-based payments (Note 5)	82,500	-	82,500	-
Other expenses	12,020	-	12,060	-
Loss from operations	(99,401)	-	(103,843)	-
<b>Other income</b>				
Interest income	210	-	242	-
<b>Net Loss and comprehensive loss</b>	(99,191)	-	(103,601)	-
<b>Loss per share – basic and diluted</b>	(0.08)	-	(0.18)	-
<b>Weighted average number of shares outstanding – basic and diluted (Note 5)</b>	1,172,754	-	586,377	-

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See accompanying notes to the financial statements

# Benz Capital Corp.

(A capital pool company)

Condensed interim statements of financial position

Six Months Ended October 31, 2012

(Unaudited)

	October 31, 2012	April 30, 2012
	\$	\$
<b>Assets</b>		
Current assets		
Cash and cash equivalents	400,984	118,682
Amounts receivable	1,960	-
Prepaid expenses and deposits	1,420	-
	404,364	118,682
Deferred financing costs (Note 2)	-	27,126
	404,364	145,808
<b>Liabilities</b>		
Current liabilities		
Trade and other payables	180	5,288
	180	5,288
<b>Equity</b>		
Common shares (Note 5)	399,097	150,000
Equity reserves	118,168	-
Deficit	(113,081)	(9,480)
	404,184	140,520
	404,364	145,808

Nature and Continuance of Operations (Note 1)

Initial Public Offering (Note 6)

## Approved on behalf of the board

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

(Signed) Carlos Escribano  
Carlos Escribano, CFO and Director

See accompanying notes to the financial statements

# Benz Capital Corp.

(A capital pool company)

Condensed interim statements of cash flows

Six Months Ended October 31, 2012

(Unaudited)

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	2012	2011
	\$	\$
<b>Cash Flows from Operating Activities</b>		
Net loss for the period	(103,601)	-
Adjustments for non-cash items:		
Share-based payments (Note 5)	82,500	-
Change in non-cash operating working capital:		
Increase in amounts receivable	(1,420)	-
Increase in prepaid expenses	(1,960)	-
Decrease in trade and other payables	(5,108)	-
Net cash flows used in operating activities	(25,589)	-
<b>Cash Flows from Financing Activities</b>		
Deferred financing costs	27,126	-
Proceeds from common shares issued – net of issuance costs	284,765	-
Net cash flows provided by financing activities	311,891	-
Net change in cash and cash equivalents	282,302	-
Cash and cash equivalents, beginning of period	118,682	-
Cash and cash equivalents, end of period	400,984	-

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See accompanying notes to the financial statements

# Benz Capital Corp.

(A capital pool company)

Condensed interim statements of changes in equity

Period from incorporation on November 9, 2011 to October 31, 2012

(Unaudited)

	Note	Number of Common Shares	Share Capital Amount	Equity Reserves	Accumulated Deficit	Total Equity
<b>At November 9, 2011</b>		-	\$ -	\$ -	\$ -	\$ -
Seed capital issued		3,000,000	150,000	-	-	150,000
Net loss for the period		-	-	-	(9,480)	(9,480)
<b>Balance, April 30, 2012</b>		<b>3,000,000</b>	<b>\$ 150,000</b>	<b>\$ -</b>	<b>\$ (9,480)</b>	<b>\$ 140,520</b>
Common shares issued for cash:						
Proceeds from IPO and private placement		3,299,952	379,293	-	-	379,293
Share issuance costs	2	-	(127,028)	32,500	-	(94,528)
Exercise of compensation options		93,000	9,300	-	-	9,300
Share-based payments	5	-	-	82,500	-	82,500
Fair value of compensation warrants exercised		-	12,090	(12,090)	-	-
Net loss for the period		-	-	-	(103,601)	(103,601)
<b>Balance, October 31, 2012</b>		<b>6,392,952</b>	<b>\$ 414,355</b>	<b>\$ 102,910</b>	<b>\$ (113,081)</b>	<b>\$ 404,184</b>

See accompanying notes to the financial statements

# Benz Capital Corp.

(A capital pool company)

Notes to the condensed interim financial statements

October 31, 2012

*(Unaudited)*

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## 1. NATURE AND CONTINUANCE OF OPERATIONS

Benz Capital Corp. (the “Company”) was incorporated under the Business Corporations Act (British Columbia) on November 9, 2011. The Corporation is a Capital Pool Company (“CPC”) as defined by the TSX Venture Exchange (the “Exchange”) Policy 2.4. The Company has not commenced commercial operations and has no significant assets. The activities of the Company are initially limited to the efforts to identify and evaluate the acquisition of assets and business, which would represent a “Qualifying Transaction” for regulatory purpose.

The Company’s head office is located at Suite 900, 570 Granville Street, Vancouver, British Columbia, V6C 3P1; and the registered office is located at Suite 400, 570 Granville Street, Vancouver, BC V6C 3P1.

As at October 31, 2012, the Company has no business operations and its only assets are cash and cash equivalents, and deferred charges. The Company has not generated any revenues and has incurred losses of \$113,081 since inception. Although the Company completed an initial public offering (the “IPO”) as described in Note 6, there is no assurance that it will be able to identify or complete a Qualifying Transaction, all of which casts significant doubt about the Company’s ability to continue as a going concern. In view of these conditions, the ability of the Company to continue as a going concern depends upon the injection of a successful project, achieving a profitable level of operations and also on the ability of the Company to obtain necessary financing to fund ongoing operations. The Company's ability to achieve these objectives cannot be determined at this time.

As a CPC, the Company’s principal business is the identification, evaluation and acquisition of assets, properties or businesses or participation therein subject to, in certain cases, shareholder approval and acceptance by the Exchange. Where an acquisition or participation (the “Qualifying Transaction”) is warranted, additional funding may be required. The ability of the Company to fund its potential future operations and commitments is dependent upon the ability of the Company to obtain additional financing. Under the CPC policies of the Exchange, the Company must identify and complete a Qualifying Transaction within 24 months from the date the Company’s shares are listed for trading on the Exchange (see Note 6). There is no assurance that the Company will be able to complete a Qualifying Transaction within 24 months of being listed or that it will be able to secure the necessary financing to complete a Qualifying Transaction. The Exchange may suspend or de-list the Company’s shares from trading should it not meet these requirements.

These condensed interim financial statements of the Company were authorized for issue in accordance by the Board of Directors on December 18, 2012.

# Benz Capital Corp.

(A capital pool company)

Notes to the condensed interim financial statements

October 31, 2012

(Unaudited)

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## 2. SIGNIFICANT ACCOUNTING POLICIES

### a) *Statement of compliance*

These condensed interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standard (“IAS”) 34, “*Interim Financial Reporting*” using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and the Interpretations of the IFRS Interpretations Committee (“IFRIC”) and using the accounting policies consistent with those in the audited financial statements as at and for the period ended April 30, 2012, except as otherwise noted. These condensed interim financial statements should be read in conjunction with the Company’s audited financial statements as at and for the period ended April 30, 2012.

### b) *Basis of presentation*

These financial statements have been prepared using the accrual basis of accounting, except for cash flow information. Furthermore, these financial statements are presented in Canadian dollars which is the functional currency of the Company and all values are rounded to the nearest dollar.

### c) *Use of estimates*

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect certain 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. These estimates are reviewed periodically, and as adjustments become necessary, they are reported in earnings in the year in which they become known. Information about a significant area of estimation uncertainty considered by management in preparing the financial statements is described below:

#### (i) *Recovery of deferred tax assets*

Judgment is required in determining whether deferred tax assets are recognized on the statement of financial position. Deferred tax assets, including those arising from un-utilized tax losses require management to assess the likelihood that the Company will generate taxable earnings in future periods, in order to utilize recognized deferred tax assets. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the reporting date could be impacted. Additionally, future changes in tax laws in the jurisdictions in which the Company operations could limit the ability of the Company to obtain tax deductions in future periods.

# Benz Capital Corp.

(A capital pool company)

Notes to the condensed interim financial statements

October 31, 2012

(Unaudited)

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## d) *Financial instruments*

### (i) Financial assets

Financial assets and liabilities are recognized when the entity becomes a party to the contractual provisions of the instrument. Upon initial recognition, financial assets and liabilities are measured at fair value plus transaction costs, except for those financial assets and liabilities classified as fair value through profit or loss, which are initially measured at fair value.

The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

- Fair value through profit or loss ("FVTPL") - This category comprises derivatives, assets acquired or incurred principally for the purpose of selling or repurchasing it in the near term, or assets designated upon initial recognition as FVTPL. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of comprehensive (loss) income.
- Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortized cost using the effective interest rate method less any impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. The carrying amount of trade receivables is reduced through an allowance account. Amounts deemed to be uncollectable are written off against the allowance account and subsequent recoveries are credited against the allowance account. Changes in the allowance account are recognized in the statement of comprehensive (loss) income.
- Held-to-maturity investments - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows discounted at the entity's original effective interest rate. Any changes to the carrying amount of the investment, including impairment losses, are recognized in the statement of comprehensive (loss) income.
- Available-for-sale - Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized directly in equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in the statement of comprehensive (loss) income.

# Benz Capital Corp.

(A capital pool company)

Notes to the condensed interim financial statements

October 31, 2012

(Unaudited)

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All financial assets except for those recorded at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described above.

## (ii) Financial liabilities

Financial assets and liabilities are recognized when the entity becomes a party to the contractual provisions of the instrument. Upon initial recognition, financial assets and liabilities are measured at fair value plus transaction costs, except for those financial assets and liabilities classified as fair value through profit or loss, which are initially measured at fair value.

The Company classifies its financial liabilities into one of two categories depending on the purpose for which the liability was assumed. The Company's accounting policy for each category is as follows:

- Fair value through profit or loss - This category comprises derivatives, liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term or liabilities designated upon initial recognition as FVTPL. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of comprehensive (loss) income.
- Other financial liabilities - Other financial liabilities are subsequently measured at amortized cost, using the effective interest rate method.

The Company's financial instruments consist of the following:

Instrument	Classification	Measurement basis
Cash and cash equivalents	Fair value through profit or loss	Fair value

## (iii) Classification of financial instruments

IFRS 7 establishes a fair value hierarchy that reflects significance of inputs in measuring fair value as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices); and

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company's cash and cash equivalents are designated as Level 1.

# Benz Capital Corp.

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Notes to the condensed interim financial statements

October 31, 2012

(Unaudited)

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## e) *Cash and cash equivalents*

Cash and cash equivalents consist of cash on hand, deposits in banks, funds held in trust and highly liquid investments with an original maturity of three months or less.

The proceeds raised from the issuance of share capital may only be used to identify and evaluate assets or businesses for future investment, with the exception that up to 30% of the gross proceeds or \$158,788, whichever is less, may be used to cover prescribed costs of issuing the common shares or administrative and general expenses of the Company. These restrictions apply until completion of a Qualifying Transaction by the Company as defined under the policies of TSX Venture Exchange.

## f) *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 or other comprehensive income, in which case the income tax is recognized in equity or other comprehensive income.

Current tax expense is the expected tax payable on the taxable income for the year, using tax 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. The following temporary differences are not provided for: initial recognition of goodwill; the initial recognition of assets or liabilities in a transaction that affects neither accounting nor taxable loss and is not a business combination; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates substantively enacted at the date of the statement of financial position.

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 set off 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.

## g) *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.

# Benz Capital Corp.

(A capital pool company)

Notes to the condensed interim financial statements

October 31, 2012

(Unaudited)

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## h) *Deferred Financing Costs*

Direct costs incurred to prepare the initial public offering (Note 6) were initially deferred and recognized as non-current deferred financing costs. Upon completion of the initial public offering, deferred financing costs were charged against gross proceeds received. Total costs of share issuance were \$127,028.

## i) *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 does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

## j) *Share-based payment transactions*

The fair value of share purchase options granted is recognized as an employee or consultant expense with a corresponding increase in equity. 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 is measured at grant date and the share based compensation is expensed based on graded vesting. When the value of goods or services received in exchange for the share based payment cannot be reliably estimated, the fair value of the share purchase options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the share purchase options were granted. Forfeiture rates are estimated in advance and are used in the estimate of the share-based expense for the financial statement period. Equity-settled share-based payment transactions with non-employees are measured at the fair value of the goods or services received. However, if the fair value cannot be estimated reliably, the share-based payment transaction is measured at the fair value of the equity instruments granted at the date the non-employee receives the goods or the services.

## k) *Comprehensive Income*

Comprehensive income is the overall change in the net assets of the Company for a period, other than changes attributable to transactions with shareholders. It is made up of net income and other comprehensive income. Other comprehensive income includes gains or losses that IFRS requires be recognized in a period, but excluded from net income for that period. The Company has no items representing other comprehensive income during the period ended October 31, 2012.

# Benz Capital Corp.

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Notes to the condensed interim financial statements

October 31, 2012

(Unaudited)

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## l) *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.

## m) *New Accounting Standards and Recent Pronouncements*

The Company has not adopted certain new standards, amendments and interpretations to existing standards, which have been issued by the IASB or the IFRS Interpretations Committee that are only effective for accounting periods beginning on or after January 1, 2012 or later periods.

The following amendments, revisions and new IFRSs that have not been early adopted in these financial statements will not have a material effect on the Company's future results and financial position:

- (i) IFRS 9 Financial Instruments (New; to replace IAS 39 and IFRIC 9)
- (ii) IFRS 10 Consolidated Financial Statements (New; to replace consolidation requirements in IAS 27 (as amended in 2008) and SIC-12)
- (iii) IFRS 11 Joint Arrangements (New; to replace IAS 31 and SIC-13)
- (iv) IFRS 12 Disclosure of Interests in Other Entities (New; to replace disclosure requirements in IAS 27 (as amended in 2008), IAS 28 (as revised in 2003) and IAS 31)
- (v) IFRS 13 Fair Value Measurement (New; to replace fair value measurement guidance in other IFRSs)
- (vi) IAS 1 Presentation of Financial Statements, amendments regarding Presentation of Items of Other Comprehensive Income
- (vii) IAS 19 Employee Benefits (Amended in 2011)
- (viii) IAS 27 Separate Financial Statements (Amended in 2011)
- (ix) IAS 28 Investments in Associates and Joint Ventures (Amended in 2011)
- (x) IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine (New)

# Benz Capital Corp.

(A capital pool company)

Notes to the condensed interim financial statements

October 31, 2012

(Unaudited)

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### 3. CAPITAL MANAGEMENT

Capital is comprised of the Company's shareholders' equity and any debt that it may issue. The Company's objectives when managing capital are to maintain financial strength and to protect its ability to meet its on-going liabilities, to continue as a going concern, to maintain creditworthiness and to maximize returns for shareholders over the long term. Protecting the ability to pay current and future liabilities includes maintaining capital above minimum regulatory levels, current financial strength rating requirements and internally determined capital guidelines and calculated risk management levels.

Current capital will only be sufficient to identify and evaluate a limited number of assets and businesses for the purpose of identifying and completing a Qualifying Transaction. Additional funds may be required to finance the Company's Qualifying Transaction.

### 4. FINANCIAL INSTRUMENTS AND RISK

The Company's financial instruments consist of cash and cash equivalents. 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 Companies maximum exposure to credit risk is \$400,984.

#### 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, 2012, the Company had cash and cash equivalents balance of \$404,984 (April 30, 2012 - \$118,682) to settle current liabilities of \$180 (April 30, 2012 - \$5,288). Additional funds may be required to identify and evaluate potential qualifying transactions.

#### 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 debt. As of October 31, 2012, the Company has no interest bearing term deposits.

# Benz Capital Corp.

(A capital pool company)

Notes to the condensed interim financial statements

October 31, 2012

(Unaudited)

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e) *Foreign currency risk*

The Company does not have any assets or liabilities in a foreign currency.

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.

## 5. SHARE CAPITAL

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

b) Issued:

(i) On October 18, 2012, the Company closed a non-brokered private placement issuing 799,952 common shares at a price of \$0.15 per common share for gross proceeds of \$119,292

(ii) On September 18, 2012, the Company completed its initial public offering ("IPO") issuing 2,500,000 common shares at a price of \$0.10 per common share for gross proceeds of \$250,000.

The Company paid a cash commission equal to 10% of the applicable gross proceeds of the IPO (\$25,000) and issued compensation options to purchase common shares of the Company equal to 10% of the common shares sold through the IPO (250,000). Each compensation option is exercisable at a price of \$0.10 and entitles the holder to one common share until September 17, 2014. During the period ended October 31, 2012 93,000 compensation options were exercised at unit price of \$0.10 for gross proceeds of \$9,300.

The fair value of the compensation options issued have been estimated using the Black-Scholes option pricing model with the following assumptions: risk-free interest rate of 1.09%, dividend yield of nil, volatility of 80% and an expected life of 24 months. Of the \$250,000 total aggregate proceeds raised, \$234,742 was attributable to common shares and \$15,258 was attributable to common share purchase options, which has been recorded in equity reserves. The 250,000 compensation options were valued at \$32,500.

(iii) On December 30, 2011, the Company issued its initial seed shares of 1,500,000 common shares for gross proceeds of \$150,000.

# Benz Capital Corp.

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(Unaudited)

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## Share Split:

On March 28, 2012, the Company effected a split of its issued and outstanding shares on the basis of two new shares for every one existing share resulting in an increase to the total number of common shares outstanding from 1,500,000 common shares to 3,000,000 common shares. All common share and per common share amounts have been restated to retroactively reflect the share split.

## Escrow Shares:

An amount of 3,250,000 common shares are held in escrow. These shares are subject to an escrow agreement in accordance with the Exchange Policy 2.4. The shares will be released as follows: 10% upon the issuance of notice of final acceptance of a Qualifying Transaction by the TSX Venture Exchange, and the remainder in six equal tranches of 15% every six months thereafter for a period of 36 months.

## Loss Per Share:

Basic loss per share is calculated by dividing the net loss by the weighted average number of common shares outstanding during the period. The weighted average number of common shares outstanding during the period is net of contingently returnable shares. The following table details the weighted average number of common shares outstanding from the period of incorporation on November 9, 2011 to October 31, 2012:

Weighted average number of common shares outstanding	3,644,801
Less: Weighted average number of contingently returnable shares	(3,058,424)
Weighted average number of non-contingently returnable shares	<u>582,333</u>

## c) Warrants:

Details of share purchase compensation options outstanding are:

	Underlying Shares	Weighted Average Exercise Price
Balance, April 30, 2012	-	-
Issued	250,000	\$0.10
Exercised	(93,000)	\$0.10
Balance, October 31, 2012	<u>157,000</u>	<u>\$0.10</u>

## d) Stock Option Plan:

On March 29, 2012, the Company approved a stock option plan authorizing the issuance of a maximum of 10% of the Company's outstanding common shares as of the date of closing of the initial public offering ("IPO"). 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. The Company recorded a share-based payment expense of \$82,500.

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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 re-priced and granted to officers, directors, consultants, and employees was calculated using the Black-Scholes model with following weighted average assumptions and resulting grant date fair value:

	October 31, 2012	October 31, 2011
Weighted average assumptions:		
Risk-free interest rate	1.31%	NA
Expected dividend yield	-	NA
Expected option life (years)	5	NA
Expected stock price volatility	80.00%	NA
Weighted average fair value at grant date	\$0.15	NA

## 6. INITIAL PUBLIC OFFERING

On September 18, 2012 the Company completed its initial public offering (the "Offering") of 2,500,000 common shares at a price of \$0.10 per Common Share for gross proceeds of \$250,000. In connection with the Offering, the Company granted a non-transferrable option to its agent to acquire an aggregate of 250,000 Common Shares (the "Agent's Option") at an exercise price of \$0.10 per Common Share. The Agent's Option will expire 24 months from the date the Common Shares are listed on the Exchange. The agent also received a cash commission equal to 10% of the gross proceeds of the Offering.

The Company's Common Shares commenced trading on the Exchange at the opening of market on September 20, 2012 under the symbol "BZ.P". An aggregate of 5,500,000 Common Shares are issued and outstanding following completion of the Offering.

## 7. SUBSEQUENT EVENTS

- a) On December 4, 2012, the Company entered into an option purchase and assignment agreement dated November 30, 2012 (the "Purchase Agreement") with Avaron Mining Corp. ("Avaron") and Avino Silver & Gold Mines Ltd. ("Avino"). Pursuant to the Purchase agreement, Benz will acquire, subject to the approval of the Exchange, all of Avaron's interest in an Option Agreement between Avaron and Avino pursuant to which Avaron has the option (the "Option") to acquire from Avino up to an undivided 100% interest in and to certain mineral mining leases in the Yukon Territory known collectively as the Eagle Property.
- Pursuant to the terms of the Purchase Agreement, Benz will pay to Avaron a cash payment of \$25,000 and issue 400,000 of its common shares at the time of closing of the Option Purchase (the "Closing"). Additionally, Benz will also issue 50,000 common shares to Avino as consideration for Avino's consent to the Option Purchase, as required under the terms of the Option Agreement.

## Benz Capital Corp.

(A capital pool company)

Notes to the condensed interim financial statements

October 31, 2012

*(Unaudited)*

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Upon completion of the Option Purchase, the terms of the Option Agreement will allow Benz to exercise the Option to acquire a 75% interest in the Eagle Property by making cash payments to Avino in an aggregate amount of \$350,000, issuing a total of 500,000 common shares and either completing drilling on a total of 35,000 metres in depth or incurring cumulative exploration expenditures of \$7,100,000 on the Eagle Property all over a five year period. Upon acquisition of a 75% interest, Benz will have the option to acquire an additional 25% interest in the Eagle Property or form a joint venture with Avino for the further exploration and development of the Eagle Property. Benz may exercise the additional option by either determining to put the Eagle Property into commercial production within three years of the exercise of the 75% interest and paying advance royalty payments to Avino in the amount of \$1,000,000 or, alternatively, by making further cash payments to Avino in the amount of \$200,000, issuing an additional 500,000 common shares and drilling an additional 10,000 metres or incurring exploration expenditures of \$2,000,000 over a two year period following the exercise of the 75% interest.

- b) Concurrently with the closing of the Option Purchase, Benz will complete, on a brokered and/or non-brokered basis, a private placement comprised of units (each, a "Unit") at a price of \$0.25 per Unit for gross proceeds of up to \$250,000 (the "Concurrent Financing"). Each Unit shall consist of one common share in the capital of the Company (each a "Share") and one-half of one common share purchase warrant (each whole warrant, a "Warrant"). Each Warrant shall entitle the holder to purchase one common share in the capital of the Company (a "Warrant Share") at a price of \$0.35 per Warrant Share for a period of 24 months following the Closing. In connection with the Concurrent Financing, the Company may pay agent's commissions and/or finder's fees in cash or securities in accordance with the policies of the Exchange.