

# **BENZ CAPITAL CORP.**

(A Capital Pool Company)

## **Condensed Interim Financial Statements**

For the three and six months ended September 30, 2021

(Expressed in Canadian dollars – Unaudited)

### **NOTICE OF NO AUDITOR REVIEW**

The accompanying unaudited condensed interim financial statements of Benz Mining Corp. (the “Company”) have been prepared by and are the responsibility of the Company’s management.

In accordance with National Instrument 51-102, the Company discloses that its independent auditor has not performed a review of these unaudited condensed interim financial statements.

# Benz Capital Corp.

Condensed Interim Statements of Comprehensive Loss  
(Unaudited – Expressed in Canadian Dollars)

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		Three months ended September 31, 2021	Six months ended September 31, 2021
	Note		
<b>Operating Costs</b>			
Exploration and evaluation	\$	3,774	\$ 3,774
Listing and filing		1,577	3,582
Management & consulting		250	5,250
Marketing and travel		16,532	16,532
Office and miscellaneous		4,374	4,374
Professional fees		1,500	2,750
<b>Net loss and comprehensive loss</b>		<b>(28,007)</b>	<b>(36,262)</b>
<b>Loss per share - basic and diluted</b>	<b>\$</b>	<b>(0.01)</b>	<b>\$ (0.01)</b>
<b>Weighted average number of shares outstanding - basic and diluted</b>		<b>4,700,000</b>	<b>4,669,945</b>

See accompanying notes to the condensed interim financial statements

# Benz Capital Corp.

Condensed Interim Statements of Financial Position  
(Unaudited – Expressed in Canadian Dollars)

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	Note	September 30, 2021	March 31, 2021
<b>ASSETS</b>			
Current Assets			
Cash and cash equivalents		\$ 267,673	\$ 280,001
Sales taxes recoverable		100	100
Prepaid expenses and deposits		2,500	-
Deferred financing costs		60,591	18,991
		<hr/>	<hr/>
		\$ 330,864	\$ 299,092
<b>LIABILITIES</b>			
Current Liabilities			
Trade and other payables		\$ 78,125	\$ 15,091
<b>EQUITY</b>			
Share capital	6	295,000	290,000
Deficit		(42,261)	(5,999)
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		252,739	284,001
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		\$ 330,864	\$ 299,092

Nature and Continuation of Operations (Note 1)  
Subsequent Events (Note 7)

## Approved on behalf of the Board

"Miloje Vicentijevic"  
Miloje Vicentijevic, President, CEO and Director

"Carlos Escribano"  
Carlos Escribano, CFO and Director

See accompanying notes to the condensed interim financial statements

# Benz Capital Corp.

Condensed Interim Statements of Cash Flows  
(Unaudited – Expressed in Canadian Dollars)

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	<b>Note</b>	<b>Six months ended September 31, 2021</b>
<b>Cash Flow from Operating Activities</b>		
Net loss for the period		\$ (36,262)
Changes in non-cash working capital:		
Prepaid expenses		(2,500)
Trade and other payables		21,434
Net cash flows used in operating activities		(17,328)
<b>Cash Flow from Financing Activities</b>		
Proceeds from common shares issued	6	5,000
Net cash flows provided by financing activities		5,000
<b>Net change in cash and cash equivalents</b>		<b>(12,328)</b>
<b>Cash and Cash Equivalents, Beginning of Year</b>		<b>280,001</b>
<b>Cash and Cash Equivalents, End of Year</b>		<b>\$ 267,673</b>

See accompanying notes to the condensed interim financial statements

# Benz Capital Corp.

Condensed Interim Statements of Changes in Equity  
(Unaudited – Expressed in Canadian Dollars)

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		Common Shares			
	Note	Number	Amount	Deficit	Total
<b>Balance, February 8, 2021</b>		-	\$ -	\$ -	\$ -
Shares issued for cash	6	4,600,000	290,000	-	290,000
Net loss		-	-	(5,999)	(5,999)
<b>Balance, March 31, 2021</b>		<b>4,600,000</b>	<b>\$ 290,000</b>	<b>\$ (5,999)</b>	<b>\$ 284,001</b>
Shares issued for cash	6	100,000	5,000	-	5,000
Net loss		-	-	(8,255)	(8,255)
<b>Balance, June 30, 2021</b>		<b>4,700,000</b>	<b>\$ 295,000</b>	<b>\$ (14,254)</b>	<b>\$ 280,746</b>
Share based payments	6	-	-	-	-
Net loss		-	-	(28,007)	(28,007)
<b>Balance, September 30, 2021</b>		<b>4,700,000</b>	<b>\$ 295,000</b>	<b>\$ (42,261)</b>	<b>\$ 252,739</b>

See accompanying notes to the condensed interim financial statements

### 1. NATURE AND CONTINUANCE OF OPERATIONS

Benz Capital Corp. (the “Company”) was incorporated under the Business Corporations Act (British Columbia) on February 8, 2021. The Corporation has applied for status as 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 proceeds raised from the issuance of share capital may only be used to identify and evaluate assets or businesses for future investment 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. The Company’s registered office is located at 927 Poirier Street, Coquitlam, British Columbia, V3J 6C3.

As at September 30, 2021, the Company has no business operations and its only assets are cash and cash equivalents, sales tax recoverable, prepaid expenses and deferred financing costs. The Company has not generated any revenues and has incurred losses of \$45,758 since inception. There is no assurance that it will be able to identify or complete a Qualifying Transaction 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. 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.

Where an acquisition or participation is warranted, additional funding may be required. The ability of the Company to fund its potential future operations and commitments is dependent upon its ability to obtain additional financing. Such an acquisition will be subject to regulatory approval and, if required, shareholder approval.

### 2. BASIS OF PRESENTATION

The Company prepares its annual financial statements (the “Financial Statements”) in accordance with International Financial Reporting Standards (“IFRS”). All financial information is reported in the Company’s functional and presentation currency, being the Canadian dollar, unless otherwise noted. These Financial Statements have been prepared using the accrual basis of accounting, except for cash flow information.

The Financial Statements were approved by the Board of Directors on November 29, 2021.

#### *Significant accounting judgments and estimates*

Estimates and judgements are continuously evaluated and are based on management’s experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

#### Critical Judgments

##### ***Going Concern***

The preparation of these Financial Statements requires management to make judgments regarding the going concern assumption for the Company as discussed in Note 1.

##### **Key Sources of Estimation Uncertainty**

Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions. Actual results could differ from those estimates and such differences could be significant. Significant estimates made by management affecting these Financial Statements include:

##### ***Deferred Tax Assets & Liabilities***

The estimation of income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company’s ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income, which in turn is dependent upon the successful completion of a Qualifying Transactions and future profitable operations. To the extent that management’s assessment of the Company’s ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets, and future income tax provisions or recoveries could be affected. The measurement of deferred income tax provision is subject to uncertainty associated with the timing of future events and changes in legislation, tax rates and interpretations by tax authorities.

##### ***Share-based compensation***

Management is required to make certain estimates when determining the fair value of stock option awards, and the number of awards that are expected to vest. These estimates affect the amount recognized as share-based compensation in the consolidated statement of loss and comprehensive loss.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### **Cash and Cash Equivalents**

Cash and cash equivalents includes deposits held with banks that are available on demand.

#### **Financial Instruments**

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

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

The Company's sales tax recoverable, and trade and other payables are measured at amortized cost. The contractual cash flows received from the financial assets are solely payments of principal and interest and are held within a business model whose objective is to collect the contractual cash flows. The financial assets and financial liabilities are subsequently measured at amortized cost using the effective interest method.

The Company's cash and cash equivalents is classified as a financial asset measured at fair value through profit and loss.

The Company has no financial instruments measured at FVOCI

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

#### **Loss per Share**

Basic loss per share is computed by dividing the net loss for the period by the weighted average number of common shares outstanding during the period. The diluted loss per share reflects the potential dilution of common share equivalents, such as outstanding share options and warrants, in the weighted average number of common shares outstanding during the period, if dilutive. For this purpose, the "treasury stock method" is used which assumes proceeds upon the exercise of share options and warrants are used to purchase common shares at the average market price 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. Basic and diluted loss per share are the same for the period presented.

### **Income Taxes**

Income tax expense is comprised of current and deferred tax. Current tax and deferred tax are recognized in net income or loss except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive income or loss. Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss. Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting period the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

### **Deferred Financing Costs**

Financing costs incurred related to the Company's proposed financing are deferred. Deferred costs consist primarily of agent and professional fees. Costs will be charged to share capital upon the issuance of shares. In the event that the share issuance does not occur, the costs will be charged to income in the period.

### **Share Capital**

The Company's common shares, and any future offerings of share warrants and options are classified as equity instruments. Incremental costs directly attributable to the issue of common shares are recognized as a deduction from equity.

### **Accounting Standards Issued But Not Yet Adopted**

The new accounting standards and amendments to existing standards that have been issued and that the Company will be required to adopt in future years are either not applicable or are not expected to have a significant impact on the Company's financial statements

## **4. 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.

The Company does not have any externally imposed capital requirements to which it is subject other than the restriction on the use of cash as referred to in Note 1.

# Benz Capital Corp.

## Notes to the Condensed Interim Financial Statements

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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.

### 5. FINANCIAL INSTRUMENTS AND RISK

The Company's financial instruments consist of cash and cash equivalents, sales tax recoverable, and trade and other payables. The fair value of the financial instruments approximates their carrying values, unless otherwise noted. The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

*a) Credit risk*

The Company's credit risk is mainly attributable to its liquid financial assets: cash and cash equivalents. The Company deposits cash with high credit quality financial institutions and credit risk is considered to be minimal. The Company's maximum exposure to credit risk is \$267,673, which is the carrying value of the Company's cash and cash equivalents at September 30, 2021.

*b) Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The risk that the Company will realize a cash loss is limited as the Company's liabilities are non-interest bearing. As at September 30, 2021, the Company is not exposed to any significant interest rate risk.

*c) Liquidity risk*

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they become due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at September 30, 2021, the Company had cash and cash equivalents balance of \$267,673 to settle current liabilities of \$78,125. Additional funds will be required to identify and evaluate potential qualifying transactions.

### 6. SHARE CAPITAL

Authorized:

Unlimited common shares, without par value

Issued:

On February 8, 2021, the Company issued its initial seed shares of 3,400,000 common shares for gross proceeds of \$170,000.

On March 16, 2021, the Company issued 1,200,000 common shares for gross proceeds of \$120,000.

On May 25, 2021, the Company issued 100,000 common shares for gross proceeds of \$5,000.

# Benz Capital Corp.

## Notes to the Condensed Interim Financial Statements

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### Escrow Shares:

All seed shares issued on February 8 and May 25, 2021, will be subject to an escrow agreement in accordance with the TSX Venture Exchange Policy 2.4. The shares will be released as follows: 25% upon the issuance of notice of final acceptance of a Qualifying Transaction by the TSX Venture Exchange, and the remainder in three equal tranches of 25% every six months thereafter for a period of 18 months.

### Stock Options:

The Company has adopted an incentive stock option plan which provides that the Board of Directors may from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officers, employees and consultants to the Company, nontransferable options to purchase Common Shares, provided that the number of Common Shares reserved for issuance will not exceed 10% of the issued and outstanding Common Shares. However, other than in connection with a Qualifying Transaction, during the time that the Company is a CPC, the aggregate number of Common Shares issuable upon exercise of all options granted under the Option Plan shall not exceed 10% of the Common Shares of the Company issued and outstanding at the closing of the Company's initial public offering. Such options will be exercisable for a period of up to ten years from the date of grant.

The Board of Directors determines the exercise price per common shares, the number of options granted to individual directors, officers, employees and consultants and all other terms and conditions of the options. The Plan is subject to regulatory approval.

As at September 30, 2021, no stock options have been granted.

## 7. SUBSEQUENT EVENTS

- a) Subsequent to the six months ended September 30, 2021, the Company completed an initial public offering ("IPO") of 3,444,000 common shares of the Company (the "Common Shares") at a price of \$0.10 per Common Share for gross proceeds of \$344,400 and is now listed on the TSX Venture Exchange (the "Exchange"). The Common Shares were listed on the Exchange at the market open on October 4, 2021.

The net proceeds of the offering, together with the proceeds from prior sales, will be used by the Corporation to identify and evaluate assets or businesses for acquisition with a view to completing a "Qualifying Transaction" under the Exchange's capital pool company program ("CPC").

In connection with the IPO, the Company paid the agent a cash commission of 10% of gross proceeds raised in the IPO and an administration fee. In addition, the Corporation granted to the agent non-transferable options to acquire up to an aggregate of 344,400 Common Shares (the "Agent's Options"). Each Agent's Option is exercisable to acquire one Common Share at an exercise price of \$0.10 for a period of 2 years following the date of completing a qualifying transaction in accordance with Exchange policies.

- b) On October 4, 2021, the Company granted an aggregate of 140,000 to a technical consultant of the Company, at an exercise price of \$0.10 per Common share for a period of 3 years from the date of issuance.
- c) On October 6, 2021, the Company granted an aggregate of 674,000 stock options to certain of its directors, officers and consultants, at an exercise price of \$0.10 per Common share for a period of 3 years from the date of issuance.

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## Notes to the Condensed Interim Financial Statements

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- d) On November 2, 2021, the Company issued 1,000,000 common shares at a price of \$0.10 per common share for gross proceeds of \$100,000 pursuant to a non-brokered private placement (the "Offering"). All of the common shares issued pursuant to the Offering are subject to a four-month hold period expiring March 2, 2022.