Bonanza Mining Corporation

Condensed Interim Consolidated Financial Statements

For the six months ended

August 31, 2022

Unaudited – Prepared by Management

(Expressed in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW
OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The accompanying condensed interim consolidated financial statements of Bonanza Mining Corporation (the "Company") as at August 31, 2022, and for the three and six months ended August 31, 2022, have been prepared by the management of the Company and approved by the Company's Audit Committee.

Under National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that an auditor has not reviewed the financial statements.

The accompanying condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by CPA Canada for a review of the interim financial statements by an entity's auditor.

Bonanza Mining Corporation

Condensed Interim Consolidated Statements of Financial Position

Unaudited – Prepared by Management

As at August 31, 2022 and February 28, 2022

	Note	**August 31, 2022 $**	February 28, 2022 $
Assets			
Current assets			
Cash		320,683	1,316,966
Receivables and prepayments	3	75,382	45,822
		396,065	1,362,788
Non-current assets			
Deposit	3	28,750	28,750
Prepaid exploration expenditures		138,423	7,000
Reclamation deposits	4	36,700	30,000
Mineral property interests	4	1,756,232	1,022,360
		1,960,105	1,088,110
Total assets		**2,356,170**	2,450,898
Liabilities and shareholders' equity			
Current liabilities			
Accounts payable and accrued liabilities		29,242	24,581
Accounts payable to related parties	7	119,686	101,487
Flow-through premium liability	10	21,721	107,642
Total liabilities		**170,649**	233,710
Shareholders' equity			
Share capital	5	4,316,976	4,292,976
Contributed surplus	5	331,182	348,198
Deficit		(2,462,637)	(2,423,986)
Total shareholders' equity		**2,185,521**	2,217,188
Total liabilities and shareholders' equity		**2,356,170**	2,450,898
Nature of operations and going concern	1		
Commitment	10		
Event after the reporting period	12		

Approved on behalf of the Board of Directors on October 6, 2022:

"Andrew S. Burgess" **Director** *"Christopher Graf"* **Director**

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Bonanza Mining Corporation

Condensed Interim Consolidated Statement of Changes in Shareholders' Equity

Unaudited – Prepared by Management

For the six months ended August 31, 2022 and August 31, 2021

	Number of shares #	Share capital $	Contributed surplus $	Deficit $	Total shareholders' equity $
March 1, 2021	8,535,601	641,727	-	(99,270)	542,457
Reverse acquisition transaction (Note 11):					-
Issuance of shares pursuant to reverse acquisition	16,987,000	2,208,310	-	-	2,208,310
Recapitalization of legal parent	8,535,601	-	-	-	-
Private placement shares issued	12,000,000	1,700,000	-	-	1,700,000
Flow-through premium liability	-	(140,000)	-	-	(140,000)
Share issue costs - cash	-	(89,661)	-	-	(89,661)
Share issue costs - finders' warrants	-	(27,400)	27,400	-	-
Share-based payments	-	-	239,703	-	239,703
Loss and comprehensive loss for the period	-	-	-	(2,092,184)	(2,092,184)
August 31, 2021	46,058,202	4,292,976	267,103	(2,191,454)	2,368,625
March 1, 2022	46,058,202	4,292,976	348,198	(2,423,986)	2,217,188
Shares issued for mineral property option payments	200,000	24,000	-	-	24,000
Re-allocated on cancellation of stock options	-	-	(37,198)	37,198	-
Share-based payments	-	-	20,182	-	20,182
Loss and comprehensive loss for the period	-	-	-	(75,849)	(75,849)
August 31, 2022	**46,258,202**	**4,316,976**	**331,182**	**(2,462,637)**	**2,185,521**

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Bonanza Mining Corporation

Condensed Interim Consolidated Statements of Loss and Comprehensive loss

Unaudited – Prepared by Management

For the three and six months ended August 31, 2022 and August 31, 2021

		Three months ended		Six months ended	
		August 31, 2022	August 31, 2021	**August 31, 2022**	August 31, 2021
	Note	**$**	$	**$**	$
Expenses					
General and administrative expenses		14,272	12,990	30,144	17,768
Professional fees	7	35,768	34,951	41,918	39,603
Salaries and benefits	7	31,469	31,434	65,261	53,580
Share-based payments	5,7	6,900	111,678	20,182	239,703
Transfer agent and filing fees		4,795	4,077	7,632	10,144
Loss from operating expenses		**(93,204)**	(195,130)	**(165,137)**	(360,798)
Interest income		2,728	-	3,367	-
Listing expense	11	-	-	-	(1,742,476)
Other income		-	-	-	4,310
Settlement of flow-through premium liability	10	85,814	5,909	85,921	6,780
Loss and comprehensive loss for the period		**(4,662)**	(189,221)	**(75,849)**	(2,092,184)
Loss per share					
Weighted average number of common shares outstanding					
- Basic #	6	**46,194,466**	46,058,202	**46,125,593**	42,236,802
- Diluted #	6	**46,194,466**	46,058,202	**46,125,593**	42,236,802
Basic loss per share $	6	**(0.00)**	(0.00)	**(0.00)**	(0.05)
Diluted loss per share $	6	**(0.00)**	(0.00)	**(0.00)**	(0.05)

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Bonanza Mining Corporation

Condensed Interim Consolidated Statements of Cash Flows

Unaudited – Prepared by Management

For the six months ended August 31, 2022 and August 31, 2021

	Note	**August 31, 2022 $**	August 31, 2021 $
Operating activities			
Loss for the period		(75,849)	(2,092,184)
Adjustments for:			
Share-based payments		20,182	239,703
Interest income		(3,367)	-
Listing expense		-	1,742,476
Settlement of flow-through premium liability		(85,921)	(6,780)
Net change in non-cash working capital items	8	(50,054)	(304,798)
		(195,009)	(421,583)
Financing activities			
Shares issued for cash		-	1,700,000
Share issue costs		-	(89,661)
		-	1,610,339
Investing activities			
Interest received		3,367	-
Prepaid exploration expenditures		(131,423)	(7,000)
Reclamation deposits		(6,700)	-
Mineral property acquisition costs		(65,466)	(117,932)
Deferred exploration and evaluation expenditures		(601,052)	(29,425)
Cash acquired on reverse acquisition	11	-	612,013
		(801,274)	457,656
Change in cash		**(996,283)**	1,646,412
Cash, beginning of period		**1,316,966**	145,759
Cash, end of period		**320,683**	1,792,171
Supplemental cash flow information	8		

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

1. Nature of operations and going concern

Bonanza Mining Corporation ("Bonanza" or the "Company") was incorporated on November 24, 2016, under the laws of the Province of British Columbia, Canada. The Company's head office is located at 105 - 1008 Beach Avenue, Vancouver, British Columbia, Canada, V6E 1T7, and its registered and records office is located at Suite 1710 – 1177 West Hastings Street, Vancouver, British Columbia, V6E 2L3. The Company's common shares trade on the TSX Venture Exchange ("TSX-V") under the symbol "BNZ.V".

The Company's main business activity is the acquisition, exploration and evaluation of mineral property interests located in British Columbia, Canada. The Company is in the process of exploring its mineral property interests and has not yet determined whether its mineral property interests contain mineral reserves that are economically recoverable. The Company's continuing operations and the underlying value and recoverability of the amounts shown for mineral property interests are entirely dependent upon the existence of economically recoverable mineral reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of the mineral property interests, obtaining the necessary permits to mine, and on future profitable production or proceeds from the disposition of the mineral property interests.

On March 23, 2021, the Company (formerly Califfi Capital Corp. ("Califfi") until changing its name to Bonanza Mining Corporation on August 5, 2021) closed its Qualifying Transaction and acquired 1107001 B.C. Ltd. ("7001 BC") (formerly Bonanza Mining Corporation until changing its name to 1107001 B.C. Ltd. on July 21, 2021), a private British Columbia mineral exploration company holding mineral property interests in British Columbia (Note 11). On November 30, 2021, the two companies amalgamated as one company under the name Bonanza Mining Corporation.

These condensed interim consolidated financial statements (the "financial statements") are prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of operations. As an exploration stage company, the Company does not have traditional sources of revenue, and historically has relied on equity and related party financing to cover its operating expenses. As at August 31, 2022, the Company had working capital of $225,416 (February 28, 2022 – $1,129,078) and shareholders' equity of $2,185,521 (February 28, 2022 - $2,217,188). Management has determined that this working capital, in addition to the $305,000 in proceeds expected from the private placement financing announced in September 2022 (Note 12), will be sufficient for the Company to continue as a going concern beyond one year. If the going concern assumption were not appropriate for these financial statements, it could be necessary to restate the Company's assets and liabilities on a liquidation basis.

The continued impact of the COVID-19 pandemic could include significant COVID-19 specific costs, volatility in the prices for gold and other metals, logistical challenges and delays, additional travel restrictions, and workforce interruptions. Depending on the duration and extent of the impact of COVID-19, this could materially impact the Company's results of operations, cash flows and financial condition. The Company's requirement to incur flow-through expenditures by the end of 2021 was relaxed by the Government allowing the Company an extension for the remainder of its requirement through to December 31, 2022 (Note 10). However, it may not be possible to complete these expenditures given the risks outlined above.

2. Significant accounting policies

Basis of presentation

These financial statements have been prepared in conformity with International Accounting Standard (“IAS”) 34, Interim Financial Reporting, using the same accounting policies as detailed in the Company’s annual consolidated audited financial statements for the year ended February 28, 2022, and do not include all the information required for full annual financial statements in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). It is suggested that these financial statements be read in conjunction with the annual audited consolidated financial statements.

These financial statements have been prepared on a historical cost basis, except for financial instruments measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

All amounts on the financial statements are presented in Canadian dollars which is the functional currency of the Company and its former subsidiary through to the date of amalgamation on November 30, 2021.

Principles of consolidation

These financial statements include the financial statements of Bonanza Mining Corporation (legal parent) and formerly its wholly-owned legal subsidiary, 7001 BC, through to the date that the two companies were amalgamated as one company under the name Bonanza Mining Corporation on November 30, 2021, under the Business Corporations Act of British Columbia.

Subsidiaries are entities controlled by the Company and are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries are changed where necessary to align them with the policies adopted by the Company.

Inter-company balances and transactions, and any unrealized income and expenses arising from inter-company transactions, are eliminated in preparing these financial statements. Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment, to the extent of the Company’s interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

Significant accounting policies

The accounting policies, estimates and critical judgments, methods of computation and presentation applied in these financial statements are consistent with those of the most recent annual audited consolidated financial statements and are those the Company expects to adopt in its financial statements for the year ended February 28, 2023. Accordingly, these financial statements should be read in conjunction with the Company’s most recent annual consolidated audited financial statements.

Standards issued but not yet effective

Certain pronouncements have been issued by the IASB or IFRIC that are effective for accounting periods beginning on or after January 1, 2022. The Company has reviewed these updates and determined that none are applicable or consequential to the Company and have been excluded from discussion within these significant accounting policies.

3. Receivables and prepayments, and deposit

Receivables consist of the following:

	August 31, 2022	February 28, 2022
	$	$
Goods and services tax recoverable	45,240	27,816
Prepaid expenses	30,142	18,006
	75,382	45,822

Deposit:

The Company holds a variable rate guaranteed investment certificate ("GIC") in the amount of $28,750 bearing interest at prime less 2.40% per annum, as collateral for its corporate credit cards. The GIC has a term of one year maturing on December 1, 2022 and renews automatically.

4. Mineral property interests

The Company's mineral property interests consist of exploration stage mineral properties located in British Columbia, Canada. Properties which are in close proximity and could be developed as a single economic unit are grouped into projects.

Changes in the project carrying amounts for the six months ended August 31, 2022 and August 31, 2021, are summarized as follows:

	March 1, 2022	**Acquisition/staking/ assessments**	**Exploration and evaluation**	**August 31, 2022**
	$	**$**	**$**	**$**
MC 1 & 2	469,038	-	-	469,038
Shag	394,361	45,386	22,602	462,349
Frog	158,961	44,080	621,804	824,845
	1,022,360	**89,466**	**644,406**	**1,756,232**

	March 1, 2021	Acquisition/staking/ assessments	Exploration and evaluation	August 31, 2021
	$	$	$	$
MC 1 & 2	463,555	-	5,227	468,782
Shag	61,363	52,966	11,863	126,192
Frog	44,833	64,966	23,590	133,389
	569,751	117,932	40,680	728,363

4. Mineral property interests (continued)

Exploration and evaluation expenditures on the projects consisted of the following:

Six months ended August 31,	**2022** $	2021 $
Field	416,856	-
Labour	36,678	-
Surveys and consulting	190,872	40,680
	644,406	40,680

(a) MC 1 & 2 Property (Rock of Ages/Dalhousie Property)

In March 2017, the Company entered into an agreement to acquire a 100% interest in certain gold-silver-lead-zinc mineral claims located in the Skeena Mining Division of Stewart, British Columbia, (the "MC 1 & 2 Property") from an optionor by making cash payments totalling $75,000 (completed), issuing 475,000 common shares of the Company (completed), and incurring minimum aggregate exploration expenditures of $100,000 (completed).

The optionor of the property retains a 2% net smelter return royalty ("NSR"), of which 1% can be purchased by the Company at any time for $1,000,000.

(b) Shag property

In February 2018 and as amended on September 22, 2020, and February 24, 2021, the Company entered into an agreement to acquire a 100% interest in certain zinc-lead mineral claims located near Golden, British Columbia, known as the Shag property from Christopher Graf, Vice-President Exploration, Director of the Company, by making cash payments and issuing common shares of the Company as detailed below and incurring minimum aggregate exploration expenditures of $1,000,000.

Cash payments of $125,000:

- $15,000 on February 21, 2018 upon signing (paid);
- $25,000 upon completion of the Transaction with Califfi in March 2021 (paid);
- $20,000 on or before July 1, 2021 (paid);
- $20,000 on or before July 1, 2022 (paid);
- $20,000 on or before July 1, 2023; and
- $25,000 on or before July 1, 2024.

Issuing 675,000 common shares:

- 75,000 common shares on February 21, 2018 upon signing (issued, fair value of $7,500);
- 100,000 common shares on or before February 21, 2019 (issued, fair value of $10,000);
- 100,000 common shares on or before June 19, 2020 (issued, fair value of $15,000);
- 100,000 common shares on or before July 1, 2022 (issued, fair value of $12,000);
- 100,000 common shares on or before July 1, 2023;
- 100,000 common shares on or before July 1, 2024; and
- 100,000 common shares on or before July 1, 2025.

Incurring aggregate exploration expenditures of $1,000,000:

- $250,000 on or before December 31, 2022 (completed);
- Cumulative costs of $500,000 on or before December 31, 2023;
- Cumulative costs of $750,000 on or before December 31, 2024; and
- Cumulative costs of $1,000,000 on or before December 31, 2025.

The optionor of the property retains a 3% NSR, of which 1.5% can be purchased by the Company at any time for $1,000,000.

4. Mineral property interests (continued)

(c) Frog property

In February 2018 and as amended on September 22, 2020, and February 24, 2021, the Company entered into an agreement to acquire a 100% interest in certain zinc-lead-silver-copper mineral claims located in the Liard Mining District in British Columbia, known as the Frog property from Christopher Graf, Vice-President Exploration, Director of the Company, and Theodore Muraro, an arm's length party (with 50% of the cash and common share consideration payable by the Company to each individual). The Company can acquire the property by making cash payments and issuing common shares of the Company as detailed below and incurring minimum aggregate exploration expenditures of $1,000,000.

Cash payments of $125,000:

- $40,000 upon completion of the Transaction with Califfi in March 2021 (paid);
- $15,000 on or before July 1, 2021 (paid);
- $20,000 on or before July 1, 2022 (paid);
- $20,000 on or before July 1, 2023; and
- $30,000 on or before July 1, 2024.

Issuing 675,000 common shares:

- 75,000 common shares on February 21, 2018 upon signing (issued, fair value of $7,500);
- 100,000 common shares on or before April 30, 2019 (issued, fair value of $10,000);
- 100,000 common shares on or before June 19, 2020 (issued, fair value of $15,000);
- 100,000 common shares on or before July 1, 2022 (issued, fair value of $12,000);
- 100,000 common shares on or before July 1, 2023;
- 100,000 common shares on or before July 1, 2024; and
- 100,000 common shares on or before July 1, 2025.

Incurring aggregate exploration expenditures of $1,000,000:

- $250,000 on or before December 31, 2022 (completed);
- Cumulative costs of $500,000 on or before December 31, 2023 (completed);
- Cumulative costs of $750,000 on or before December 31, 2024; and
- Cumulative costs of $1,000,000 on or before December 31, 2025.

The optionors retain a 3% NSR, of which 1.5% can be purchased by the Company at any time for $1,000,000.

Reclamation deposits

The reclamation deposits are comprised of cash deposits pledged to the Minister of Finance of British Columbia in relation to the MC, Shag, and Frog properties to ensure these properties are properly restored after exploration. Management has determined that the Company has no material reclamation work related to these properties.

5. Share capital

The authorized share capital of the Company consists of unlimited common shares without par value. All issued shares are fully paid.

Transactions for the issue of share capital during the six months ended August 31, 2022:

- In June 2022, the Company issued 100,000 common shares with a fair value of $12,000 ($0.12 per share) to the optionor of the Shag property (Note 4(b)) in accordance with the terms of the underlying option agreement.
- In June 2022, the Company issued 100,000 common shares with a fair value of $12,000 ($0.12 per share) to the optionors of the Frog property (Note 4(c)) in accordance with the terms of the underlying option agreement.

Transactions for the issue of share capital during the six months ended August 31, 2021:

- In March 2021, concurrent with closing of the RTO (Note 11), the Company completed a private placement comprising the issuance of 5,000,000 non-flow-through common shares at $0.13 each, and 7,000,000 flow-through common shares at $0.15 each, for aggregate gross proceeds of $1,700,000.

  The flow-through common shares were issued at a premium to the non-flow-through common shares which reflected the value of the income tax write-offs that the Company renounced to the flow-through shareholders effective December 31, 2021. The premium was determined to be $140,000 and was recorded as a flow-through premium liability (Note 10) and is being reduced pro rata as the expenditures are incurred.

  Finders' fees totaling $81,161 were incurred in respect of the placement in addition to the issuance of 579,860 finders' warrants having a fair value of $27,400. Each finder's warrant is exercisable at $0.15 each for two years until March 23, 2023. Additionally, legal and filing fees totalling $8,500 were incurred in respect of the private placement.

Escrowed shares

In connection with completion of the RTO (Note 11), the Company entered into an Escrow Agreement in relation to certain of its issued and outstanding common shares which are subject to a timed release over the course of 36-months ending in March 2024. As at August 31, 2022, there were 10,335,002 common shares held in escrow (February 28, 2022 – 12,918,752).

Stock options

The Company has an incentive stock option plan (the "Plan"). The essential elements of the Plan provide that the aggregate number of common shares of the Company's capital stock issuable pursuant to options granted under the Plan may not exceed 10% of the issued and outstanding common shares. Options granted under the Plan will have a maximum term of ten years. The exercise price of options granted under the Plan will not be less than the market price of the common shares (defined as the last closing market price of the Company's common shares immediately preceding the day on which the Company announces the granting of the options), or such other price as may be agreed to by the Company and accepted by the TSX-V. Vesting terms are determined by the Board of Directors at the time of grant.

A summary of the status of the Company's stock options as at August 31, 2022 and February 28, 2022 and changes during the period/year then ended is as follows:

	Period ended August 31, 2022		Year ended February 28, 2022	
	Options #	Exercise price $	Options #	Exercise price $
Options outstanding, beginning of period/year	4,800,000	0.15	-	-
Granted	-	-	5,100,000	0.15
Cancelled	(500,000)	0.15	(300,000)	0.15
Options outstanding, end of period/year	**4,300,000**	**0.15**	4,800,000	0.15

5. Share capital (continued)

Stock options (continued)

As at August 31, 2022, the Company has stock options outstanding and exercisable as follows:

Options outstanding #	Options exercisable #	Exercise price $	Expiry date	Average remaining life (years)
3,550,000	3,550,000	0.15	March 23, 2026	3.56
250,000	250,000	0.15	August 13, 2026	3.95
500,000	375,000	0.15	November 1, 2026	4.17
4,300,000	**4,175,000**	**0.15**		**3.66**

During the year ended February 28, 2022, 5,100,000 stock options were granted to Officers and Directors of the Company exercisable at $0.15 each with terms of five years. The Company recorded the fair value of the stock options granted using the Black-Scholes option pricing model. The fair value is particularly impacted by the Company's stock price volatility. The fair values were determined using the following weighted average assumptions:

	February 28, 2022
Risk-free interest rate	1.0%
Expected life of stock options (years)	5.0
Expected volatility	75.0%
Dividend rate	0%
Weighted average fair value per stock option granted	$ 0.08

During the six months ended August 31, 2022, 500,000 Director and Officer stock options were cancelled. As a result, the original share-based payments expense of $37,198 was reversed from contributed surplus and credited to deficit.

The total share-based payments expense for the six months ended August 31, 2022 was $20,182 (2021 - $239,703), which is presented as an operating expense and represents options that vested during the period or accruals for options vesting in future periods.

Warrants

As an incentive to complete private placements, the Company may issue units which include common shares and common share purchase warrants. Using the residual value method, the Company determines whether a value should be allocated to the warrants attached to the units sold in completed private placements. Finders' warrants may be issued as a private placement share issue cost and are valued using the Black-Scholes option pricing model.

A summary of the status of the Company's warrants as at August 31, 2022 and February 28, 2022, and changes during the period/year then ended is as follows:

	Period ended August 31, 2022		Year ended February 28, 2022	
	Warrants #	Weighted average exercise price $	Warrants #	Weighted average exercise price $
Warrants outstanding, beginning of period/year	579,860	0.15	-	-
Finders' warrants issued	-	-	579,860	0.15
Warrants outstanding, end of period/year	**579,860**	**0.15**	579,860	0.15

5. Share capital (continued)

Warrants (continued)

The finders' warrants issued as part of the private placement which closed concurrently with the RTO (Note 11) were recorded at fair value using the Black-Scholes option pricing model. The fair value was calculated using the following weighted average assumptions: expected life – two years, stock price volatility – 75%, no dividend yield, and a risk-free interest rate yield of 0.92%. The fair value is particularly impacted by the Company's stock price volatility.

As at August 31, 2022, the Company has warrants outstanding and exercisable as follows:

Warrants outstanding #	Warrants exercisable #	Exercise price $	Expiry date	Average remaining life (years)
579,860	**579,860**	**0.15**	**March 23, 2023**	**0.56**

Contributed surplus

Contributed surplus includes the accumulated fair value of stock options recognized as share-based payments, and the fair value of finders' warrants issued on private placements. Contributed surplus is increased by the fair value of these items on vesting and/or issuance and is reduced by corresponding amounts when the options or warrants expire or are exercised or cancelled.

	Options $	Warrants $	Total $
March 1, 2021	-	-	-
Options vesting	239,703	-	239,703
Finders' warrants issued	-	27,400	27,400
August 31, 2021	239,703	27,400	267,103
March 1, 2022	320,798	27,400	348,198
Options vesting	20,182	-	20,182
Options cancelled	(37,198)	-	(37,198)
August 31, 2022	**303,782**	**27,400**	**331,182**

6. Loss per share

The calculation of basic and diluted loss per share for the six months ended August 31, 2022 was based on the loss attributable to common shareholders of $75,849 (2021 – $2,092,184) and a weighted average number of common shares outstanding of 46,125,593 (2021 – 42,236,802). All stock options and warrants were excluded from the diluted weighted average number of common shares calculation, as their effect would have been anti-dilutive.

7. Related party payables and transactions

Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the Corporation, directly or indirectly. Key management personnel include the Corporation's Executive Officers and Board of Director members. There were no loans to management personnel or Directors, or entities over which they have control or significant influence, during the six months ended August 31, 2022 and August 31, 2021.

Christopher Graf, Vice-President Exploration and Director, and Alfredo De Lucrezia, President, CEO and Director each receive salaries and incentive stock options. No other key management personnel or Directors receive salaries, non-cash benefits (other than stock options), or other remuneration directly from the Company. Key management personnel and Directors participate in the Company's stock option plan.

There were no stock options granted to Officers or Directors during the six months ended August 31, 2022.

During the six months ended August 31, 2021, 4,600,000 stock options were granted to Officers and Directors concurrent with the closing of the RTO and the appointment of a new Officer. The options granted are exercisable at $0.15 each until either March 23, 2026 or August 13, 2026, and vested quarterly over a one-year period. The total share-based payment expense for the six months ended August 31, 2021 attributable to Officers and Directors was $239,703, which represented an accrual for options that vested in a future quarter.

During the six months ended August 31, 2022, 500,000 Director and Officer stock options were cancelled. As a result, the original share-based payments expense of $37,198 was reversed from contributed surplus and credited to deficit.

The total share-based payment expense for the six months ended August 31, 2022 attributable to Officers and Directors was $20,182, which includes the vesting of options and accruals for future vesting periods.

The Company transacted with the following related parties:

(a) Andrew Burgess was the Company's CFO until March 23, 2021 and continues to serve as a Director of the Company. He provided the Company with accounting and taxation services through to March 2021 which were recorded within professional fees.

(b) Christopher Graf is the Company's Vice-President Exploration, and a Company Director. His salary is included within salaries and benefits.

(c) Alfredo De Lucrezia is the Company's President and CEO, and a Company Director. His salary is included within salaries and benefits.

(d) Dan Martino is the Company's CFO (since August 13, 2021). He is a principal of Donaldson Brohman Martin CPA, Inc. ("DBM CPA"), a firm in which he has significant influence. DBM CPA provides the Company with accounting and tax services which are recorded within professional fees. The Company's former CFO, Larry Donaldson (until August 13, 2021) is also a principal of DBM CPA.

(e) Glenn Yeadon is the Company's Corporate Secretary. He controls Glenn R. Yeadon Personal Law Corporation ("Yeadon Law Corp."), which provides the Company with legal services which are recorded within either professional fees or share issue costs as a reduction to share capital.

(f) Charles Greig is a Director of the Company. He controls C.J. Greig and Associates Ltd. ("C.J. Greig and Associates"), which provides the Company with geological services which are capitalized to mineral property interests.

7. Related party payables and transactions

The aggregate value of transactions and outstanding balances with key management personnel and Directors and entities over which they have control or significant influence were as follows:

		Transactions six months ended August 31, 2022 $	Transactions six months ended August 31, 2021 $	**Balances payable outstanding August 31, 2022 $**	Balances payable outstanding February 28, 2022 $
	Andrew Burgess	-	2,500	-	-
	Chris Graf	30,000	25,000	-	-
	Alfredo De Lucrezia	30,000	25,000	-	-
	DBM CPA	29,000	19,450	4,725	4,725
(1)	Yeadon Law Corp., net	5,650	40,858	79,191	96,762
	C.J. Greig and Associates	36,678	-	35,770	-
		131,328	112,808	**119,686**	101,487

(1) Transactions for the six months ended August 31, 2022, included $nil in share issue costs (2021 - $8,500). The amount is shown as net credit recorded against the amount payable to Yeadon Law Corp.

All related party balances are unsecured and are due within thirty days without interest.

8. Supplemental cash flow information

Changes in non-cash operating working capital during the six months ended August 31, 2022 and August 31, 2021 were comprised of the following:

	August 31, 2022 $	August 31, 2021 $
Receivables and prepayments	(29,560)	(20,773)
Accounts payable and accrued liabilities	(38,693)	(180,135)
Accounts payable to related parties	18,199	(103,890)
Net change	**(50,054)**	(304,798)

The Company incurred the following non-cash financing and investing activities during the six months ended August 31, 2022 and August 31, 2021, as follows:

	August 31, 2022 $	August 31, 2021 $
Non-cash financing activities:		
Share capital reduced by flow-through share premium	-	140,000
Fair value of finders' warrants issued	-	27,400
	-	167,400
Non-cash investing activities:		
Deferred exploration expenditures included within accounts payable and accrued liabilities	44,394	11,894
Shares issued for mineral property acquisition costs	24,000	-
	68,394	11,894

During the six months ended August 31, 2022 and August 31, 2021, there were no amounts were paid on account of interest or income taxes.

9. Financial risk management

Capital management

The Company is a junior exploration company and considers items included in shareholders' equity as capital. The Company manages its capital structure and adjusts it in light of changes in economic conditions and the risk characteristics of underlying assets. The Company's objectives when managing capital are to safeguard its ability to continue as a going concern by maintaining appropriate cash reserves on hand to meet ongoing operating costs. The Company may from time to time, invest excess cash into highly-liquid financial instruments such as guaranteed investment certificates or high-interest savings accounts. In order to maintain or adjust its capital structure, the Company may issue new shares. The Company is not subject to any externally imposed capital requirements and does not presently utilize any quantitative measures to monitor its capital. There were no changes to the Company's approach to capital management during the six months ended August 31, 2022.

As at August 31, 2022, the Company's capital structure is comprised of shareholders' equity of $2,185,521 (February 28, 2022 - $2,217,188).

The Company currently has no source of revenues. In order to fund future projects and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. The Company's ability to continue as a going concern on a long-term basis and realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation is primarily dependent upon its ability to sell or option its mineral properties and its ability to borrow or raise additional financing from equity markets.

Financial instruments - fair value

The Company's financial instruments consist of cash, deposit, reclamation deposits, accounts payable and accrued liabilities, and accounts payable to related parties. The carrying values of these instruments approximate their fair values because of the short-term nature of these instruments.

The Company does not have any financial instruments measured at fair value on the condensed interim consolidated statements of financial position. However, at initial recognition financial instruments are measured at fair value into the following fair value hierarchy levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

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

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

Financial instruments - classification

Financial assets:	Classification and measurement:
Cash	Amortized cost
Deposit	Amortized cost
Reclamation deposits	Amortized cost

Financial liabilities:	Classification and measurement:
Accounts payable and accrued liabilities	Amortized cost
Accounts payable to related parties	Amortized cost

9. Financial risk management (continued)

Financial instruments - risk

The Company's financial instruments are exposed to certain financial risks, including credit risk, interest rate risk, and liquidity risk.

a) Credit risk

The Company is exposed to credit risk by holding cash, deposit, and reclamation deposits. This risk is minimized by holding the cash and deposit in a large Canadian chartered bank. The Company's exposure on its reclamation deposits is minimal as they are due from the provincial government of British Columbia.

b) Interest rate risk

The Company is exposed to interest rate risk because of fluctuating interest rates on its high-interest savings account (cash). Fluctuations in market rates do not have a significant impact on the Company's operations. For the six months ended August 31, 2022 every 1% fluctuation in interest rates up or down would have had an insignificant impact on loss for the period.

c) Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its financial obligations as they come due. The Company manages this risk by careful management of its working capital to ensure its expenditures will not exceed available resources.

10. Commitment

Flow-through premium liability:

In March 2021, the Company completed a private placement of flow-through shares for gross proceeds of $1,050,000. The Company is required to spend the funds on qualified exploration programs no later than December 31, 2022.

As at August 31, 2022, approximately $1,001,000 had been spent or paid as deposits for exploration services, leaving approximately $49,000 remaining to be spent.

A summary of the Company's flow-through premium liability as at August 31, 2022 and February 28, 2022, and changes during the period/year then ended is as follows:

	August 31, 2022	February 28, 2022
	$	$
Balance, beginning of period/year	107,642	15,646
Addition - March 2021 private placement	-	140,000
Reduction - pro rata based on eligible expenditures	(85,921)	(48,004)
Balance, end of period/year	**21,721**	107,642

11. Reverse acquisition

On March 23, 2021, the Company (formerly Califfi Capital Corp., "Califfi") and 7001 BC completed a Transaction which constituted an RTO (Note 1). The Transaction resulted in the shareholders of 7001 BC obtaining control of the combined entity by obtaining control of the voting rights, governance, and management decision making processes, and the resulting power to govern the financial and operating policies of the combined entity.

The Transaction constituted an RTO of Califfi by 7001 BC and was accounted for as a reverse acquisition transaction in accordance with the guidance provided in IFRS 2, *Share-based Payments* and IFRS 3, *Business Combinations*. As Califfi did not qualify as a business according to the definition in IFRS 3, the RTO did not constitute a business combination; rather it was treated as an issuance of common shares by 7001 BC for the net assets of Califfi and Califfi's public listing, with 7001 BC as the continuing entity. Accordingly, no goodwill or intangible assets were recorded with respect to the transaction as it does not constitute a business.

For accounting purposes, 7001 BC was treated as the accounting parent company (legal subsidiary) and Califfi was treated as the accounting subsidiary (legal parent) in these financial statements. As 7001 BC was deemed to be the acquirer for accounting purposes, its assets, liabilities, and operations since incorporation were included in these financial statements at their historical carrying values. Califfi's results of operations have been included from March 23, 2021. On November 30, 2021, the two companies amalgamated as one company under the name Bonanza Mining Corporation.

Net assets (liabilities) of Califfi acquired:	March 23, 2021 $
Cash	612,013
Receivables	15,458
Accounts payable and accrued liabilities	(151,690)
Accounts payable to related parties	(9,947)
Net assets acquired	465,834

Consideration paid on RTO:	$
Common shares (fair value of 16,987,000 common shares at $0.13 per share)	2,208,310
Total consideration paid	2,208,310
Listing expense	1,742,476

The Transaction was measured at the fair value of the shares that 7001 BC would have had to issue to the shareholders of Califfi, to give the shareholders of Califfi the same percentage equity interest in the combined entity that resulted from the reverse acquisition had it taken the legal form of 7001 BC acquiring Califfi.

Concurrently with closing of the RTO, the following occurred:

- 1,500,000 stock options outstanding in Califfi exercisable at $0.10 were exercised for proceeds of $150,000. Upon closing of the RTO, Califfi had no stock options outstanding; and
- The Company completed a private placement for gross proceeds of $1,700,000.

12. Event after the reporting period

On September 20, 2022, the Company announced a non-brokered private placement offering (the "Offering") consisting of gross proceeds of up to $305,000 as follows:

- Up to 2,500,000 flow-through units at a price of $0.10 per unit, for gross proceeds of $250,000, that qualify for the 30% Critical Mineral Exploration Tax Credit. Each flow-through unit consists of one common share and one share purchase warrant exercisable at a price of $0.15 for two years following closing of the Offering; and
- Up to 1,500,000 non-flow-through units at $0.07 per unit, for gross proceeds of $105,000. Each non-flow-through unit consists of one common share and one share purchase warrant exercisable at a price of $0.15 for two years following closing of the Offering.