Bonanza Mining Corporation

Condensed Interim Consolidated Financial Statements

For the nine months ended

November 30, 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 November 30, 2022, and for the three and nine months ended November 30, 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 November 30, 2022 and February 28, 2022

	Note	**November 30, 2022 $**	February 28, 2022 $
Assets			
Current assets			
Cash		260,654	1,316,966
Receivables and prepayments	3	37,366	45,822
		298,020	1,362,788
Non-current assets			
Deposit	3	28,750	28,750
Prepaid exploration expenditures		68,768	7,000
Reclamation deposits	4	36,700	30,000
Mineral property interests	4	2,128,316	1,022,360
		2,262,534	1,088,110
Total assets		**2,560,554**	2,450,898
Liabilities and shareholders' equity			
Current liabilities			
Accounts payable and accrued liabilities		9,479	24,581
Accounts payable to related parties	7	87,362	101,487
Flow-through premium liability	10	13,696	107,642
Total liabilities		**110,537**	233,710
Shareholders' equity			
Share capital	5	4,493,576	4,292,976
Contributed surplus	5	406,902	348,198
Deficit		(2,450,461)	(2,423,986)
Total shareholders' equity		**2,450,017**	2,217,188
Total liabilities and shareholders' equity		**2,560,554**	2,450,898
Nature of operations and going concern	1		
Commitment	10		

Approved on behalf of the Board of Directors on January 12, 2023:

"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 nine months ended November 30, 2022 and November 30, 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	-	-
Re-allocated on cancellation of stock options	-	-	(22,319)	22,319	-
Share-based payments	-	-	302,368	-	302,368
Loss and comprehensive loss for the period	-	-	-	(2,224,111)	(2,224,111)
November 30, 2021	46,058,202	4,292,976	307,449	(2,301,062)	2,299,363
March 1, 2022	46,058,202	4,292,976	348,198	(2,423,986)	2,217,188
Private placement units issued	3,636,000	271,800	72,720	-	344,520
Flow-through premium liability	-	(90,000)	-	-	(90,000)
Share issue costs - cash	-	(4,500)	-	-	(4,500)
Share issue costs - finders' shares	48,000	-	-	-	-
Share issue costs - finders' warrants	-	(700)	700	-	-
Shares issued for mineral property interests	200,000	24,000	-	-	24,000
Re-allocated on cancellation of stock options	-	-	(37,198)	37,198	-
Share-based payments	-	-	22,482	-	22,482
Loss and comprehensive loss for the period	-	-	-	(63,673)	(63,673)
November 30, 2022	**49,942,202**	**4,493,576**	**406,902**	**(2,450,461)**	**2,450,017**

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

Bonanza Mining Corporation

Condensed Interim Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)

Unaudited – Prepared by Management

For the three and nine months ended November 30, 2022 and November 30, 2021

		Three months ended		Nine months ended	
		November 30, 2022	November 30, 2021	**November 30, 2022**	November 30, 2021
	Note	**$**	$	**$**	$
Expenses					
General and administrative expenses		15,954	14,682	46,098	32,450
Professional fees	7	32,325	56,400	74,243	96,003
Salaries and benefits	7	26,216	31,434	91,477	85,014
Share-based payments	5,7	2,300	62,665	22,482	302,368
Transfer agent and filing fees		9,788	3,553	17,420	13,697
Loss from operating expenses		**(86,583)**	(168,734)	**(251,720)**	(529,532)
Interest income		734	-	4,101	-
Listing expense	11	-	-	-	(1,742,476)
Other income		-	-	-	4,310
Settlement of flow-through premium liability	10	98,025	36,807	183,946	43,587
Income (loss) and comprehensive income (loss) for the period		**12,176**	(131,927)	**(63,673)**	(2,224,111)
Earnings (loss) per share					
Weighted average number of common shares outstanding					
- Basic #	6	**47,649,935**	46,058,202	**46,624,951**	43,501,338
- Diluted #	6	**47,649,935**	46,058,202	**46,624,951**	43,501,338
Basic earnings (loss) per share $	6	**0.00**	(0.00)	**(0.00)**	(0.05)
Diluted earnings (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.

For the nine months ended November 30, 2022 and November 30, 2021

	Note	**November 30, 2022 $**	November 30, 2021 $
Operating activities			
Loss for the period		(63,673)	(2,224,111)
Adjustments for:			
Share-based payments		22,482	302,368
Interest income		(4,101)	-
Listing expense		-	1,742,476
Settlement of flow-through premium liability		(183,946)	(43,587)
Net change in non-cash working capital items	8	(36,452)	(281,255)
		(265,690)	(504,109)
Financing activities			
Units/shares issued for cash		344,520	1,700,000
Share issue costs		(4,500)	(89,661)
		340,020	1,610,339
Investing activities			
Interest received		4,101	-
Prepaid exploration expenditures		(61,768)	(7,000)
Reclamation deposits		(6,700)	-
Mineral property acquisition costs		(65,466)	(138,603)
Deferred exploration and evaluation expenditures		(1,000,809)	(279,477)
Cash acquired on reverse acquisition	11	-	612,013
		(1,130,642)	186,933
Change in cash		**(1,056,312)**	1,293,163
Cash, beginning of period		**1,316,966**	145,759
Cash, end of period		**260,654**	1,438,922

Supplemental cash flow information 8

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 November 30, 2022, the Company had working capital of $187,483 (February 28, 2022 – $1,129,078) and shareholders' equity of $2,450,017 (February 28, 2022 - $2,217,188). Although the Company has been successful in raising funds to date, there can be no assurance that adequate or sufficient funding will be available in the future or available under terms acceptable to the Company. The continuance of operations is dependent on the Company continuing to obtain financing on acceptable terms. These conditions may cast significant doubt about the Company's ability to continue as a going concern.

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.

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:

	November 30, 2022 $	February 28, 2022 $
Goods and services tax recoverable	16,339	27,816
Prepaid expenses	21,027	18,006
	37,366	45,822

Deposit:

The Company holds a variable rate guaranteed investment certificate ("GIC") in the amount of $28,750 bearing interest at prime less 2.90% 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 nine months ended November 30, 2022 and November 30, 2021, are summarized as follows:

	March 1, 2022 $	**Acquisition/staking/ assessments $**	**Exploration and evaluation $**	**November 30, 2022 $**
MC 1 & 2	469,038	-	-	469,038
Shag	394,361	45,386	205,584	645,331
Frog	158,961	44,080	810,906	1,013,947
	1,022,360	**89,466**	**1,016,490**	**2,128,316**

	March 1, 2021 $	Acquisition/staking/ assessments $	Exploration and evaluation $	November 30, 2021 $
MC 1 & 2	463,555	-	5,227	468,782
Shag	61,363	52,966	269,717	384,046
Frog	44,833	85,637	28,490	158,960
	569,751	138,603	303,434	1,011,788

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

Nine months ended November 30,	**2022 $**	2021 $
Assays	6,659	-
Excavating and drilling	160,140	-
Field	461,842	2,100
Labour	109,344	-
Surveys and consulting	278,505	301,334
	1,016,490	303,434

4. Mineral property interests (continued)

(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 (completed); 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 nine months ended November 30, 2022:

- In June 2022, the Company issued 100,000 common shares with a fair value of $12,000 ($0.12 each) 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 each) to the optionors of the Frog property (Note 4(c)) in accordance with the terms of the underlying option agreement.
- On October 27, 2022, the Company completed a private placement for aggregate gross proceeds of $344,520. The placement consisted of issuing 3,000,000 flow-through units at $0.10 per unit, for gross proceeds of $300,000, and 636,000 non-flow-through units at $0.07 per unit, for gross proceeds of $44,520. The shares issued as part of the flow-through units qualify for the 30% Critical Mineral Exploration Tax Credit.

  Each flow-through unit consisted of one non-flow-through common share and one share purchase warrant exercisable at a price of $0.15 each for two years until October 27, 2024. Each non-flow-through unit consisted of one common share and one share purchase warrant exercisable at a price of $0.15 each for two years until October 27, 2024. The residual value of the warrants attached to the flow-through and non-flow-through units was determined to be $0.02 each, for an aggregate residual value of $72,720.

  The flow-through shares within the flow-through units were issued at a premium to the non-flow-through units which is a reflection of the value of the income tax write-offs that the Company will renounce to the flow-through shareholders effective December 31, 2022. The premium was determined to be $90,000 and was recorded as a reduction of share capital with an offset to flow-through premium liability (Note 10) and is being reversed pro rata upon the required exploration expenditures being completed and recorded as income on settlement of the flow-through premium liability.

  Finders’ fees totaling $4,500 were incurred in respect of the placement in addition to the issuance of 48,000 common shares with a fair of $2,400 ($0.05 each) having a net $nil effect on share capital, and 93,000 finders’ warrants having an aggregate fair value of $700. Each finders’ warrant is exercisable into one common share at $0.15 each for two years until October 27, 2024. See below for fair value details.

Transactions for the issue of share capital during the nine months ended November 30, 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 reduction of share capital with an offset to flow-through premium liability (Note 10) and was reduced as the expenditures have been incurred and recorded as income on settlement of the flow-through premium liability.

  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 finders’ 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 November 30, 2022, there were 7,751,252 common shares held in escrow (February 28, 2022 – 12,918,752).

5. Share capital (continued)

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 November 30, 2022 and February 28, 2022 and changes during the period/year then ended is as follows:

	Period ended November 30, 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

As at November 30, 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	3.31
250,000	250,000	0.15	August 13, 2026	3.70
500,000	500,000	0.15	November 1, 2026	3.92
4,300,000	**4,300,000**	**0.15**		**3.41**

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 nine months ended November 30, 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 nine months ended November 30, 2022 was $22,482 (2021 - $302,368), which is presented as an operating expense and represents options that vested during the period or accruals for options vesting in future periods.

5. Share capital (continued)

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 November 30, 2022 and February 28, 2022, and changes during the period/year then ended is as follows:

	Period ended November 30, 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	93,000	0.15	579,860	0.15
Issued	3,636,000	0.15	-	-
Warrants outstanding, end of period/year	**4,308,860**	**0.15**	579,860	0.15

During the nine months ended November 30, 2022, the Company issued finders' warrants in connection with the private placement which closed in October 2022. Additionally, during the year ended February 28, 2022, the Company issued finders' warrants issued as part of the private placement which closed concurrently with the RTO (Note 11). The Company recorded the fair value of the warrants issued 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:

	November 30, 2022	February 28, 2022
Risk-free interest rate	3.9%	0.9%
Expected life of warrants (years)	2.0	2.0
Expected volatility	75.0%	75.0%
Dividend rate	0%	0%

As at November 30, 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	0.31
3,636,000	3,636,000	0.15	October 27, 2024	1.91
93,000	93,000	0.15	October 27, 2024	1.91
4,308,860	**4,308,860**	**0.15**		**1.69**

5. Share capital (continued)

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	302,368	-	302,368
Options cancelled	(22,319)	-	(22,319)
Finders' warrants issued	-	27,400	27,400
November 30, 2021	280,049	27,400	307,449
March 1, 2022	320,798	27,400	348,198
Options vesting	22,482	-	22,482
Options cancelled	(37,198)	-	(37,198)
Finders' warrants issued	-	700	700
Residual value of warrants	-	72,720	72,720
November 30, 2022	**306,082**	**100,820**	**406,902**

6. Earnings (loss) per share

The calculation of basic earnings (loss) per share for the three months ended November 30, 2022 was based on income attributable to common shareholders of $12,176 (2021 – loss of $131,927), and the weighted number of common shares outstanding of 47,649,935 (2021 – 46,058,202). The calculation of diluted earnings per share reflects the potential dilution of common share equivalents, such as outstanding stock options and warrants, in the weighted average number of common shares outstanding, if dilutive. During the three months ended November 30, 2022, there were no stock options or warrants outstanding with a dilutive impact.

The calculation of basic and diluted loss per share for the nine months ended November 30, 2022 was based on the loss attributable to common shareholders of $63,673 (2021 – $2,224,111) and a weighted average number of common shares outstanding of 46,624,951 (2021 – 43,501,338). 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 nine months ended November 30, 2022 and November 30, 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 nine months ended November 30, 2022.

During the nine months ended November 30, 2021, 5,100,000 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 nine months ended November 30, 2021 attributable to Officers and Directors was $302,368.

During the nine months ended November 30, 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 nine months ended November 30, 2022 attributable to Officers and Directors was $22,482, 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 nine months ended November 30, 2022	Transactions nine months ended November 30, 2021	**Balances payable outstanding November 30, 2022**	Balances payable outstanding February 28, 2022
		$	$	**$**	$
	Andrew Burgess	-	2,500	-	-
	Chris Graf	42,500	40,000	-	-
	Alfredo De Lucrezia	42,500	40,000	-	-
	DBM CPA	40,250	37,200	2,362	4,725
(1)	Yeadon Law Corp., net	25,650	48,650	74,191	96,762
	C.J. Greig and Associates	54,574	-	10,809	-
		205,474	168,350	**87,362**	101,487

(1) Transactions for the nine months ended November 30, 2022, included $nil in share issue costs (2021 - $8,500). The amount is net of a credit recorded against the amount formerly 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 nine months ended November 30, 2022 and November 30, 2021 were comprised of the following:

	November 30, 2022	November 30, 2021
	$	$
Receivables and prepayments	8,456	(27,512)
Accounts payable and accrued liabilities	(30,783)	(192,161)
Accounts payable to related parties	(14,125)	(61,582)
Net change	**(36,452)**	(281,255)

The Company incurred the following non-cash financing and investing activities during the nine months ended November 30, 2022 and November 30, 2021, as follows:

	November 30, 2022	November 30, 2021
	$	$
Non-cash financing activities:		
Share capital reduced by flow-through share premium	90,000	140,000
Fair value of finders' warrants issued	700	27,400
	90,700	167,400
Non-cash investing activities:		
Deferred exploration expenditures included within accounts payable and accrued liabilities	16,721	24,596
Shares issued for mineral property acquisition costs	24,000	-
	40,721	24,596

During the nine months ended November 30, 2022 and November 30, 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 nine months ended November 30, 2022.

As at November 30, 2022, the Company's capital structure is comprised of shareholders' equity of $2,450,017 (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 nine months ended November 30, 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 was required to spend the funds on qualified exploration programs no later than December 31, 2022. As at November 30, 2022, all of the funds had been spent.

In October 2022, the Company completed a private placement of flow-through shares for gross proceeds of $300,000. The Company is required to spend the funds on qualified exploration programs no later than December 31, 2023. As at November 30, 2022, approximately $254,000 of the funds have been spent or paid as deposits for exploration services, leaving approximately $46,000 remaining to be spent.

A summary of the Company's flow-through premium liability as at November 30, 2022 and February 28, 2022, and changes during the period/year then ended is as follows:

	November 30, 2022 $	February 28, 2022 $
Balance, beginning of period/year	107,642	15,646
Addition - October 2022 private placement	90,000	140,000
Reduction - pro rata based on eligible expenditures	(183,946)	(48,004)
Balance, end of period/year	**13,696**	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.