

Bonanza Mining Corporation
Condensed Interim Financial Statements
For the three months ended
May 31, 2023

Unaudited – Prepared by Management
(Expressed in Canadian Dollars)

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

The accompanying condensed interim financial statements of Bonanza Mining Corporation (the "Company") as at May 31, 2023, and for the three months ended May 31, 2023, 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 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 Statements of Financial Position
Unaudited – Prepared by Management
As at May 31, 2023 and February 28, 2023

	Note	May 31, 2023 \$	February 28, 2023 \$
Assets			
Current assets			
Cash		198,463	248,342
Receivables and prepayments	3	7,981	17,845
		206,444	266,187
Non-current assets			
Prepaid exploration expenditures		2,410	3,233
Reclamation deposits	4	36,700	36,700
Mineral property interests	4	2,218,332	2,210,438
		2,257,442	2,250,371
Total assets		2,463,886	2,516,558
Liabilities and shareholders' equity			
Current liabilities			
Accounts payable and accrued liabilities		28,700	41,559
Accounts payable to related parties	7	81,637	79,274
Flow-through premium liability	10	6,599	8,720
Total liabilities		116,936	129,553
Shareholders' equity			
Share capital	5	4,507,003	4,479,603
Contributed surplus	5	379,502	406,902
Deficit		(2,539,555)	(2,499,500)
Total shareholders' equity		2,346,950	2,387,005
Total liabilities and shareholders' equity		2,463,886	2,516,558
Nature of operations and going concern	1		
Commitment	10		
Events after the reporting period	11		

Approved on behalf of the Board of Directors on July 20, 2023:

"Andrew S. Burgess"

Director

"Christopher Graf"

Director

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

Bonanza Mining Corporation
Condensed Interim Statements of Changes in Shareholders' Equity
Unaudited – Prepared by Management
For the three months ended May 31, 2023 and May 31, 2022

	Number of shares #	Share capital \$	Contributed surplus \$	Deficit \$	Total shareholders' equity \$
March 1, 2022	46,058,202	4,292,976	348,198	(2,423,986)	2,217,188
Share-based payments	-	-	13,282	-	13,282
Loss and comprehensive loss for the period	-	-	-	(71,187)	(71,187)
May 31, 2022	46,058,202	4,292,976	361,480	(2,495,173)	2,159,283
March 1, 2023	49,942,202	4,479,603	406,902	(2,499,500)	2,387,005
Re-allocated on expiry of warrants	-	27,400	(27,400)	-	-
Loss and comprehensive loss for the period	-	-	-	(40,055)	(40,055)
May 31, 2023	49,942,202	4,507,003	379,502	(2,539,555)	2,346,950

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

Bonanza Mining Corporation**Condensed Interim Statements of Loss and Comprehensive Loss****Unaudited – Prepared by Management**

For the three months ended May 31, 2023 and May 31, 2022

	Note	May 31, 2023 \$	May 31, 2022 \$
Expenses			
General and administrative expenses		18,276	15,872
Professional fees	7	6,750	6,150
Salaries and benefits	7	15,745	33,792
Share-based payments	5,7	-	13,282
Transfer agent and filing fees		3,102	2,837
Loss from operating expenses		(43,873)	(71,933)
Interest income		1,697	639
Settlement of flow-through premium liability	10	2,121	107
Loss and comprehensive loss for the period		(40,055)	(71,187)
Loss per share			
Weighted average number of common shares outstanding			
- Basic #	6	49,942,202	46,058,202
- Diluted #	6	49,942,202	46,058,202
Basic loss per share \$	6	(0.00)	(0.00)
Diluted loss per share \$	6	(0.00)	(0.00)

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

Bonanza Mining Corporation
Condensed Interim Statements of Cash Flows
Unaudited – Prepared by Management

For the three months ended May 31, 2023 and May 31, 2022

	Note	May 31, 2023 \$	May 31, 2022 \$
Operating activities			
Loss for the period		(40,055)	(71,187)
Adjustments for:			
Share-based payments		-	13,282
Interest income		(1,697)	(639)
Settlement of flow-through premium liability		(2,121)	(107)
Net change in non-cash working capital items	8	7,869	(17,262)
		(36,004)	(75,913)
Investing activities			
Interest received		1,697	639
Prepaid exploration expenditures		-	(75,000)
Mineral property acquisition costs		-	(4,789)
Deferred exploration and evaluation expenditures		(15,572)	(1,840)
		(13,875)	(80,990)
Change in cash		(49,879)	(156,903)
Cash, beginning of period		248,342	1,316,966
Cash, end of period		198,463	1,160,063

Supplemental cash flow information

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

Bonanza Mining Corporation**Notes to the Condensed Interim Financial Statements****Unaudited – Prepared by Management**

For the three months ended May 31, 2023 and May 31, 2022

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 423 East 10th Street, North Vancouver, British Columbia, V6L 2E5, 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.

These condensed interim 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 May 31, 2023, the Company had working capital of \$89,508 (February 28, 2023 – \$136,634) and shareholders’ equity of \$2,346,950 (February 28, 2023 - \$2,387,005). 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.

There are many external factors that can adversely affect general workforces, economies, and financial markets globally. Examples include, but are not limited to, the COVID-19 global pandemic and political conflict in other regions. It is not possible for the Company to predict the duration or magnitude of adverse results of such external factors and their effect on the Company’s business or ability to raise funds.

Bonanza Mining Corporation
Notes to the Condensed Interim Financial Statements
Unaudited – Prepared by Management

For the three months ended May 31, 2023 and May 31, 2022

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, 2023, 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.

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, 2024. 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, 2023. 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.

Bonanza Mining Corporation
Notes to the Condensed Interim Financial Statements
Unaudited – Prepared by Management
For the three months ended May 31, 2023 and May 31, 2022

3. Receivables and prepayments, and deposit

Receivables consist of the following:

	May 31, 2023	February 28, 2023
	\$	\$
Goods and services tax recoverable	942	4,945
Prepaid expenses	7,039	12,900
	7,981	17,845

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 three months ended May 31, 2023, and May 31, 2022, are summarized as follows:

	March 1, 2023	Acquisition/staking/ assessments	Exploration and evaluation	May 31, 2023
	\$	\$	\$	\$
MC	469,038	-	-	469,038
Shag	649,375	-	520	649,895
Frog	1,092,025	-	7,374	1,099,399
	2,210,438	-	7,894	2,218,332

	March 1, 2022	Acquisition/staking/ assessments	Exploration and evaluation	May 31, 2022
	\$	\$	\$	\$
MC	469,038	-	-	469,038
Shag	394,361	-	800	395,161
Frog	158,961	4,789	-	163,750
	1,022,360	4,789	800	1,027,949

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

Three months ended May 31,	2023	2022
	\$	\$
Field	1,057	-
Labour	5,253	-
Surveys and consulting	1,584	800
	7,894	800

Bonanza Mining Corporation**Notes to the Condensed Interim Financial Statements****Unaudited – Prepared by Management**

For the three months ended May 31, 2023 and May 31, 2022

4. Mineral property interests (continued)**(a) MC 1 & 2 Property (Rock of Ages/Dalhousie Property)**

In 2019, the Company completed the acquisition of a 100% interest in certain gold-silver-lead-zinc mineral claims located in the Skeena Mining Division of Stewart, British Columbia, (the “MC property”) from an optionor by making cash payments, issuing common shares, and incurring specified exploration expenditures between 2017 and 2019.

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 2018 and as most recently amended on June 23, 2023, 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 the Company’s Vice-President of Exploration and Director, 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 (deferred until such date that the Company completes an equity financing); 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);
- 100,000 common shares on or before February 21, 2019 (issued);
- 100,000 common shares on or before June 19, 2020 (issued);
- 100,000 common shares on or before July 1, 2022 (issued);
- 100,000 common shares on or before July 1, 2023 (subsequently issued (Note 11(a)));
- 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 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.

Bonanza Mining Corporation
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4. Mineral property interests (continued)

(c) Frog property

In 2018 and as most recently amended on June 23, 2023, 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 the Company's Vice-President of Exploration and Director, and 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 (deferred until such date that the Company completes an equity financing); 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);
- 100,000 common shares on or before April 30, 2019 (issued);
- 100,000 common shares on or before June 19, 2020 (issued);
- 100,000 common shares on or before July 1, 2022 (issued);
- 100,000 common shares on or before July 1, 2023 (subsequently issued (Note 11(b)));
- 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.

Bonanza Mining Corporation
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For the three months ended May 31, 2023 and May 31, 2022

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 three months ended May 31, 2023:

- There were no transactions for the issue of share capital during the three months ended May 31, 2023.

Transactions for the issue of share capital during the three months ended May 31, 2022:

- There were no transactions for the issue of share capital during the three months ended May 31, 2022.

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 May 31, 2023, there were 5,167,502 common shares held in escrow (February 28, 2023 – 7,751,252).

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 May 31, 2023 and February 28, 2023 and changes during the period/year then ended is as follows:

	Period ended May 31, 2023		Year ended February 28, 2023	
	Options #	Exercise price \$	Options #	Exercise price \$
Options outstanding, beginning of period/year	4,300,000	0.15	4,800,000	0.15
Cancelled	-	-	(500,000)	0.15
Options outstanding, end of period/year	4,300,000	0.15	4,300,000	0.15

As at May 31, 2023, 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	2.81
250,000	250,000	0.15	August 13, 2026	3.21
500,000	500,000	0.15	November 1, 2026	3.42
4,300,000	4,300,000	0.15		2.91

The total share-based payments expense for the three months ended May 31, 2023 was \$nil (2022 - \$13,282), which is presented as an operating expense and represents options that vested during the year or accruals for options vesting in future periods.

Bonanza Mining Corporation
Notes to the Condensed Interim Financial Statements
Unaudited – Prepared by Management
For the three months ended May 31, 2023 and May 31, 2022

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 May 31, 2023 and February 28, 2023, and changes during the period/year then ended is as follows:

	Period ended May 31, 2023		Year ended February 28, 2023	
	Warrants #	Weighted average exercise price \$	Warrants #	Weighted average exercise price \$
Warrants outstanding, beginning of period/year	4,308,860	0.15	579,860	0.15
Finders' warrants issued	-	-	93,000	0.15
Finders' warrants expired	(579,860)	0.15	-	-
Issued	-	-	3,636,000	0.15
Warrants outstanding, end of period/year	3,729,000	0.15	4,308,860	0.15

As at May 31, 2023 the Company has warrants outstanding and exercisable as follows:

Warrants outstanding #	Warrants exercisable #	Exercise price \$	Expiry date	Average remaining life (years)
3,729,000	3,729,000	0.15	October 27, 2024	1.41
3,729,000	3,729,000	0.15		1.41

During the six months ended May 31, 2023, 579,860 finders' warrants expired unexercised. Accordingly, the original fair value of the expired warrants of \$27,400 was reversed from contributed surplus and credited to share capital.

Bonanza Mining Corporation**Notes to the Condensed Interim Financial Statements****Unaudited – Prepared by Management**

For the three months ended May 31, 2023 and May 31, 2022

5. Share capital (continued)**Contributed surplus**

Contributed surplus includes the accumulated fair value of stock options recognized as share-based payments, the fair value of finders' warrants issued on private placements, and the residual value of warrants attached to private placement units, if any. 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, 2022	320,798	27,400	348,198
Options vesting	13,282	-	13,282
May 31, 2022	334,080	27,400	361,480
March 1, 2023	306,082	100,820	406,902
Warrants expired	-	(27,400)	(27,400)
May 31, 2023	306,082	73,420	379,502

6. Loss per share

The calculation of basic and diluted loss per share for the three months ended May 31, 2023 was based on the loss attributable to common shareholders of \$40,055 (2022 – \$71,187) and a weighted average number of common shares outstanding of 49,942,202 (2022 – 46,058,202). 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 three months ended May 31, 2023 and May 31, 2022.

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.

The total share-based payment expense recognized for the three months ended May 31, 2023 attributable to Officers and Directors was \$nil (2022 - \$13,282).

Bonanza Mining Corporation
Notes to the Condensed Interim Financial Statements
Unaudited – Prepared by Management
For the three months ended May 31, 2023 and May 31, 2022

7. Related party payables and transactions (continued)

The Company transacted with the following related parties:

- (a) Christopher Graf is the Company's Vice-President Exploration, and a Company Director. His salary is included within salaries and benefits.
- (b) Alfredo De Lucrezia is the Company's President and CEO, and a Company Director. His salary is included within salaries and benefits.
- (c) Dan Martino is the Company's CFO. 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.
- (d) 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.
- (e) 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.

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 three months ended May 31, 2023 \$	Transactions three months ended May 31, 2022 \$	Balances outstanding May 31, 2023 \$	Balances outstanding February 28, 2023 \$
Chris Graf	7,500	15,000	-	-
Alfredo De Lucrezia	7,500	15,000	-	-
DBMCPA	6,750	13,500	4,725	2,362
Yeadon Law Corp.	-	-	76,912	76,912
C.J. Greig and Associates	5,253	-	-	-
	27,003	43,500	81,637	79,274

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

Bonanza Mining Corporation
Notes to the Condensed Interim Financial Statements
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For the three months ended May 31, 2023 and May 31, 2022

8. Supplemental cash flow information

Changes in non-cash operating working capital during the three months ended May 31, 2023 and May 31, 2022 were comprised of the following:

	May 31 2023 \$	May 31 2022 \$
Receivables and prepayments	9,864	16,444
Accounts payable and accrued liabilities	(4,358)	(1,356)
Accounts payable to related parties	2,363	(32,350)
Net change	7,869	(17,262)

The Company did not incur any non-cash financing and investing activities during the three months ended May 31, 2023 and May 31, 2022.

During the three months ended May 31, 2023 and May 31, 2022, there were no amounts 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 levels of cash 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 (GICs) or a high-interest savings account. 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 three months ended May 31, 2023.

As at May 31, 2023, the Company's capital structure is comprised of shareholders' equity of \$2,346,950 (February 28, 2023 - \$2,387,005).

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 raise additional financing from equity markets.

Bonanza Mining Corporation
Notes to the Condensed Interim Financial Statements
Unaudited – Prepared by Management

For the three months ended May 31, 2023 and May 31, 2022

9. Financial risk management (continued)

Financial instruments - fair value

The Company's financial instruments consist of cash, 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 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
Reclamation deposits	Amortized cost

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

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 three months ended May 31, 2023 every 1% fluctuation in interest rates up or down would have had an insignificant impact on loss for the period (2022 - insignificant impact).

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.

Bonanza Mining Corporation
Notes to the Condensed Interim Financial Statements
Unaudited – Prepared by Management

For the three months ended May 31, 2023 and May 31, 2022

10. Commitment

Flow-through premium liability:

On October 27, 2022, the Company completed a private placement of flow-through units for gross proceeds of \$300,000. The Company renounced the expenditures and available income tax benefits to the flow-through shareholders effective December 31, 2022. The Company is required to spend the funds on qualified exploration programs no later than December 31, 2023. As at May 31, 2023, approximately \$278,000 of the funds have been spent including amounts paid for future exploration services (prepaid exploration expenditures), leaving approximately \$22,000 remaining to be spent.

A summary of the Company's flow-through premium liability as at May 31, 2023 and May 31, 2022, and changes during the period/year then ended is as follows:

	May 31, 2023	February 28, 2023
	\$	\$
Balance, beginning of period/year	8,720	107,642
Addition - October 2022 private placement	-	90,000
Reduction - pro rata based on eligible expenditures	(2,121)	(188,922)
Balance, end of period/year	6,599	8,720

11. Events after the reporting period

- (a) In June 2023, the Company issued 100,000 common shares to the optionor of the Shag property (Note 4(b)) in accordance with the terms of the underlying option agreement.
- (b) In June 2023, the Company issued 100,000 common shares to the optionors of the Frog property (Note 4(c)) in accordance with the terms of the underlying option agreement.