

Bonanza Mining Corporation
Consolidated Financial Statements
February 28, 2023
(Expressed in Canadian Dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Bonanza Mining Corporation

Opinion

We have audited the accompanying consolidated financial statements of Bonanza Mining Corporation (the "Company"), which comprise the consolidated statements of financial position as at February 28, 2023 and 2022, and the consolidated statements of changes in shareholders' equity, loss and comprehensive loss, and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at February 28, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the consolidated financial statements, which indicates that the Company is an exploration stage company, does not have traditional sources of revenue, and has historically relied on equity and related party financing to cover its operating expenses. 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. As stated in Note 1, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matter described below to be the key audit matter to be communicated in our auditor's report:

Assessment of Impairment Indicators of Mineral Property Interests

As described in Note 4 to the consolidated financial statements, the carrying amount of the Company's Mineral property interests was \$2,210,438 as of February 28, 2023. As more fully described in Note 2 to the consolidated financial statements, management assesses mineral property interests for indicators of impairment at each reporting period.



The principal considerations for our determination that the assessment of impairment indicators of the mineral property interests is a key audit matter is that there was judgment made by management when assessing whether there were indicators of impairment for the mineral property interests, specifically relating to the assets' carrying amount which is impacted by the Company's intent and ability to continue to explore and evaluate these assets. This in turn led to a high degree of auditor judgment, subjectivity, and effort in performing procedures to evaluate audit evidence relating to the judgments made by management in their assessment of indicators of impairment that could give rise to the requirement to prepare an estimate of the recoverable amount of the mineral property interests.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. Our audit procedures included, but were not limited to:

- Obtaining an understanding of the key controls associated with evaluating the mineral property interests for indicators of impairment.
- Evaluating management's assessment of impairment indicators.
- Evaluating the intent for the mineral property interests through discussion and communication with management.
- Reviewing the Company's recent expenditure activity.
- Assessing compliance with agreements and expenditure requirements.
- Obtaining, on a test basis, confirmation of title to ensure mineral rights underlying the mineral property interests are in good standing.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

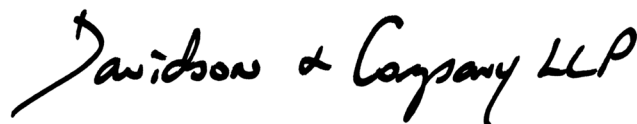
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Glenn Parchomchuk.

A handwritten signature in black ink that reads "Davidson & Company LLP". The signature is written in a cursive, flowing style.

Vancouver, Canada

Chartered Professional Accountants

June 22, 2023

Bonanza Mining Corporation
Consolidated Statements of Financial Position
As at February 28, 2023 and February 28, 2022

	Note	February 28, 2023 \$	February 28, 2022 \$
Assets			
Current assets			
Cash		248,342	1,316,966
Receivables and prepayments	3	17,845	45,822
		266,187	1,362,788
Non-current assets			
Deposit	3	-	28,750
Prepaid exploration expenditures		3,233	7,000
Reclamation deposits	4	36,700	30,000
Mineral property interests	4	2,210,438	1,022,360
		2,250,371	1,088,110
Total assets		2,516,558	2,450,898
Liabilities and shareholders' equity			
Current liabilities			
Accounts payable and accrued liabilities		41,559	24,581
Accounts payable to related parties	7	79,274	101,487
Flow-through premium liability	10	8,720	107,642
Total liabilities		129,553	233,710
Shareholders' equity			
Share capital	5	4,479,603	4,292,976
Contributed surplus	5	406,902	348,198
Deficit		(2,499,500)	(2,423,986)
Total shareholders' equity		2,387,005	2,217,188
Total liabilities and shareholders' equity		2,516,558	2,450,898
Nature of operations and going concern	1		
Commitment	10		

Approved on behalf of the Board of Directors on June 22, 2023:

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

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

Bonanza Mining Corporation
Consolidated Statements of Changes in Shareholders' Equity
For the years ended February 28, 2023 and February 28, 2022

	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	-	-	(22,320)	22,320	-
Share-based payments	-	-	343,118	-	343,118
Loss and comprehensive loss for the year	-	-	-	(2,347,036)	(2,347,036)
February 28, 2022	46,058,202	4,292,976	348,198	(2,423,986)	2,217,188
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	-	(18,473)	-	-	(18,473)
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 year	-	-	-	(112,712)	(112,712)
February 28, 2023	49,942,202	4,479,603	406,902	(2,499,500)	2,387,005

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

Bonanza Mining Corporation
Consolidated Statements of Loss and Comprehensive Loss
For the years ended February 28, 2023 and February 28, 2022

	Note	February 28, 2023 \$	February 28, 2022 \$
Expenses			
General and administrative expenses		57,789	45,056
Professional fees	7	98,574	156,870
Salaries and benefits	7	107,701	117,648
Share-based payments	5,7	22,482	343,118
Transfer agent and filing fees		21,382	16,682
Loss from operating expenses		(307,928)	(679,374)
Interest income		6,294	-
Listing expense	11	-	(1,742,476)
Other income	3	-	26,810
Settlement of flow-through premium liability	10	188,922	48,004
Loss and comprehensive loss for the year		(112,712)	(2,347,036)
Loss per share			
Weighted average number of common shares outstanding			
- Basic #	6	47,442,903	44,131,797
- Diluted #	6	47,442,903	44,131,797
Basic loss per share \$	6	(0.00)	(0.05)
Diluted loss per share \$	6	(0.00)	(0.05)

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

Bonanza Mining Corporation
Consolidated Statements of Cash Flows

For the years ended February 28, 2023 and February 28, 2022

	Note	February 28, 2023 \$	February 28, 2022 \$
Operating activities			
Loss for the year		(112,712)	(2,347,036)
Adjustments for:			
Share-based payments		22,482	343,118
Interest income		(6,294)	-
Listing expense		-	1,742,476
Settlement of flow-through premium liability		(188,922)	(48,004)
Net change in non-cash working capital items	8	15,281	(233,741)
		(270,165)	(543,187)
Financing activities			
Units/shares issued for cash		344,520	1,700,000
Share issue costs		(18,473)	(89,661)
		326,047	1,610,339
Investing activities			
Interest received		6,294	-
Refund (payment) of deposit		28,750	(28,750)
Prepaid exploration expenditures		-	(7,000)
Reclamation deposits		(6,700)	(20,000)
Mineral property acquisition costs		(65,466)	(139,646)
Deferred exploration and evaluation expenditures		(1,087,384)	(312,562)
Cash acquired on reverse acquisition	11	-	612,013
		(1,124,506)	104,055
Change in cash		(1,068,624)	1,171,207
Cash, beginning of year		1,316,966	145,759
Cash, end of year		248,342	1,316,966
Supplemental cash flow information	8		

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

Bonanza Mining Corporation

Notes to the Consolidated Financial Statements

For the years ended February 28, 2023 and February 28, 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.

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 annual 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 February 28, 2023, the Company had working capital of \$136,634 (February 28, 2022 – \$1,129,078) and shareholders' equity of \$2,387,005 (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.

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 Consolidated Financial Statements

For the years ended February 28, 2023 and February 28, 2022

2. Significant accounting policies

Basis of presentation

These financial statements have been prepared in accordance with International Financial Reporting Standards and Interpretations (collectively, "IFRS"), as issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC").

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.

Financial instruments

All financial instruments are recognized initially at fair value on the date at which the Company becomes a party to the contractual provisions of the instrument. The classification of the Company's financial assets and financial liabilities are detailed in Note 9.

Classification and measurement of financial assets and liabilities

The Company classifies its financial instruments based on the purpose for which they were acquired, in one of the following categories: amortized cost; fair value through other comprehensive income (loss) ("FVOCI") or fair value through profit or loss ("FVTPL"). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

Financial liabilities are classified as those to be measured at amortized cost unless they are designated as those to be measured at FVTPL (an irrevocable election at the time of recognition). Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, financial liabilities are measured at amortized cost using the effective interest method. Interest expense (finance costs) is recorded to profit or loss.

For assets and liabilities measured at fair value, gains and losses are either recorded in profit or loss or other comprehensive income (loss). The Company reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

Bonanza Mining Corporation**Notes to the Consolidated Financial Statements**

For the years ended February 28, 2023 and February 28, 2022

2. Significant accounting policies (continued)**Financial instruments (continued)**Impairment of financial assets

An 'expected credit loss' ("ECL") model applies to financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. The Company's financial assets measured at amortized cost and subject to the ECL model, if any, are shown in Note 9. The Company has no history of default on receivables.

Mineral property interests

The acquisition costs of mineral property interests and any subsequent exploration and evaluation costs are capitalized until the properties to which they relate are placed into production, sold, allowed to lapse, or abandoned. Exploration and evaluation costs incurred prior to obtaining ownership, or the right to explore a property, are expensed as incurred as property examination costs. Properties that have close proximity and have the possibility of being developed as a single mine are grouped as projects and are considered separate cash generating units ("CGU") for the purpose of determining future mineral reserves and impairments.

The acquisition costs include the cash consideration paid and the fair market value of any shares issued for mineral property interests being acquired or optioned pursuant to the terms of relevant agreements.

Proceeds received from a partial sale or option of a mineral property interest are credited against the carrying value of the property. When the proceeds exceed the carrying costs the excess is recorded in profit or loss in the period the excess is received. When all the interest in a property is sold, subject only to any retained royalty interests which may exist, the accumulated property costs are written-off, with any gain or loss included in profit or loss in the period the transaction takes place. No initial value is assigned to any retained royalty interest. The royalty interest is subsequently assessed for value by reference to developments on the underlying mineral property.

Management reviews its mineral property interests at each reporting period for signs of impairment and annually after each exploration season to consider if there is impairment in value after considering current period exploration results, or likely gains from the disposition or option of the property. If a property is abandoned, or inactive for a prolonged period, or considered to have no future economic potential, the acquisition and deferred exploration and evaluation costs are written-off to profit or loss.

Once an economically viable resource has been determined for an area and the decision to proceed with development has been approved, mineral property interests attributable to that area are first tested for impairment and then reclassified to property and equipment. Subsequent recovery of the resulting carrying value depends on successful development or sale of the undeveloped project. Should a project be put into production, the costs of acquisition, exploration and evaluation will be amortized over the life of the project based on estimated economic reserves. If the carrying value of a project exceeds its estimated net realizable value or value in use, an impairment provision is recorded.

Exploration costs renounced to shareholders pursuant to flow-through share subscription agreements remain capitalized, however, for income tax purposes the Company has no right to claim these costs as tax deductible expenses.

When entitled, the Company records refundable mineral exploration tax credits or incentive grants on an accrual basis and as a reduction of the carrying value of the mineral property interest. When the Company is entitled to non-refundable exploration tax credits, and it is probable that they can be used to reduce future taxable income, a deferred income tax benefit is recognized.

Mining tax credits

Mining tax credits are recorded in the financial statements when there is reasonable assurance that the Corporation has complied with, and will continue to comply with, all conditions needed to obtain the credits. These non-repayable mining tax credits are earned in respect of costs incurred in British Columbia, Canada and are recorded as a reduction of the related exploration and evaluation asset.

Impairment of non-financial assets

Non-financial assets are reviewed quarterly by management for indicators that carrying value is impaired and may not be recoverable. When indicators of impairment are present the recoverable amount of an asset is evaluated at the CGU level, which is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The recoverable amount of a CGU is the greater of the CGU's fair value less costs to sell and its value in use. An impairment loss is recognized in profit or loss to the extent that the carrying amount exceeds the recoverable amount. The Company's mineral property interest impairment policy is more specifically discussed above within "Mineral property interests".

Bonanza Mining Corporation**Notes to the Consolidated Financial Statements**

For the years ended February 28, 2023 and February 28, 2022

2. Significant accounting policies (continued)**Share capital**

Common shares are classified as shareholders' equity. Transaction costs directly attributable to the issue of common shares and stock options are recognized as a deduction from shareholders' equity, net of any tax effects. Common shares issued for consideration other than cash, are valued based on their trading value at the date the shares are issued.

When share capital recognized as shareholders' equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognized as a deduction from shareholders' equity. Share capital is reduced by the average per-common-share carrying amount, with the difference between this amount and the consideration paid, added, or deducted, from contributed surplus.

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The Company considers the fair value of common shares issued in a unit private placement to be the more easily measurable component. The balance, if any, is allocated to the attached warrants, except where there is a related flow-through share premium, as detailed in the next paragraph. Any value attributed to the warrants is recorded as contributed surplus.

Flow-through share private placement

As an incentive to complete private placements the Company may issue common shares, which by agreement are designated as flow-through shares. Such agreements require the Company to spend the funds from these placements on qualified exploration expenditures and renounce the expenditures and income tax benefits to the flow-through shareholders, resulting in no exploration deductions to the Company.

The shares are usually issued at a premium to the trading value of the Company's common shares. The premium reflects the value of the income tax benefits that the Company must pass on to the flow-through shareholders. On issue, share capital is increased only by the non-flow-through share equivalent value. Any premium is recorded as a flow-through share premium liability.

The deferred income tax liability and reversal of the flow-through share premium liability are recorded on a pro-rata basis as the required exploration expenditures are completed.

Environmental rehabilitation

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. The estimated costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are determined, and capitalized at the start of each project to the carrying amount of the asset, as soon as the obligation to incur such costs arises. Discount rates, using a pre-tax rate that reflects the time value of money, are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either the unit-of-production or the straight-line method. The related liability is adjusted at each reporting date for the unwinding of the discount rate, for changes to the current market-based discount rate, and for changes to the amount or timing of the underlying cash flows needed to settle the obligation. Costs for restoration of subsequent site damage which is created on an ongoing basis during production are provided for at their net present values and charged against profit or loss as extraction progresses.

The Company has no known restoration, rehabilitation, or environmental costs, of any significance, related to its mineral property interests.

Bonanza Mining Corporation**Notes to the Consolidated Financial Statements**

For the years ended February 28, 2023 and February 28, 2022

2. Significant accounting policies (continued)**Income taxes**

Income tax expense is comprised of current and deferred income taxes. Current income tax and deferred income tax are recognized in profit or loss, except to the extent that they relate to items recognized directly in shareholders' equity.

Current income tax is the expected tax payable or receivable on the taxable income or loss for the period/year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous periods/years.

Deferred income tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred income tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred income tax assets and liabilities are offset if there is a legally enforceable right to offset current income tax liabilities and assets, and they relate to income taxes levied by the same tax authority for the same taxable entity. A deferred income tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred income tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related income tax benefit will be realized.

Earnings (loss) per share

The Company presents basic and diluted earnings (loss) per share ("EPS") data for its common shares. Basic EPS is calculated by dividing the profit or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year. Diluted EPS is determined by dividing the profit or loss attributable to common shareholders by the weighted average number of common shares outstanding, adjusted for the effects of all potentially dilutive common shares related to outstanding stock options and warrants issued by the Company.

Share-based payment transactions

The Company has a stock option plan that provides for the granting of options to Officers, Directors, related company employees and is recognized as an expense with a corresponding increase in contributed surplus as the options vest.

Options granted to employees and others providing similar services are measured on grant date at the fair value of the instruments issued. Fair value is determined using the Black-Scholes option pricing model considering the terms and conditions upon which the options were granted. The amount recognized as an expense is adjusted to reflect the actual number of options that are expected to vest. Each tranche in an award with graded vesting is considered a separate grant with a different vesting date and fair value. Each grant is accounted for on that basis.

Options granted to non-employees are measured at the fair value of the goods or services received, unless that fair value cannot be estimated reliably, in which case the fair value of the equity instruments issued is used. The value of the goods or services is recorded at the earlier of the vesting date, or the date the goods or services are received.

Over the vesting period, share-based payments are recorded as an operating expense and as contributed surplus. When options are exercised, the consideration received is recorded as share capital and the related share-based payments originally recorded as contributed surplus are transferred to share capital. When options are cancelled, or expire, the initial recorded value is reversed from contributed surplus and credited to deficit.

Bonanza Mining Corporation**Notes to the Consolidated Financial Statements**

For the years ended February 28, 2023 and February 28, 2022

2. Significant accounting policies (continued)**Use of estimates and critical judgments**

The preparation of financial statements requires management to make estimates and judgments that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates and judgments. Those areas requiring the use of management estimates and judgments include:

Estimates

- (i) Recorded costs of flow-through share premium liabilities reflect the premium received by the Company on the issue of flow-through shares. The premium is subject to measurement uncertainty and requires the Company to assess the value of non-flow through shares. This determination is subjective and does not necessarily provide a reliable single measure of the fair value of the premium liability.
- (ii) The determination of the fair value of stock options or compensatory warrants using stock pricing models requires the input of highly subjective variables, including expected price volatility. Wide fluctuations in the variables could materially affect the fair value estimate; therefore, the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options and warrants.

Judgments

- (i) Recorded costs of mineral property interests and deferred exploration and evaluation costs are not intended to reflect present or future values of these properties. The recorded costs are subject to measurement uncertainty, and it is reasonably possible, based on existing knowledge, that changes in future conditions could require a material change in the recognized amount. Management is required, at each reporting period, to review its mineral property interests for signs of impairment. This is a highly subjective process which considers exploration results, metal prices, economics, financing prospects and sale or option prospects. Management makes these judgments based on information available, but there is no certainty that a property is or is not impaired. Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.
- (ii) The determination of deferred income tax assets or liabilities requires subjective assumptions regarding future income tax rates and the likelihood of utilizing tax carry forwards. Changes in these assumptions could materially affect the recorded amounts, and therefore do not necessarily provide certainty as to their recorded values.
- (iii) Management's assessment that the Company's working capital is sufficient for the Company to continue as a going concern beyond one year is subject to judgment (note 1). Specifically, the Company is in a positive working capital position, and expenditures on mineral property interests are largely discretionary based on available funds from recent equity financings or other sources. Additionally, the Company has been successful in the past in raising equity capital, however, management cannot provide assurance that the Company will be able to continue to raise additional equity capital on favorable terms. These financial statements do not give effect to adjustments, if any, that would be necessary should the Company be unable to continue as a going concern. If the going concern assumption was not used, then the adjustments required to report the Company's assets and liabilities on a liquidation basis could be material to these 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 Consolidated Financial Statements**

For the years ended February 28, 2023 and February 28, 2022

3. Receivables and prepayments, and deposit

Receivables consist of the following:

	February 28, 2023	February 28, 2022
	\$	\$
Goods and services tax recoverable	4,945	27,816
Prepaid expenses	12,900	18,006
	17,845	45,822

Other income:

For the year ended February 28, 2022, other income of \$26,810 includes \$4,310 in relation to a 2021 BCMETC refund, as well as \$22,500 in proceeds relating to a historical legal matter involving Califfi, with Califfi as plaintiff.

Deposit:

As at February 28, 2022, the Company held 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 matured on December 1, 2022 and was not renewed.

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 years ended February 28, 2023 and February 28, 2022, are summarized as follows:

	March 1, 2022	Acquisition/staking/ assessments	Exploration and evaluation	February 28, 2023
	\$	\$	\$	\$
MC	469,038	-	-	469,038
Shag	394,361	32,000	223,014	649,375
Frog	158,961	57,466	875,598	1,092,025
	1,022,360	89,466	1,098,612	2,210,438

	March 1, 2021	Acquisition/staking/ assessments	Exploration and evaluation	February 28, 2022
	\$	\$	\$	\$
MC	463,555	-	5,483	469,038
Shag	61,363	54,008	278,990	394,361
Frog	44,833	85,638	28,490	158,961
	569,751	139,646	312,963	1,022,360

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

Years ended February 28,	2023	2022
	\$	\$
Assays	56,255	-
Excavating and drilling	160,140	-
Field	463,898	2,355
Labour	111,289	-
Surveys and consulting	307,030	310,608
	1,098,612	312,963

Bonanza Mining Corporation**Notes to the Consolidated Financial Statements**

For the years ended February 28, 2023 and February 28, 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 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 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; 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;
- 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**Notes to the Consolidated Financial Statements**

For the years ended February 28, 2023 and February 28, 2022

4. Mineral property interests (continued)**(c) Frog property**

In 2018 and as most recently amended on 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 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; 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;
- 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

Notes to the Consolidated Financial Statements

For the years ended February 28, 2023 and February 28, 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 year ended February 28, 2023:

- On June 30, 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.
- On June 30, 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.

Each flow-through unit consisted of one non-flow-through common share and one share purchase warrant exercisable into a non-flow-through common share 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 into a non-flow-through common share 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 flow-through premium liability.

Finders' fees totaling \$4,500 were incurred in respect of the placements. Legal and filing fees amounted to \$13,973. Additionally, 48,000 non-flow-through common shares were issued to finders with a fair of \$2,400 (\$0.05 each) having a net \$nil effect on share capital, as well as 93,000 finders' warrants being issued 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 year ended February 28, 2022:

- 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 were incurred and recorded as income on settlement of 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 was exercisable at \$0.15 each for two years until March 23, 2023 (subsequently expired). 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 February 28, 2023, there were 7,751,252 common shares held in escrow (February 28, 2022 – 12,918,752), of which 2,583,750 common shares were subsequently released.

As of the date of approval of these financial statements, there are 5,167,502 common shares held in escrow.

Bonanza Mining Corporation**Notes to the Consolidated Financial Statements**

For the years ended February 28, 2023 and February 28, 2022

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 February 28, 2023 and February 28, 2022 and changes during the years then ended is as follows:

	Year ended February 28, 2023		Year ended February 28, 2022	
	Options #	Exercise price \$	Options #	Exercise price \$
Options outstanding, beginning of 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 year	4,300,000	0.15	4,800,000	0.15

As at February 28, 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	3.07
250,000	250,000	0.15	August 13, 2026	3.46
500,000	500,000	0.15	November 1, 2026	3.68
4,300,000	4,300,000	0.15		3.16

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	1.3%
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 year ended February 28, 2023, 500,000 Director and Officer stock options were cancelled. As a result, the original fair value of the cancelled options of \$37,198 was reversed from contributed surplus and credited to deficit.

During the year ended February 28, 2022, 300,000 stock options were cancelled upon the resignation of an Officer. As a result, the original fair value of the cancelled options of \$22,320 was reversed from contributed surplus and credited to deficit.

The total share-based payments expense for the year ended February 28, 2023 was \$22,482 (2022 - \$343,118), 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 Consolidated Financial Statements**

For the years ended February 28, 2023 and February 28, 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 February 28, 2023 and February 28, 2022, and changes during the years then ended is as follows:

	Year ended February 28, 2023		Year ended February 28, 2022	
	Warrants #	Weighted average exercise price \$	Warrants #	Weighted average exercise price \$
Warrants outstanding, beginning of 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 year	4,308,860	0.15	579,860	0.15

During the year ended February 28, 2023, 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:

	February 28, 2023	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%
Weighted average fair value per warrant issued	\$ 0.01	\$ 0.05

As at February 28, 2023, the Company has warrants outstanding and exercisable as follows:

	Warrants outstanding #	Warrants exercisable #	Exercise price \$	Expiry date	Average remaining life (years)
(1)	579,860	579,860	0.15	March 23, 2023	0.06
	3,636,000	3,636,000	0.15	October 27, 2024	1.66
	93,000	93,000	0.15	October 27, 2024	1.66
	4,308,860	4,308,860	0.15		1.45

(1) Subsequently expired unexercised.

Bonanza Mining Corporation**Notes to the Consolidated Financial Statements**

For the years ended February 28, 2023 and February 28, 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, 2021	-	-	-
Options vesting	343,118	-	343,118
Options cancelled	(22,320)	-	(22,320)
Finders' warrants issued	-	27,400	27,400
February 28, 2022	320,798	27,400	348,198
March 1, 2022	320,798	27,400	348,198
Options vesting	22,482	-	22,482
Options cancelled	(37,198)	-	(37,198)
Residual value of warrants	-	72,720	72,720
Finders' warrants issued	-	700	700
February 28, 2023	306,082	100,820	406,902

6. Loss per share

The calculation of basic and diluted loss per share for the year ended February 28, 2023 was based on the loss attributable to common shareholders of \$112,712 (2022 – \$2,347,036) and a weighted average number of common shares outstanding of 47,442,903 (2022 – 44,131,797). 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 years ended February 28, 2023 and February 28, 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.

There were no stock options granted to Officers or Directors during the year ended February 28, 2023.

During the year ended February 28, 2022, 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.

During the year ended February 28, 2023, 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 recognized for the year ended February 28, 2023 attributable to Officers and Directors was \$22,482 (2022 - \$343,118).

Bonanza Mining Corporation**Notes to the Consolidated Financial Statements**

For the years ended February 28, 2023 and February 28, 2022

7. Related party payables and transactions (continued)

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.

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 year ended February 28, 2023 \$	Transactions year ended February 28, 2022 \$	Balances outstanding February 28, 2023 \$	Balances outstanding February 28, 2022 \$
Andrew Burgess	-	2,500	-	-
Chris Graf	50,000	55,000	-	-
Alfredo De Lucrezia	50,000	55,000	-	-
DBM CPA	47,000	49,950	2,362	4,725
(1) Yeadon Law Corp., net	18,650	81,052	76,912	96,762
C.J. Greig and Associates	60,018	-	-	-
	225,668	243,502	79,274	101,487

- (1) Transactions for the year ended February 28, 2023, included \$11,500 in share issue costs (2022 - \$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.

Bonanza Mining Corporation**Notes to the Consolidated Financial Statements**

For the years ended February 28, 2023 and February 28, 2022

8. Supplemental cash flow information

Changes in non-cash operating working capital during the years ended February 28, 2023 and February 28, 2022 were comprised of the following:

	February 28, 2023 \$	February 28, 2022 \$
Receivables and prepayments	27,977	(25,814)
Accounts payable and accrued liabilities	9,517	(171,671)
Accounts payable to related parties	(22,213)	(36,256)
Net change	15,281	(233,741)

The Company incurred the following non-cash financing and investing activities during the years ended February 28, 2023 and February 28, 2022, as follows:

	February 28, 2023 \$	February 28, 2022 \$
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	8,501	1,040
Shares issued for mineral property acquisition costs	24,000	-
	32,501	1,040

During the years ended February 28, 2023 and February 28, 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 year ended February 28, 2023.

As at February 28, 2023, the Company's capital structure is comprised of shareholders' equity of \$2,387,005 (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 raise additional financing from equity markets.

Bonanza Mining Corporation**Notes to the Consolidated Financial Statements**

For the years ended February 28, 2023 and February 28, 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 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
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 year ended February 28, 2023 every 1% fluctuation in interest rates up or down would have had an insignificant impact on loss for the year (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 Consolidated Financial Statements**

For the years ended February 28, 2023 and February 28, 2022

10. Commitment**Flow-through premium liability:**

On March 23, 2021, the Company completed a private placement of flow-through shares for gross proceeds of \$1,050,000. The Company renounced the expenditures and available income tax benefits to the flow-through shareholders effective December 31, 2021. The Company was required to spend the funds on qualified exploration programs no later than December 31, 2022. As at February 28, 2023, all of the funds had been spent.

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 February 28, 2023, approximately \$271,000 of the funds have been spent including amounts paid for future exploration services (prepaid exploration expenditures), leaving approximately \$29,000 remaining to be spent.

A summary of the Company's flow-through premium liability as at February 28, 2023 and February 28, 2022, and changes during the years then ended is as follows:

	February 28, 2023 \$	February 28, 2022 \$
Balance, beginning of year	107,642	15,646
Addition - March 2021 private placement	-	140,000
Addition - October 2022 private placement	90,000	-
Reduction - pro rata based on eligible expenditures	(188,922)	(48,004)
Balance, end of year	8,720	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 did 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.

Bonanza Mining Corporation**Notes to the Consolidated Financial Statements**

For the years ended February 28, 2023 and February 28, 2022

11. Reverse acquisition (continued)

	March 23, 2021
Net assets (liabilities) of Califfi acquired:	\$
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. Income taxes

Income tax recovery varies from the amount that would be computed from applying the combined federal and provincial income tax rate to loss before income taxes as follows:

	February 28, 2023 \$	February 28, 2022 \$
Loss for the year before income taxes	(112,712)	(2,347,036)
Statutory Canadian corporate tax rate	27.00%	27.00%
Anticipated income tax recovery	(30,000)	(634,000)
Change in tax resulting from:		
Unrecognized items for tax purposes and other	(262,000)	598,000
Impact of flow-through shares	297,000	84,000
Share issue costs	(5,000)	(48,000)
Net deferred income tax recovery	-	-

The deferred tax assets and liabilities reflect the tax effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax values.

The components of the Company's deferred tax liability are as follows:

	February 28, 2023 \$	February 28, 2022 \$
Mineral property interests	(405,000)	(111,000)
Non-capital loss carry forwards applied	388,000	111,000
Share issue costs applied	17,000	-
Net deferred tax liability	-	-

Bonanza Mining Corporation**Notes to the Consolidated Financial Statements**

For the years ended February 28, 2023 and February 28, 2022

12. Income taxes (continued)

The components of the Company's deferred tax assets that have not been included on the consolidated statements of financial position are as follows:

	February 28, 2023	February 28, 2022
	\$	\$
Mineral property interests	-	390,000
Non-capital loss carry forwards applied	-	46,000
Share issue costs	4,000	-
	4,000	436,000
Unrecognized deferred tax assets	(4,000)	(436,000)
Net deferred tax assets	-	-

As at February 28, 2023, the Company has non-capital loss carry forwards of approximately \$1,438,000 (February 28, 2022 - \$1,856,000) which expire between 2037 and 2043.

As at February 28, 2023, the Company has unclaimed resource and other deductions in the amount of approximately \$712,000 (February 28, 2022 - \$612,000), which may be deducted against future taxable income.

As at February 28, 2023, the Company has share issue costs totaling approximately \$79,000 (February 28, 2022 - \$170,000), which have not been claimed for income tax purposes.

Income tax attributes are subject to review and potential adjustments by tax authorities.