

**Califfi Capital Corp.**  
**Condensed Interim Financial Statements**  
**For the three months ended**  
**May 31, 2020**  
**Unaudited – Prepared by Management**  
**(Expressed in Canadian Dollars)**

423 10<sup>th</sup> Street East  
North Vancouver, British Columbia  
V7L 2E5

July 22, 2020

To the Shareholders of  
Califfi Capital Corp.

The attached condensed interim financial statements have been prepared by the management of Califfi Capital Corp. and have not been reviewed by the auditor of the Company.

Yours truly,

Alfredo De Lucrezia  
Chief Executive Officer

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**Califfi Capital Corp.****Condensed Interim Statements of Financial Position****Unaudited – Prepared by Management**

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**As at May 31, 2020 and February 29, 2020**

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	Note	May 31, 2020 \$	February 29, 2020 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	3	569,896	619,179
Receivables and prepayments	4	10,540	5,200
<b>Total assets</b>		<b>580,436</b>	<b>624,379</b>
<b>Liabilities and shareholders' equity</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities		6,908	7,090
Accounts payable to related parties	7	37,500	53,452
<b>Total liabilities</b>		<b>44,408</b>	<b>60,542</b>
<b>Shareholders' equity</b>			
Share capital	5	921,898	921,898
Contributed surplus	5	111,948	111,948
Deficit		(497,818)	(470,009)
<b>Total shareholders' equity</b>		<b>536,028</b>	<b>563,837</b>
<b>Total liabilities and shareholders' equity</b>		<b>580,436</b>	<b>624,379</b>
<b>Nature of operations and going concern</b>	1		
<b>Event after the reporting period</b>	10		

Approved on behalf of the Board of Directors on July 22, 2020:

“Alfredo De Lucrezia”

Director

“Maurizio Grande”

Director

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**Califfi Capital Corp.****Condensed Interim Statements of Changes in Shareholders' Equity****Unaudited – Prepared by Management**

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**For the three months ended May 31, 2020 and May 31, 2019**

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	Number of shares #	Share capital \$	Contributed surplus \$	Deficit \$	Total shareholders' equity \$
March 1, 2019	15,125,000	865,961	131,685	(330,647)	666,999
Loss and comprehensive loss for the period	-	-	-	(47,735)	(47,735)
<b>May 31, 2019</b>	<b>15,125,000</b>	<b>865,961</b>	<b>131,685</b>	<b>(378,382)</b>	<b>619,264</b>
March 1, 2020	15,487,000	921,898	111,948	(470,009)	563,837
Loss and comprehensive loss for the period	-	-	-	(27,809)	(27,809)
<b>May 31, 2020</b>	<b>15,487,000</b>	<b>921,898</b>	<b>111,948</b>	<b>(497,818)</b>	<b>536,028</b>

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**Califfi Capital Corp.****Condensed Interim Statements of Loss and Comprehensive Loss****Unaudited – Prepared by Management**

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**For the three months ended May 31,**

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	Note	2020 \$	2019 \$
<b>Expenses</b>			
General and administrative expenses	7	8,388	17,304
Professional fees	7	19,277	20,579
Transfer agent and filing fees		2,116	11,749
Loss from operating expenses		<b>(29,781)</b>	(49,632)
Interest income		1,972	1,897
<b>Loss and comprehensive loss for the period</b>		<b>(27,809)</b>	(47,735)
<b>Loss per share</b>			
<b>Weighted average number of common shares outstanding</b>			
- Basic #	6	<b>5,487,000</b>	5,125,000
- Diluted #	6	<b>5,487,000</b>	5,125,000
<b>Basic loss per share \$</b>	6	<b>(0.01)</b>	(0.01)
<b>Diluted loss per share \$</b>	6	<b>(0.01)</b>	(0.01)

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**Califfi Capital Corp.****Condensed Interim Statements of Cash Flows****Unaudited – Prepared by Management**

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**For the three months ended May 31,**

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	Note	2020 \$	2019 \$
<b>Operating activities</b>			
Loss and comprehensive loss for the period		(27,809)	(47,735)
Adjustments for:			
Interest received		(1,972)	(1,897)
Net change in non-cash working capital items	8	(21,474)	1,106
		<b>(51,255)</b>	<b>(48,526)</b>
<b>Investing activities</b>			
Interest received		<b>1,972</b>	1,897
Net decrease in cash and cash equivalents		<b>(49,283)</b>	(46,629)
<b>Cash and cash equivalents, beginning of period</b>		<b>619,179</b>	707,319
<b>Cash and cash equivalents, end of period</b>		<b>569,896</b>	660,690

**Supplemental cash flow information**

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## Califfi Capital Corp.

### Notes to the Condensed Interim Financial Statements

#### Unaudited – Prepared by Management

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For the three months ended May 31, 2020 and May 31, 2019

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#### 1. Nature of operations and going concern

Califfi Capital Corp. (the “Company”) was incorporated on November 24, 2016 under the laws of the Province of British Columbia, Canada, as a Capital Pool Company as defined in the TSX Venture Exchange (“TSX-V”) Policy 2.4. Head office is located at 423 10<sup>th</sup> Street E, North Vancouver, British Columbia, Canada, V7L 2E5. The principal business of the Company is the identification and evaluation of assets, or a business, and once identified or evaluated, to negotiate the acquisition or participation in the business (the “Qualifying Transaction”), subject to, if a non-arm’s length Qualifying Transaction, receipt of majority approval of the minority shareholders and acceptance by regulatory authorities. Until the completion of a Qualifying Transaction, the Company is not permitted to carry on any other business.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company’s business or results of operations at this time.

On April 30, 2020, the Company processed a Notice of Civil Claim in the Supreme Court of British Columbia (the “claim”) against Fenix Gold Inc. (“Fenix”), a private mineral exploration company incorporated in Ontario, and its principal shareholder as a result of Fenix’s withdrawal, announced on February 27, 2020, from a former proposed Qualifying Transaction. The claim is for damages, exemplary and punitive damages, and special damages from breach of contract and for breach of the duty of good faith, plus interest and costs in respect of the termination of a letter of intent entered into between the parties on April 5, 2019.

On June 16, 2020, the Company entered into a letter of intent to acquire Bonanza Mining Corporation (“Bonanza”), a private British Columbia mineral exploration company which holds certain mineral property interests in British Columbia (Note 10). It is intended that the letter of intent will be superseded by a definitive agreement (collectively, the “Agreement”).

Pursuant to the Agreement, the Company will acquire 100% of the issued and outstanding common shares of Bonanza in exchange for (2) common shares of the Company for every (1) common share of Bonanza (the “Transaction”). The Transaction is intended to constitute the Company’s Qualifying Transaction. The terms of the Agreement require the Company and Bonanza to complete a financing for gross proceeds of a minimum of \$1,640,000 prior to and/or concurrently with the closing of the Transaction.

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. The Company does not have revenues and has incurred operating losses since incorporation. As at May 31, 2020, the Company had working capital of \$536,028 (February 29, 2020 – \$563,837), and shareholders’ equity of \$536,028 (February 29, 2020 - \$563,837). Management has assessed that this working capital is sufficient for the Company to continue as a going concern beyond one year. The continuation of the Company is dependent upon the continuing financial support of shareholders and the completion of its proposed Qualifying Transaction. If the going concern assumption were not appropriate for these financial statements, it would be necessary to restate the Company’s assets and liabilities on a liquidation basis.

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**Califfi Capital Corp.****Notes to the Condensed Interim Financial Statements****Unaudited – Prepared by Management**

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**For the three months ended May 31, 2020 and May 31, 2019**

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**2. Significant accounting policies****(a) 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 audited financial statements for the year ended February 29, 2020, 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 financial statements.

These financial statements have been prepared on an 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.

**(b) 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 financial statements and are those the Company expects to adopt in its financial statements for the year ended February 28, 2021. Accordingly, these financial statements should be read in conjunction with the Company's most recent annual audited financial statements.

**3. Cash and cash equivalents**

Cash and cash equivalents consist of the following:

	<b>May 31, 2020</b>	February 29, 2020
	\$	\$
Bank balance	63,236	114,491
Cashable investment certificates	506,660	504,688
	<b>569,896</b>	619,179

**4. Receivables and prepayments**

Receivables and prepayments consist of the following:

	<b>May 31, 2020</b>	February 29, 2020
	\$	\$
Prepaid expenses	9,450	5,200
Sales tax recoverable	1,090	-
	<b>10,540</b>	5,200

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## Califfi Capital Corp.

### Notes to the Condensed Interim Financial Statements

#### Unaudited – Prepared by Management

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For the three months ended May 31, 2020 and May 31, 2019

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#### 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, 2020:

- There were no issuances of share capital during the three months ended May 31, 2020.

##### Transactions for the issue of share capital during the three months ended May 31, 2019:

- There were no issuances of share capital during the three months ended May 31, 2019.

#### Escrowed securities

The Company entered into an Escrow Agreement in relation to 10,000,000 common shares (“Seed Shares”) issued prior to the Company’s Initial Public Offering (“IPO”), whereby the Seed Shares have been deposited into escrow.

Pursuant to the Escrow Agreement, 10,000,000 Seed Shares were placed in escrow. Upon the Company completing a Qualifying Transaction, the escrowed common shares will be subject to a timed release over a 36-month period. Should the proposed Agreement not be finalized, one-half of the Seed Shares may be subject to cancellation in accordance with the policies of the TSX-V.

As at May 31, 2020, 10,000,000 (February 29, 2020 – 10,000,000) common shares are held in escrow.

#### Stock options

The Company has adopted 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, 2020 and February 29, 2020 and changes during the period/year then ended is as follows:

	Period ended May 31, 2020		Year ended February 29, 2020	
	Options #	Exercise price \$	Options #	Exercise price \$
Options outstanding, beginning of period/year	1,500,000	0.10	1,500,000	0.10
<b>Options outstanding, end of period/year</b>	<b>1,500,000</b>	<b>0.10</b>	1,500,000	0.10

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**Califfi Capital Corp.****Notes to the Condensed Interim Financial Statements****Unaudited – Prepared by Management**

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**For the three months ended May 31, 2020 and May 31, 2019**

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**5. Share capital (continued)****Stock options (continued)**

As at May 31, 2020 the Company has stock options outstanding and exercisable as follows:

Options outstanding #	Options exercisable #	Exercise price \$	Expiry date	Average remaining life (years)
1,500,000	1,500,000	0.10	July 19, 2022	2.14

The 1,500,000 stock options outstanding as at May 31, 2020, are held by Officers and Directors of the Company. If the stock options are exercised before a Qualifying Transaction has been completed, the Optionee must agree in writing that the shares acquired be held in escrow until the issuance of a Final Exchange Bulletin confirming the Qualifying Transaction.

No stock options were granted during the three months ended May 31, 2020 and May 31, 2019.

**Compensation options**

A summary of the status of the Company's compensation options as at May 31, 2020 and February 29, 2020 and changes during the period/year then ended is as follows:

	<b>Period ended May 31, 2020</b>		<b>Year ended February 29, 2020</b>	
	Compensation options #	Exercise price \$	Compensation options #	Exercise price \$
Compensation options outstanding, beginning of period/year	-	-	375,000	0.10
Compensation options exercised	-	-	(362,000)	0.10
Compensation options expired	-	-	(13,000)	0.10
<b>Compensation options outstanding, end of period/year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

No compensation options were issued during the three months ended May 31, 2020 and May 31, 2019. As at May 31, 2020 and February 29, 2020, there were no compensation options outstanding and exercisable.

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**Califfi Capital Corp.****Notes to the Condensed Interim Financial Statements****Unaudited – Prepared by Management**

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**For the three months ended May 31, 2020 and May 31, 2019**

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

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

	Stock options \$	Compensation options \$	Total \$
March 1, 2019	111,948	19,737	131,685
May 31, 2019	111,948	19,737	131,685
March 1, 2020	111,948	-	111,948
<b>May 31, 2020</b>	<b>111,948</b>	<b>-</b>	<b>111,948</b>

**6. Loss per share**

The calculation of basic and diluted loss per share for the three months ended May 31, 2020, was based on the loss attributable to common shareholders of \$27,809 (2019 - \$47,735) and a weighted average number of common shares outstanding of 5,487,000 (2019 – 5,125,000).

In accordance with the Company's accounting policy, weighted average number of common shares outstanding excludes 10,000,000 Seed Shares held in escrow (Note 5).

All options 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**

The Company's related parties include key management personnel and Directors and companies in which they have control or significant influence over the financial or operating policies. 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, 2020 and May 31, 2019.

Key management personnel and Directors receive no salaries, non-cash benefits (other than incentive stock options), or other remuneration directly from the Company, other than noted below, and there are no employment contracts with them that cannot be terminated without penalty on a thirty-day advance notice. Key management personnel and Directors can participate in the Company's stock option plan. During the three months ended May 31, 2020 and May 31, 2019, no stock options were granted to Officers or Directors.

The Company transacted with the following related parties:

- (a) Alfredo De Lucrezia is the Company's President and CEO, and a Company Director. He charges for office supplies, office rent, and is reimbursed for administrative expenses.
- (b) Larry Donaldson 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.
- (c) Glenn Yeadon is the Company's Secretary. He controls Glenn R. Yeadon Personal Law Corporation ("Yeadon Law Corp.") which provides the Company with legal services.

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**Califfi Capital Corp.****Notes to the Condensed Interim Financial Statements****Unaudited – Prepared by Management**

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**For the three months ended May 31, 2020 and May 31, 2019**

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**7. Related party payables and transactions (continued)**

The aggregate value of transactions and outstanding balances with related parties are as follows:

	<b>Transactions three months ended May 31, 2020 \$</b>	<b>Transactions three months ended May 31, 2019 \$</b>	<b>Balances outstanding May 31, 2020 \$</b>	<b>Balances outstanding February 29, 2020 \$</b>
Alfredo De Lucrezia - general and administrative	7,854	15,269	2,500	3,177
(1) DBM CPA - accounting fees	5,500	5,500	12,000	12,275
(1) Yeadon Law Corp. - legal fees	5,000	15,000	23,000	38,000
	<b>18,354</b>	<b>35,769</b>	<b>37,500</b>	<b>53,452</b>

(1) Transactions are included within professional fees.

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

**8. Supplemental cash flow information**

Changes in non-cash operating working capital during the three months ended May 31, 2020 and May 31, 2019, were comprised of the following:

	<b>May 31, 2020 \$</b>	<b>May 31, 2019 \$</b>
Receivables and prepayments	(5,340)	576
Accounts payable and accrued liabilities	(182)	(15,583)
Accounts payable to related parties	(15,952)	16,113
Net change	<b>(21,474)</b>	<b>1,106</b>

The Company did not incur any non-cash financing or investing activities during the three months ended May 31, 2020 and May 31, 2019.

During the three months ended May 31, 2020 and May 31, 2019, there were no amounts paid on account of interest or income taxes.

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## Califfi Capital Corp.

### Notes to the Condensed Interim Financial Statements

#### Unaudited – Prepared by Management

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For the three months ended May 31, 2020 and May 31, 2019

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## 9. Financial risk management

### Capital management

The Company is a Capital Pool Company and considers items included in shareholders' equity as capital. The Company has no long-term debt. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of underlying assets.

In order to maintain or adjust its capital structure, the Company may issue new shares, purchase shares for cancellation pursuant to normal course issuer bids or make special distributions to shareholders. The Company is not subject to any externally imposed capital requirements and does not presently utilize any quantitative measures to monitor its capital. The Company's capital structure as at May 31, 2020 is comprised of shareholders' equity of \$536,028 (February 29, 2020 - \$563,837). There were no changes to the Company's approach to capital management during the three months ended May 31, 2020.

The Company currently has no source of revenues. 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 dependent upon the continuing financial support of shareholders and the completion of its proposed Qualifying Transaction (Note 1).

### Financial instruments - fair value

The Company's financial instruments consist of cash and cash equivalents, accounts payable and accrued liabilities, and accounts payable to related parties. The carrying value of accounts payable and accrued liabilities and accounts payable to related parties approximated their fair value because of the short-term nature of these instruments.

Financial instruments measured at fair value on the statement of financial position are summarized 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).

The Company's cash and cash equivalents are measured using Level 1 inputs.

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**Califfi Capital Corp.****Notes to the Condensed Interim Financial Statements****Unaudited – Prepared by Management**

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**For the three months ended May 31, 2020 and May 31, 2019**

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**9. Financial risk management (continued)****Financial instruments - risk**

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

**(a) Credit risk**

The Company is exposed to credit risk by holding cash and cash equivalents, which are held in a financial institution in Canada. Management believes the exposure to credit risk with respect to such institutions is not significant. The Company has minimal receivables exposure as its sales tax recoverable is due from the Canadian Government.

**(b) 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.

**(c) Interest rate risk**

The Company is exposed to interest rate risk because of fluctuating interest rates on its cash equivalents. For the three months ended May 31, 2020, every 1% fluctuation in interest rates would have impacted loss and comprehensive loss during the period, by approximately \$1,300 (2019 - \$1,300) before income taxes.

**10. Event after the reporting period**

On June 16, 2020, the Company entered into a letter of intent to acquire Bonanza (Note 1), a private mineral exploration company incorporated in British Columbia, which is expected to constitute the Company's Qualifying Transaction.