Califfi Capital Corp.

Management's Discussion & Analysis

For the three months ended

May 31, 2021

MANAGEMENT'S DISCUSSION & ANALYSIS

The following Management's Discussion & Analysis ("MD&A") of Califfi Capital Corp. ("Califfi" or the "Company") for the three months ended May 31, 2021, should be read in conjunction with Company's condensed interim consolidated financial statements for the three months ended May 31, 2021 and Bonanza Mining Corporation's ("Bonanza") annual audited financial statements for the fourteen months ended February 28, 2021. On July 21, 2021, Bonanza changed its name to 1107001 B.C. Ltd. The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All monetary amounts in this MD&A are expressed in Canadian dollars, unless otherwise indicated.

The information contained herein is presented as at **July 29, 2021** (the "MD&A Date"), unless otherwise indicated.

For the purposes of preparing this MD&A, Management, in conjunction with the Board of Directors, considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of Califfi's common shares; or (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board of Directors, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

FORWARD-LOOKING STATEMENTS

This MD&A contains certain "forward-looking information" and "forward-looking statements" (collectively, "forward-looking statements"), within the meaning of applicable Canadian securities laws, which are based upon the Company's current internal expectations, estimates, projections, assumptions, and beliefs. All information, other than statements of historical facts, included in this MD&A that addresses activities, events or developments that the Company expects or anticipates will or may occur in the future is forward-looking information. Such statements can be identified by the use of forward-looking terminology such as "expect", "likely", "may", "will", "should", "intend", or "anticipate", "potential", "proposed", "estimate" and other similar words, including negative and grammatical variations thereof, or statements that certain events or conditions "may" or "will" happen, or by discussions of strategy. Forward-looking statements include estimates, plans, expectations, opinions, forecasts, projections, targets, guidance, or other statements that are not statements of fact. Such forward-looking statements are made as of the date of this MD&A and, except as required by law, the Company is under no obligation to update or alter any forward-looking information.

Forward-looking statements in this MD&A may include, but are not limited to, statements with respect to: the use of the net proceeds from financings; the performance of the Company's business and exploration activity; the intention to grow the business and/or exploration activities, regulatory changes; the competitive conditions of the industry and the Company's competitive position in the industry; the Company's business plans and strategies; the anticipated benefits of the Company's option partners and/or joint venture opportunities; the applicable laws, regulations and any amendments thereof; and any anticipated future exploration results.

Although the Company believes that the expectations reflected in the forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct. The Company cannot guarantee future results, levels of exploration activity, performance, or achievements. There are risks, uncertainties, and other factors, some of which are beyond the Company's control, which could cause actual results, performance or achievements of the Company, as applicable, to differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements contained in this MD&A. Califfi undertakes no obligation to update forward-looking statements if these beliefs, estimates and opinions or other circumstances should change, except as required by applicable securities laws. There can be no assurance that such statements will prove to be accurate, and future events and actual results could differ materially from those anticipated in such statements. Given these uncertainties, the reader of the information included herein is cautioned not to place undue reliance on such forward-looking statements. Refer to "Risk Factors" below for details of certain risks.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

Information provided in this MD&A and the financial statements is the responsibility of management. In the preparation of the financial statements, estimates are sometimes necessary to make a determination of the carrying value for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the financial statements. Management maintains a system of internal controls to provide reasonable assurances that the Company's assets are safeguarded and to facilitate the preparation of relevant and timely information.

QUALIFIED PERSON

Christopher Graf, P.Geo., Vice-President Exploration and a Company Director, is a qualified person as defined by National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* and has approved the scientific and technical information and disclosure contained in this MD&A.

DESCRIPTION OF BUSINESS

Califfi Capital Corp. ("Califfi" or 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. Its head office is located at 2201 - 8 Smithe Mews, Vancouver, British Columbia, Canada, V6B 0A5, and its exploration office is located at 6242 Cartwright Street, Wardner, British Columbia, V0B 2J0. Califfi's registered and records office is located at Suite 1710 – 1177 West Hastings Street, Vancouver, British Columbia, V6E 2L3. The Company's main business activity (conducted through its wholly-owned subsidiary) 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.

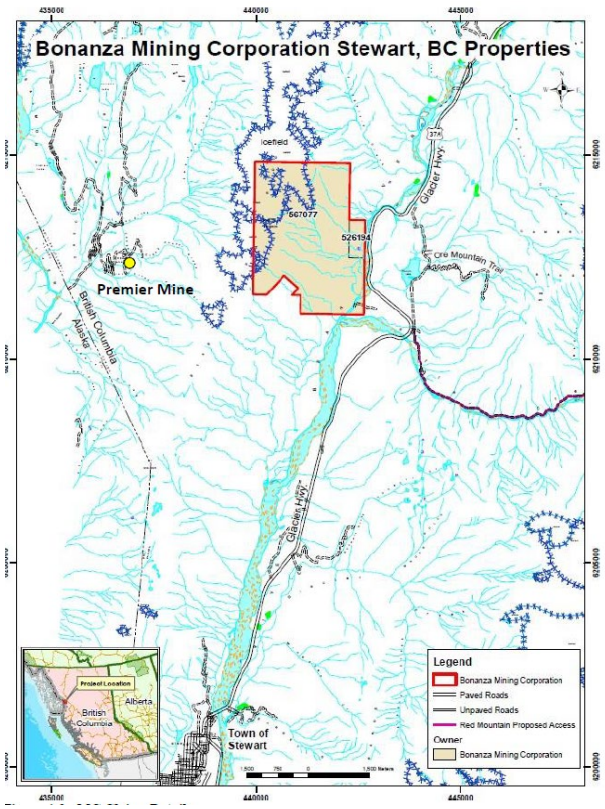
On March 23, 2021, Califfi closed its Qualifying Transaction pursuant to a definitive Share Purchase Agreement (the "Agreement") executed on September 22, 2020 (which superseded a Letter of Intent executed on June 16, 2020) and acquired Bonanza Mining Corporation ("Bonanza"), a private mineral exploration company incorporated on February 10, 2017 having interests in properties located in the Skeena, Golden and Liard Mining Divisions in British Columbia. On July 21, 2021, Bonanza changed its name to 1107001 B.C. Ltd., ("7001 BC"). Bonanza is hereinafter referred to as 7001 BC within this MD&A.

Pursuant to the Agreement, Califfi acquired 100% of the issued and outstanding common shares of 7001 BC in exchange for the issuance of common shares of Califfi on a 2:1 basis (the "Transaction") to the shareholders of 7001 BC. Upon closing of the RTO, the Company's common shares recommenced trading on the TSX-V on March 29, 2021, under the symbol "CFI.V". See "Overall Performance" below for more details.

Mineral Property Interests:

MC Property

Califfi and 7001 BC commissioned Moose Mountain Technical Services ("MMTS") to complete a technical report in accordance with NI 43-101 on the MC Property dated August 28, 2020 (the "MC Report") which has been filed on SEDAR at www.sedar.com. A major extract of the information contained in the MC Report is included in Califfi's Filing Statement which was filed on SEDAR on March 10, 2021. The below excerpt of the extract is qualified in its entirety by the full MC Report. Readers are encouraged to review the MC Report in its entirety.



In March 2017, the Company entered into an agreement to acquire a 100% interest in certain mineral claims located in the Skeena Mining Division of Stewart, British Columbia (the "MC 1 & 2 Property") (gold-silver-lead-zinc) from William Pfaffenberger, who deals with 7001 BC on an arm's-length basis, by making cash payments and issuing common shares of the Company and incurring minimum aggregate exploration expenditures as detailed within the financial statements.

The MC Project is a historic mineral occurrence hosting gold, silver, and base metal elements that is worthy of further exploration. The project is located in the Skeena Mining District of British Columbia, approximately 14km northeast of Stewart. Moose Mountain Technical Services (MMTS) was commissioned by 7001 BC to complete a technical report for the MC property, reporting on the exploration results over the entire property, and recommending an exploration program to follow up on promising targets.

Mineral exploration in the MC property area was initiated in 1910 and has continued intermittently through to the present. The MC property has been tested by four drillholes, as well as various geophysical techniques and soil, stream, and rock sampling. In 2017 detailed 3D- IP and mag surveys were completed on portions of the property as well as two phases of soil sampling and prospecting. In 2019, exploration targets were sampled and assayed with result presented herein.

Recommendations for further work on the MC Project includes a multiphase program as outlined below:

1.) Line cutting: At least four cut lines will be required, two on the northern part and two on the southern part of the property.

2.) Geophysical surveying: The cut lines will then be geophysically surveyed by 3D IP and magnetics, with the new data being added to the geophysical data obtained in 2017.

3.) Soil, rock sampling and prospecting: Additional rock sampling and prospecting should be conducted at higher elevations above the main multi-element soil anomaly outlined on the southernhalf of the property in 2017. This anomaly remains open upslope, where terrain becomes more conducive to rock sampling and prospecting as determined during reconnaissance in 2019. As well, at least one new soil sample line needs to be sampled at a lower elevation below the main soil anomaly. Additional rock sampling and prospecting should be done along the main soil anomaly where the showings were sampled in 2017, as well as at both higher and lower elevations along the mineralized trend to build a robust dataset.

4.) Geological mapping: Aa more detailed compilation map should be created that shows all of the important previous exploration data for the property that are located in BC government assessment reports, including rock and soil sample results, locations of mineral showings, and areas that have been geologically mapped. Geological mapping needs to be conducted on both the northern and southern parts of the property as there is presently no modern government geological map or any other geological map that covers the area.

5.) Diamond drilling: A Phase 1 drill program totaling 1,000m of coring is recommended. A follow-up Phase 2 drilling program of 2,000m may also be required, dependent on the results of the Phase 1 program. NQ size diamond drillholes are recommended on both the north and south areas of the property.

On the northern part of the property at least four additional holes are recommended to be drilled to explore the C1 chargeability anomaly and at least two holes are recommended to be drilled to explore the C2 chargeability anomaly. These six drillholes will average about 350m in length, for atotal of at least 2,000m.

Two shorter 100m drillholes are recommended to explore the Dalhousie showing's potential, for a total of 200m of drilling.

On the southern part of the property at least four holes are recommended to be drilled to explorethe potential of the main soil anomaly and mineral showings along northwest-striking structural trends. These four holes will average about 200m for a total of 800m.

The MC property claims are as follows:

Record Number of Claim	Expiry Date	Area (ha)
567077	15 October 2022	867.18
526194	25 January 2023	36.13
Total		903.31

Shag Property

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

The below is an excerpt from the information disclosed in respect of this project within Califfi's Filing Statement as filed on SEDAR.

The Shag Property comprises 4 mineral claims totaling 2,108.54 hectares and is located in the BC southern Rockies approximately 24 km northeast of the town of Canal Flats and 35 km east of Radium Hot Springs and is readily accessed by major BC forestry service roads from both towns, however the upper portions of Shag creek valley will require helicopter access.

Zinc-lead-silver mineralization was first discovered on the Shag property in 1977 during a regional sedimentary hosted lead-zinc exploration program funded by Riocanex Ltd. Subsequently there have been 9 separate exploration programs conducted on the property from 1977 to 1998 that included small diamond drilling programs by Riocanex in 1978 and 1979 followed by two small drilling programs by Esso Minerals in 1981 and 1982. The lead-zinc mineralization on the property is interpreted to belong to the MVT class of deposits and is similar to the past producing Monarch and Kicking Horse mines located along trend in the same carbonate rock formations near Field BC approximately 100 km north.

Twenty separate lead-zinc showings have been discovered on the Shag property along at least three separate horizons over a strike length of 5 km. Three separate soil sampling surveys have been conducted on the property from which a strong zinc-lead soil anomaly over 3 km long was outlined along the Shag creek valley.

At this point in time no specific plans for further exploration have been formulated on the Shag property until a technical report in accordance with NI 43-101 is completed on the property.

Frog Property

In February 2018 and as amended on September 22, 2020, and February 24, 2021, the Company entered into an agreement to acquire a 100% interest in certain mineral claims located in the Liard Mining District in British Columbia known as the Frog property (zinc-lead-silver-copper) from Christopher Graf, Vice-President Exploration, Director of the Company, and Theodore Muraro who deals with 7001 BC on an arm's-length basis (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 and incurring minimum aggregate exploration expenditures as detailed within the financial statements.

The below is an excerpt from the information disclosed in respect of this project within Califfi's Filing Statement as filed on SEDAR

The Frog property comprises three mineral claims totaling 1,166.78 hectares and is located approximately 170 km east of Imperial Metals – Newcrest's Red Chris mine near Dease Lake, BC and about 70 km east of the major Kutcho Creek copper-zinc massive sulfide project that is being developed by Capstone Mining Corp's subsidiary Kutcho Copper Corp. There is an airstrip at Kutcho and a 100 km long road connects the project to the town of Dease Lake and paved highway 37.

The Frog zinc-lead-silver-copper property dates back to the 1950's when an area of massive argentiferous galena- sphalerite-chalcopyrite-rhodochroisite boulders roughly 180 meters by 120 meters was discovered in sedimentary rocks there. The property was held by Conwest Mining Ltd. from that time until the early 1970's and subsequently by Cominco Ltd. through the 1970's until 1989. In the early 1960's Conwest dug two hand trenches across the zone of massive sulfide boulders and excavated ~ 30 tons of high grade mineralization and assayed several samples which averaged 29.7% lead, 6.8% zinc, 16.6 oz/t silver, 0.6% copper and 0.01 oz/t gold.

In 2005 the BC government funded a regional airborne magnetic survey that covered the area where the Frog property is located and published the results in Open File # 3198 titled Cassiar Geophysics. Importantly an isolated, discreet aeromagnetic high anomaly measuring 10 km by 10 km was outlined and its 2 km by 2 km central peak area is centered directly under the mineralized area of the Frog property, indicating strong potential for the discovery of a porphyry copper and/or a large skarn deposit below the higher level lead-zinc-copper-silver-manganese mineralization.

At this point in time no specific plans for further exploration have been formulated on the Frog property until a technical report in accordance with NI 43-101 is completed on the property.

OVERALL PERFORMANCE

As discussed above, on March 23, 2021 Califfi completed the acquisition of 7001 BC and the Company completed a concurrent financing for gross proceeds of $1,700,000. The Transaction was accounted for as a reverse acquisition ("RTO") of Califfi by 7001 BC for accounting purposes, with 7001 BC being identified as the accounting acquirer, and accordingly, the financial statements are a continuation of 7001 BC with the net assets of Califfi being deemed to have been acquired by 7001 BC on March 23, 2021. The information within the financials statements and this MD&A include the results of operations of Califfi from March 23, 2021. The comparative figures are those of 7001 BC prior to the RTO.

During the three months ended May 31, 2021, the Company was minimally active aside from completion of the RTO which resulted in the acquisition of cash from Califfi of approximately $612,000.

During the three months ended May 31, 2021, the Company incurred a loss and comprehensive loss of approximately $1,907,000 inclusive of a non-cash listing expense which arises as a consequence of 7001 BC obtaining Califfi's public listing concurrent with closing of the RTO in the amount of approximately $1,742,000.

DISCUSSION OF OPERATIONS

For the three months ended May 31, 2021

The following table summarizes the Company's results of operations and cash flows for the three months ended May 31, 2021 (rounded). Cash provided by financing activities comprises the results of the concurrent private placement, and cash provided by investing activities is driven largely by the cash acquired from Califfi, both in the context of the RTO.

	May 31, 2021 $
Revenue	**-**
Loss and comprehensive loss	**(1,907,000)**
Cash used in operating activities	**(177,000)**
Cash provided by financing activities	**1,610,000**
Cash provided by investing activities	**560,000**
Increase in cash	**1,993,000**

Certain components of the Company's operating and other expenses for three months ended May 31, 2021, were as follows (rounded):

	May 31, 2021 $
Share-based payments	**128,000**
Wages	**22,000**
Listing expense	**1,742,000**

- Wages include salaries paid to Christopher Graf, Vice-President Exploration and Director, and Alfredo De Lucrezia, President, CEO and Director which became effective on April 1, 2021.
- Share-based payments includes the vesting of stock options granted to Directors and Officers of the Company concurrent with closing of the RTO.
- Listing expense is a non-cash expense which represents the excess of consideration paid on the RTO and represents the attainment of Califfi's public listing by 7001 BC.

SUMMARY OF QUARTERLY RESULTS

Period Ending	**Revenue $**	**Loss and comprehensive loss $**	**Basic and Diluted Loss Per Share $**
May 31, 2021	-	(1,907,273)	(0.08)
February 28, 2021	-	(32,156)	(0.00)
November 30, 2020	-	(780)	(0.00)
August 31, 2020	-	(44)	(0.00)
May 31, 2020	-	(20)	(0.00)
February 29, 2020	-	(35)	(0.00)
November 30, 2019	-	(1,500)	(0.00)
August 31, 2019	-	(2,500)	(0.00)

TRANSACTIONS BETWEEN RELATED PARTIES

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.

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

	Transactions three months ended May 31, 2021 $	Transactions three months ended May 31, 2020 $	**Balances payable (receivable) outstanding May 31, 2021 $**	Balances payable (receivable) outstanding February 28, 2021 $
Chris Graf	10,000	-	(5,250)	(5,004)
Andrew Burgess	2,500	-	132,800	132,800
Alfredo de Lucrezia	10,000	-	-	-
Yeadon Law Corp.	-	-	20,990	-
DBM CPA	2,000	-	-	-
	24,500	-	**148,540**	127,796

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 are recorded within professional fees.

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

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

(d) 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 which are recorded within professional fees.

(e) 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 which are recorded within professional fees.

LIQUIDITY AND CAPITAL RESOURCES

As at May 31, 2021, the Company had working capital of approximately $1,810,000. The Company's primary source of liquidity is completion of the financing which occurred concurrent with closing of the RTO.

Upon closing of the RTO and concurrent financing on March 23, 2021, the Company had approximately $2,376,000 in funds available.

As stated in the Company's Filing Statement as filed on SEDAR, management anticipates the principal purpose of such funds, for the next 12 months, will be for, among other things, working capital and future exploration activities on its mineral properties, primarily exploration activities on the MC Property as recommended in the MC Report.

The use of funds from March 23, 2021 to May 31, 2021, as presented in the categories pursuant to the disclosure within the Filing Statement, was as follows:

Principal Purposes	**Use of Funds (rounded) $**
General and administrative expenses	**11,000**
Costs to complete the RTO and concurrent financing (1)	**5,000**
Phase 1 exploration costs on the MC Property	**5,000**
Payments to Andrew Burgess and the Property Optionors	**197,800**
Use of funds	**218,800**
Remaining funds from closing of RTO	**2,157,200**
Available funds on closing of RTO	**2,376,000**

(1) finders' fees payable on closing of the financing were paid by Califfi immediately prior to consolidation on the RTO.

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, to maintain appropriate cash reserves on hand to meet ongoing operating costs, and to invest excess cash in highly liquid financial instruments such as guaranteed investment certificates. 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.

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

SHARE CAPITAL INFORMATION

During the three months ended May 31, 2021, concurrent with closing of the RTO, the Company completed a private placement comprising the issuance of 5,000,000 non-flow-through common shares at $0.13 per share, and 7,000,000 flow-through common shares at $0.15 per share, for aggregate gross proceeds of $1,700,000. Finders' fees totaling $89,661 were incurred in respect of the placement in addition to the issuance of 579,860 finders' warrants having a fair value of $27,400. Each finder's warrant is exercisable at a price of $0.15 per share for two years until March 23, 2023. Legal and filing fees amounted to $8,500 in respect of the private placement.

OUTSTANDING SHARE DATA

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

- As at the MD&A Date the Company has 46,058,202 common shares issued and outstanding.

Stock options

- As at the MD&A Date, the Company has 4,350,000 stock options outstanding at an exercise price of $0.15 each.

Warrants

- As at the MD&A Date, the Company has 579,860 share purchase warrants outstanding at an exercise price of $0.15 each.

CRITICAL ACCOUNTING ESTIMATES

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 period. Actual results could differ from those estimates and judgments.

The information about significant areas of estimation uncertainty and judgment considered by management in preparing the financial statements are described in Note 2 within the financial statements of Bonanza Mining Corporation for the fourteen months ended February 28, 2021.

FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, receivable from related party, reclamation deposit, accounts payable and accrued liabilities, and accounts payable to related parties. The carrying value of cash, receivable from related party, reclamation deposit, accounts payable and accrued liabilities and accounts payable to related parties approximates their fair value because of the short-term nature of these instruments.

As at May 31, 2021 and February 28, 2021, and for the periods then ended, there are no financial instruments measured at fair value on the statements of financial position. The Company's financial instruments are exposed to certain financial risks, including credit risk, interest rate risk, and liquidity risk. Details of these risks and related assessments are included in the Company's financial statements for the three months ended May 31, 2021, within Note 11.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not utilize off-balance sheet arrangements.

PROPOSED TRANSACTIONS

There are no proposed transactions as at the MD&A Date.

CHANGES IN ACCOUNTING POLICIES AND INITIAL ADOPTION

During the period ended May 31, 2021, there were no changes to the Company's significant accounting policies, nor any new accounting policies adopted. Further, there were no changes to the accounting policies of either Califfi or 7001 BC upon closing of the RTO and resulting consolidation of their respective financial statements.

RISK FACTORS

The Company's securities should be considered high risk and speculative due to the nature of the Company's business. An investment in securities of the Company should only be made by persons who can afford a significant or total loss of their investment. An investment in the Company Shares and the shares of the Company should be considered highly speculative, not only due to the nature of Califfi's existing and proposed business and operations, but also because of the uncertainty related to the business of the Company. In addition to the other information, an investor should carefully consider each of, and the cumulative effect of, the following factors, which assume the completion of each of the Acquisition and the Financing.

The following risk factors are not an exhaustive list of risk factors with respect to the Company and an investment in the Company. Additional risk factors are disclosed within the Company's Filing Statement as filed on SEDAR on March 10, 2021. The following risk factors are those that management has determined are the most significant and/or relevant at this time in respect of the Company's business activities.

Capitalization and Commercial Viability

The Company will require additional funds to further explore and, conditional upon exploration success, potentially develop and mine its properties. The Company has limited financial resources, and there is no assurance that additional funding will be available to it to carry out the completion of all proposed activities, for additional exploration, or for financing the high-cost development typically required to place a property into commercial production. Although both Califfi and 7001 BC have in the past been successful in obtaining financing through the sale of equity securities, there can be no assurance that the Company will in future be able to obtain adequate financing on acceptable terms. Failure to obtain additional financing could result in the delay or indefinite postponement of further exploration and development of its properties, the loss of part or all of its ownership position in its properties, and declines in the price of the Company's securities.

While, upon completion of the Offering, the Company will have sufficient financial resources to undertake the recommended Stage 1 exploration program in respect of the MC Property, the Company will in future require additional funds to further explore and develop the MC Property and its other properties.

Current Global Financial Conditions

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 ability to raise capital or conduct exploration activities. There are various community travel restrictions and health and safety concerns that may prohibit or delay exploration programs from proceeding. Operations will depend on obtaining necessary field supplies, obtaining contractor services, and safeguarding all personnel during the outbreak, which may be prohibitive or too costly. Various government wage and loan subsidies are available to qualified companies to assist them with operating costs during the pandemic. To date, the Company has not qualified for assistance.

Exploration and Development

Mineral exploration and development involves a high degree of risk. Very few properties which are explored, ultimately develop into producing mines.

The Company's properties do not presently contain mineral "resources" or "reserves", as those terms are defined in National Instrument 43-101, nor is there any guarantee that they ever shall. The process of confirming, or alternatively disproving, the presence of resources or reserves on the Company's properties will require following an exploration and development pathway comprised of sequential steps, the execution of each of which is fraught with risk and predicated on successful results from the step immediately prior to it. Failure at any step generally, though not always, puts an end to exploration or development activities. As the exploration and development pathway is followed, the metal or mineral content of the area under exploration is quantified and assessed to an increasing degree of certainty, generally by increasing the density of drilling and the amount of sampling and assaying, coupled with volume and grade modelling. With increasing certainty comes, initially, "Inferred" level resources, followed by resources in the "Indicated" and "Measured" categories, none of which have demonstrated economic viability. Only through the later application of technical (metallurgical, mining, processing,environmental etc.) and economic parameters appropriate to the resources under study, and the completion of pre-feasibility and ultimately, feasibility studies by qualified geologists, engineers and geoscientists, can resources potentially be converted to "reserves" ("ore"), which by definition would be potentially economic to mine and process, under the technical and economic criteria utilized in the feasibility study or studies applied to them. These steps and activities are costly. Should ore reserves ultimately be demonstrated to exist on the Company's properties, a positive decision to take the ore reserves thus demonstrated to commercial production would not be a given. In addition to the steps and studies detailed above, a positive production decision would require environmental approvals, the securing of various permits, and consideration and evaluation of additional factors including, but not limited to: (1) the cost of construction of production facilities; (2) the availability and cost of financing; (3) anticipated ongoing costs of production; (4) market prices for the minerals to be produced; (5) environmental compliance regulations and restraints (including potential environmental liabilities associated with historical exploration activities); and (6) the political climate and/or governmental regulation and control.

The ability of the Company to sell, and profit from the sale of any eventual production from any of the Company's properties will be subject to the prevailing conditions in the marketplace at the time of sale. Many of these factors are beyond the control of the Company and therefore represent a market risk which could impact the long-term viability of the Company and its operations.

Title Matters, Surface Rights and Access Rights

While the Company has performed its own due diligence with respect to title of the MC Property, this should not be construed as a guarantee of title. The MC Property may be subject to prior unregistered agreements of transfer or indigenous land claims, and title may be affected by undetected defects. Until any such competing interests have been determined, there can be no assurance as to the validity of title of the MC Property and any othermining or property interests derived from or in replacement or

conversion of or in connection with the claims comprising the MC Property or the size of the area to which such claims and interests pertain.

Although the Company acquires the rights to some or all of the minerals in the ground subject to the tenures that it acquires, or has a right to acquire, it does not thereby acquire any rights to, or ownership of, the surface to the areas covered by its mineral tenures. In such cases, applicable mining laws usually provide for rights of access to the surface for the purpose of carrying on mineral exploration and development activities, however, the enforcement of such rights can be costly and time consuming. In areas where there are local populations or land owners, it is necessary, as a practical matter, to negotiate surface access. There is a risk that local communities or affected groups may take actions to delay, impede or otherwise terminate the contemplated activities of the Company. There can be no guarantee that the Company will be able to negotiate a satisfactory agreement with any such existing landowners/occupiers for such access, and therefore it may be unable to carry out significant exploration and development activities. In addition, in circumstances where such access is denied, or no agreement can be reached, the Company may need to rely on the assistance of local officials or the courts in such jurisdiction, which assistance may not be provided or, if provided, may not be effective. There can be no assurance that the Company will be successful in acquiring any such rights.

First Nation Rights and Title

The nature and extent of First Nation rights and title remains the subject of active debate, claims and litigation in Canada and including with respect to intergovernmental relations between First Nation authorities and federal, provincial and territorial authorities. There can be no guarantee that such claims will not cause permitting delays, unexpected interruptions or additional costs for the Company's projects.

Competition

The mining industry is highly competitive. Many of the Company's competitors for the acquisition, exploration and development of mineral properties, and for capital to finance such activities, will include companies that have greater financial and personnel resources available to them than the Company.

Environmental Risks

All phases of the exploration and mining business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of international conventions and provincial and municipal laws and regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases or emissions of various substances produced in association with mining operations. The legislation also requires that mines and facility sites be operated, maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities. Compliance with such legislation can require significant expenditures and a breach may result in the imposition of fines and penalties, some of which may be material. Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations ofapplicable laws or regulations and, in particular, environmental laws. Amendments to current laws, regulations and permits governing operations and activities of mineral resource companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or production costs or reduction in levels of production at any future producing properties or require abandonment or delays in the development of new mining properties.

Permits and Licenses

The operations of the Company will require various licenses and permits from various government authorities which are or may be granted subject to various conditions and may be subject to renewal from time to time. There can be no assurance that the Company will be able to comply with such conditions and obtain or retain all necessary licenses and permits that may be required to carry out exploration, development and mining operations at its projects. Failure to comply with these conditions may render the licenses liable to forfeiture.

The activities of the Company are subject to government approvals, various laws governing prospecting, development, land resumptions, production taxes, labour standards and occupational health, mine safety, toxic substances and other matters, including issues affecting local First Nation populations. Although the Company believes that its activities are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail exploration, production or development. Amendments to current laws and regulations governing operations and activities of exploration and mining, or more stringent implementation thereof, could have a material adverse impact on the business, operations and financial performance of the Company. Further, the exploration and mining licenses and permits issued in respect of its projects maybe subject to conditions

which, if not satisfied, may lead to the revocation of such licenses. In the event of revocation, the value of the Company's investments in such projects may decline.

No History of Earnings

The Company has no history of earnings, and there is no assurance that any of its mineral properties will generate earnings, operate profitably or provide a return on investment in the future. The Company expects to incur losses and negative operating cash flow for the foreseeable future as it conducts its exploration activities on its properties. The Company has not paid dividends in the past and has no plans to pay dividends for the foreseeable future. The future dividend policy of the Company will be determined by its directors.

Negative Operating Cash Flow

Since inception, Califfi and 7001 BC have had negative operating cash flow and incurred losses. The negative operating cash flow and losses are expected to continue for the foreseeable future. The Company may never achieve positive operating cash flow.