Bonanza Blue Corp.

Condensed Interim Consolidated Financial Statements

Three and Nine Months Ended September 30, 2016

(Expressed in Canadian Dollars)

(Unaudited)

Bonanza Blue Corp.
Condensed Interim Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)
(Unaudited)

		As at September 30, 2016		As at December 31, 2015
ASSETS				
Current assets				
Cash	**$**	**5,551**	$	5,769
Amounts receivable		**239**		267
Total assets	**$**	**5,790**	$	6,036
LIABILITIES AND SHAREHOLDERS' DEFICIT				
Current liabilities				
Accounts payable and other liabilities	**$**	**55,806**	$	30,094
Due to related parties (note 3(b))		**80,074**		69,614
Total liabilities		**135,880**		99,708
Shareholders' deficit				
Share capital (note 4)		**388,712**		388,712
Reserve for share-based payments (note 5)		**-**		34,200
Deficit		**(518,802)**		(516,584)
Total shareholders' deficit		**(130,090)**		(93,672)
Total liabilities and shareholders' deficit	**$**	**5,790**	$	6,036

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

Nature of operations and going concern assumption (note 1)

Approved on behalf of the Board:

(Signed) "Eric Klein", Director
(Signed) "David Brill", Director

Bonanza Blue Corp.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	**2015**	**2016**	**2015**
Expenses				
General and administrative (note 7)	**$ 18,466**	$ 2,716	**$ 36,418**	$ 40,663
Net loss and comprehensive loss for the period	**$ (18,466)**	$ (2,716)	**$ (36,418)**	$ (40,663)
Basic and diluted net loss per share (note 6)	**$ (0.00)**	$ (0.00)	**$ (0.00)**	$ (0.01)
Weighted average number of common shares outstanding - basic and diluted	**8,055,009**	8,055,009	**8,055,009**	8,055,009

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

Bonanza Blue Corp.
Condensed Interim Consolidated Statements of Changes in Shareholders' Deficit
(Expressed in Canadian Dollars)
(Unaudited)

	Share Capital	Reserve for Share-based Payments	Deficit	Total
Balance, December 31, 2014	**$ 388,712**	**$ 34,200**	**$ (472,294)**	**$ (49,382)**
Net loss for the period	-	-	(40,663)	(40,663)
Balance, September 30, 2015	**$ 388,712**	**$ 34,200**	**$ (512,957)**	**$ (90,045)**
Balance, December 31, 2015	**$ 388,712**	**$ 34,200**	**$ (516,584)**	**$ (93,672)**
Expiry of stock options	-	(34,200)	34,200	-
Net loss for the period	-	-	(36,418)	(36,418)
Balance, September 30, 2016	**$ 388,712**	**$ -**	**$ (518,802)**	**$ (130,090)**

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

Bonanza Blue Corp.

Condensed Interim Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)
(Unaudited)

	Nine Months Ended September 30, 2016	Nine Months Ended September 30, 2015
Operating activities		
Net loss for the period	**$ (36,418)**	$ (40,663)
Non-cash working capital items:		
Amounts receivable	**28**	(3,738)
Accounts payable and other liabilities	**25,712**	22,510
Due to related parties	**10,460**	3,322
Net cash used in operating activities	**(218)**	(18,569)
Net change in cash	**(218)**	(18,569)
Cash, beginning of period	**5,769**	22,875
Cash, end of period	**$ 5,551**	$ 4,306

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

1. Nature of operations and going concern assumption

On October 12, 2000, Tripleplay Sports Group Inc. ("Tripleplay") acquired all of the issued and outstanding shares of 1420042 Ontario Inc. for 3,420,000 post consolidated common shares and warrants to acquire 3,420,000 post consolidated common shares at $0.20 per share expiring on October 12, 2003. In connection with the acquisition, Tripleplay changed its name to Bonanza Blue Corp. ("Bonanza" or the "Company") and consolidated its common shares on a 1 for 10 basis.

The Company has no operations and is currently seeking new business opportunities. Success in identifying a suitable new business for the Company is uncertain. Furthermore, the Company has limited working capital to pursue such opportunities. As at September 30, 2016, the Company had a working capital deficiency of $130,090 (December 31, 2015 - working capital deficiency of $93,672) and accumulated deficit of $518,802 (December 31, 2015 – accumulated deficit of $516,584). In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. The Company’s ability to continue operations is dependent on management’s ability to obtain additional financing and to manage its cash resources. The Company's discretionary activities do have considerable scope for flexibility in terms of the amount and timing of expenditure, and expenditures may be adjusted accordingly.

The primary office is located at 82 Richmond Street East, Toronto, Ontario, M5C 1P1. The Company's financial year ends on December 31.

2. Significant accounting policies

(a) Statement of compliance

The unaudited condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board (“IASB”) and interpretations issued by the IFRS Interpretations Committee ("IFRIC").

These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by the IASB and interpretations issued by the IFRIC.

The policies applied in these unaudited condensed interim consolidated financial statements are based on IFRS issued and outstanding as of October 17, 2016, the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these unaudited condensed interim consolidated financial statements as compared with the most recent annual consolidated financial statements as at and for the year ended December 31, 2015, except as noted below. Any subsequent changes to IFRS that are given effect in the Company’s annual consolidated financial statements for the year ending December 31, 2016 could result in restatement of these unaudited condensed interim consolidated financial statements.

(b) Change in accounting policies

IAS 1 - Presentation of Financial Statements was amended in December 2014 in order to clarify among other things, that information should not be obscured by aggregating or by providing immaterial information, that materiality consideration apply to all parts of the financial statements and that even when a standard required a specific disclosure, materiality considerations do apply. There was no impact on the unaudited condensed interim consolidated financial statements as a result of this adoption.

(Expressed in Canadian Dollars)

2. Significant accounting policies (continued)

(c) New standards not yet adopted and interpretations issued but not yet effective

IFRS 9 – Financial Instruments ("IFRS 9") was issued by the IASB in July 2014 and will replace IAS 39 - Financial Instruments: Recognition and Measurement. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value and a new mixed measurement model for debt instruments having only two categories: amortized cost and fair value. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Final amendments released in July 2014 also introduce a new expected loss impairment model and limited changes to the classification and measurement requirements for financial assets. IFRS 9 is effective for annual periods beginning on or after January 1, 2018.

3. Due to related parties

Related parties include the Board of Directors, officers, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions. Related party transactions conducted in the normal course of operations are measured at the exchange value (the amount established and agreed to by the related parties).

(a) Bonanza entered into the following transactions with related parties:

		Nine Months Ended September 30, 2016	2015
Marrelli Support Services Inc. ("Marrelli Support")	(i)	**$ 8,104**	$ 11,000

		Three Months Ended September 30, 2016	2015
Marrelli Support	(i)	**$ 1,500**	$ 1,500

(i) The Chief Financial Officer ("CFO") of Bonanza is the President of Marrelli Support. Fees relate to the CFO function performed.

(b) The following summary outlines amounts owing to related parties. The amounts are unsecured, non-interest bearing and due on demand:

	As at September 30, 2016	As at December 31, 2015
Accounting fees payable to Marrelli Support	**$ 18,144**	$ 7,684
Advances from Brillco Inc. ("Brillco")	**29,930**	29,930
Advances from FSC Abel Financial Inc. ("FSC")	**32,000**	32,000
	$ 80,074	$ 69,614

(Expressed in Canadian Dollars)

3. Due to related parties (continued)

(c) To the knowledge of the directors and officers of the Company, as at September 30, 2016, no person or corporation beneficially owned or exercised control or direction over common shares of the Company carrying more than 10% of the voting rights attached to all the common shares of the Company other than as set out below:

	Number of Common Shares	Percentage of Outstanding Shares
Brillco	1,875,000	23.28 %
FSC	1,975,000	24.52 %

As at September 30, 2016, directors and officers of the Company controlled 250,000 common shares of the Company or approximately 3.1% of the shares outstanding.

The Company is not aware of any arrangements that may at a subsequent date result in a change in control of the Company.

4. Share capital

a) Authorized share capital

Unlimited common shares with no par value
2,000,000 special preference shares, voting, non-participating and redeemable

b) Common shares issued

At September 30, 2016, the issued share capital amounted to $388,712. The change in issued share capital for the periods was as follows:

	Number of Common Shares	Amount
Balance, December 31, 2014, September 30, 2015, December 31, 2015 and September 30, 2016	**8,055,009**	**$ 388,712**

5. Stock options

The following table reflects the continuity of stock options for the periods presented:

	Number of Stock Options	Weighted Average Exercise Price ($)
Balance, December 31, 2014 and September 30, 2015	**450,000**	**0.12**
Balance, December 31, 2015	**450,000**	**0.12**
Expired	(450,000)	(0.12)
Balance, September 30, 2016	**-**	**-**

(Expressed in Canadian Dollars)

6. Net loss per share

The calculation of basic and diluted loss per share for the three and nine months ended September 30, 2016, was based on the loss attributable to common shareholders of $18,466 and $36,418, respectively (three and nine months ended September 30, 2015 - loss of $2,716 and $40,663, respectively) and the weighted average number of common shares outstanding of 8,055,009 (three and nine months ended September 30, 2015 - 8,055,009). Diluted loss per share is the same as basic loss per share.

7. General and administrative

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	**2015**	**2016**	**2015**
Professional fees	**$ 16,580**	$ 886	**$ 25,387**	$ 25,583
Shareholder information	**-**	-	**1,595**	1,595
Office and general	**1,886**	1,830	**9,436**	13,485
	$ 18,466	$ 2,716	**$ 36,418**	$ 40,663

8. Segmented information

The Company's operations comprise a single reporting segment which is currently inactive. As the operations comprise a single reporting segment, amounts disclosed in the unaudited condensed interim consolidated financial statements also represent segment amounts.

9. Proposed transaction

On June 30, 2016, Bonanza announced that it has entered into a binding agreement (the “Agreement”) with Cannabis Royalties & Holdings Corp. (“CRHC”) which outlines the general terms and conditions of a proposed transaction pursuant to which Bonanza will acquire all of the issued and outstanding securities of CRHC in exchange for securities of Bonanza (the “Proposed Transaction”). The Agreement was negotiated at arm’s length and is dated June 30, 2016. As contemplated by the Agreement, Bonanza and CRHC intend to apply to the Canadian Stock Exchange (“CSE”) for the listing of the common shares of the consolidated entity.

CRHC is a privately held company incorporated pursuant to the Canada Business Corporations Act. CRHC provides an integrated approach to the legal cannabis sector with a focus on three key verticals: brands and intellectual property, delivery systems and devices, and extraction. CRHC contributes strategic capital and expertise to maximize the return potential of its diversified portfolio of assets and holdings.

The Proposed Transaction is subject to, among other things, receipt of the requisite shareholder approvals, regulatory approval, including approval of the CSE, and additional conditions, as described in the Agreement.

Bonanza has called an annual and special meeting of its shareholders to be held on November 11, 2016 for the purpose of approving, among other matters, (i) a consolidation of the issued and outstanding Bonanza common shares on the basis of one “new” Bonanza common share for every 5 “old” Bonanza shares, subject to adjustment in certain events; (ii) a change of name of Bonanza to “CannaRoyalty Corp.” or such other name as Bonanza may determine and shall be acceptable to regulatory authorities; and (iii) the election of nominees of CRHC to the Board of Bonanza. Upon closing of the Proposed Transaction, the Board of Bonanza will be reconstituted in a manner that complies with the requirements of the CSE and applicable securities laws. CRHC shall be entitled to all nominees on the reconstituted Board, subject to the receipt of applicable regulatory approvals.

9. Proposed transaction (continued)

In connection with the Proposed Transaction, on October 4, 2016 CRHC announced that it had completed its brokered offering of 2,502,000 subscription receipts (the “Subscription Receipts”) at a price of $2.00 per Subscription Receipt for total gross proceeds of approximately $5 million (the “Offering”) through a syndicate of agents co-led by Clarus Securities Inc. and Sprott Private Wealth LP (together, the “Co-Lead Agents”), and including Bloom Burton & Co. and KES 7 Capital Inc (collectively with the Co- Lead Agents, the “Agents”).

The Subscription Receipts will be automatically converted into common shares in the capital of CRHC (“CRHC Shares”) upon collectively, (i) the completion, satisfaction or waiver, as the case may be, of all conditions precedent to the Proposed Transaction set forth in the Agreement, to the satisfaction of the Co-Lead Agents, acting reasonably, other than the filing of the articles of amalgamation; (ii) the receipt of all required shareholder, third party (as applicable) and regulatory approvals in connection with the Proposed Transaction; (iii) the listing of the common shares of Bonanza post-Proposed Transaction (the “Resulting Issuer”) on the CSE shall have been conditionally approved; and (iv) the representations and warranties of CRHC in the agency agreement dated effective August 17, 2016, between the Agents and CRHC are true and correct at the closing of the Offering and the date of the release of the Escrowed Proceeds (as defined below), except to the extent that the failure of such representations and warranties to be so true and correct, individually or in the aggregate, would not have a material adverse effect (the “Escrow Release Conditions”).

The proceeds from the sale of the Subscription Receipts less 50% of the Agents’ Fees (as defined below) and the expenses of the Agents (the “Escrowed Proceeds”) will be deposited in escrow until the Escrow Release Conditions have been satisfied. Upon the successful completion of the Proposed Transaction, the CRHC Shares, including those issued pursuant to conversion of the Subscription Receipts, will be exchanged for common shares of the Resulting Issuer. If the Escrow Release Conditions have not been satisfied within 3 months of the Closing Date (as defined below), holders of Subscription Receipts will be refunded the gross proceeds paid for the Subscription Receipts and the Subscription Receipts will be cancelled.

The Agents are entitled to receive an aggregate cash fee of 7% percent of the gross proceeds of the Offering (the “Agents’ Fee”), of which 50% was paid on the closing of the Offering (the “Closing Date”) and the remaining 50% will be paid upon the release of the Escrowed Proceeds. The Agents will also be reimbursed for their fees and expenses incurred in connection with the Offering. As additional consideration for the services of the Agents, CRHC has agreed to issue to the Agents such number of non-transferable broker warrants (the “Broker Warrants”) as is equal to 7% percent of the number of Subscription Receipts sold pursuant to the Offering. The Broker Warrants will be issued on release of the Escrowed Proceeds. Each Broker Warrant shall entitle the holder to acquire, at any time during the period that is two years from the Closing Date, one common share of the Resulting Issuer at an exercise price of $2.00 per common share.

The proceeds of the Offering are intended to be used by the Resulting Issuer for future acquisitions, general corporate and working capital purposes.

In connection with the Proposed Transaction, Bonanza also intends to undertake an equity financing for gross proceeds of not less than $50,000 and not more than $95,000 in cash (the “Bonanza Financing”). The Bonanza Financing is currently intended to be completed by way of an issuance of subscription receipts, with each subscription receipt entitling the holder to one post-consolidation Bonanza share upon conversion in accordance with its terms. Upon closing of the Proposed Transaction, all securities of CRHC issued in connection with the Offering will automatically be exchanged for post-consolidation Bonanza shares on the same terms as existing CRHC securities.