Bocana Resources Corp.

Consolidated Financial Statements

September 30, 2023 and 2022

(expressed in Canadian dollars)

RSM

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Bocana Resources Corp.

Opinion

We have audited the consolidated financial statements of Bocana Resources Corp. (the "Company"), which comprise the consolidated statements of financial position as at September 30, 2023 and 2022, and the consolidated statements of loss and comprehensive loss, changes in equity 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, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at September 30, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

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 is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the consolidated financial statements, which indicates that the Company incurred a net loss of $2,175,444 and had a cashflow deficit from operations of $911,699 during the year ended September 30, 2023. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, 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 for the year ended September 30, 2023. 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 matters described below to be the key audit matters to be communicated in our auditor’s report.

<u>Evaluation of the fair value of the consideration transferred in the reverse acquisition</u>

Refer to financial statements Note 1 - Nature of operations - Amalgamation agreement and reverse takeover transaction

On December 29, 2022, Bocana Resources Ltd. (“Bocana”) completed a reverse takeover transaction (“RTO”) pursuant to the terms of an amalgamation agreement dated March 26, 2021, as amended, between Bocana and United Hunter Oil & Gas Corp. ("United"). The Amalgamation resulted in an RTO of United which was accounted for in accordance with reverse takeover accounting that does not constitute a business combination. For accounting purposes, Bocana acquired United. Consequently, the transaction has been accounted for as a reverse acquisition of net assets of United by Bocana.

In determining the fair value of the consideration transferred by the accounting acquirer totalling $1,415,044, the Company's significant assumptions include:

- estimating the fair value of the shares transferred based on the value of the subscription receipts that resulted in the issuance of shares in the Company upon completion of the RTO.

- the share price and expected volatility inputs in the Black-Scholes valuation model used to determine the fair value of the warrants transferred.

Significant management judgement was required over the assessment of the share price assumption.

As the fair value of United's identifiable net assets at the reverse acquisition date was $33,569, the excess of consideration transferred over the net assets acquired of $1,381,475 is reflected as a listing expense in the consolidated statements of loss and comprehensive loss.

We identified the evaluation of the fair value of the consideration transferred in the reverse acquisition as a key audit matter. This significant transaction represented a risk of material misstatement given its magnitude and complexity. In addition, significant auditor judgment and effort involving more experienced professionals was required in evaluating the results of our audit procedures regarding the Company's significant assumptions and judgments over the determination of the fair value of the consideration transferred in the reverse acquisition.

How our audit addressed the Key Audit Matter

The following are the primary procedures we performed to address this key audit matter:

- Read the reverse acquisition transaction legal documents to understand the terms of the arrangement and to evaluate the proper determination of the accounting acquirer and of the accounting of the transaction as a reverse acquisition of assets.

- Evaluated the appropriateness of the Company's share price assumption by comparing it to the share price in concurring private placement by the Company.

- Evaluated the appropriateness of the expected volatility rate assumption by comparing it to an expected volatility rate independently developed using the historic share trading activity of similar companies.

Other Information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis (MD&A).

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 identified above 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 the MD&A 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 International Financial Reporting Standards, 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.

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 period 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 Stephen McCourt.

RSM Canada LLP

Chartered Professional Accountants
Licensed Public Accountants
January 23, 2024
Toronto, Ontario

Bocana Resources Corp.
Consolidated Statements of Financial Position
(expressed in Canadian dollars)

	Notes	As at September 30, 2023 $	2022 $
Assets			
Current			
Cash		743,017	23,233
Cash in trust	1 and 8	-	1,963,419
Receivables		31,308	8,246
Prepaid expenses		132,862	-
		907,187	1,994,898
Liabilities			
Current			
Accounts payable and accrued liabilities	12	367,798	276,486
Due to United Hunter Oil & Gas Corp.		-	20,000
Advances payable	6	-	108,898
Loans payable	7	-	185,400
Subscription receipt liability	1 and 8	-	1,946,750
		367,798	2,537,534
Shareholders' equity			
Share capital	8	7,587,935	5,320,580
Warrants	8	1,197,200	202,200
Contributed surplus	8	1,157,650	1,100,000
Foreign currency reserve		186,334	248,870
Deficit		(9,589,730)	(7,414,286)
		539,389	(542,636)
		907,187	1,994,898
Going concern	2		

Approved by the Board: Timothy J. Turner, **Director**   Christian Shomber, **Director**

See accompanying notes to the consolidated financial statements

Bocana Resources Corp.
Consolidated Statements of Loss and Comprehensive Loss

(expressed in Canadian dollars)

	Notes	Years ended September 30, 2023 $	2022 $
Expenses			
Professional fees		114,059	112,373
Consulting	12	172,685	26,463
Stock-based compensation	12	57,650	-
General and administrative		28,596	10,329
Public company costs		53,161	-
Investor relations		25,120	-
Exploration and evaluation	5 and 12	348,230	211,935
Travel		12,419	671
Listing costs	1	1,381,475	-
Interest		5,037	5,400
Gain on settlement of accounts payable	8	-	(34,014)
Foreign exchange loss		8,149	4
Interest income		(31,137)	(16,678)
		2,175,444	316,483
Net loss		(2,175,444)	(316,483)
Other comprehensive income (loss) that may be reclassified to profit or loss in subsequent years (net of tax)			
Currency translation adjustment		(62,536)	(46,147)
Comprehensive loss		(2,237,980)	(362,630)
Net loss per share-basic and diluted		(0.02)	(0.01)
Weighted average number of shares outstanding - basic and diluted		90,265,517	56,166,833

See accompanying notes to the consolidated financial statements

Bocana Resources Corp.
Consolidated Statements of Changes in Equity
(expressed in Canadian dollars)

	Share capital						
	Number of common shares	$	Warrants $	Contributed surplus $	Foreign currency reserve $	Deficit $	Total $
Balance, September 30, 2022	56,770,077	5,320,580	202,200	1,100,000	248,870	(7,414,286)	(542,636)
Issued to United shareholders	24,990,084	1,367,044	-	-	-	-	1,367,044
Fair value of United replacement warrants	-	-	48,000	-	-	-	48,000
Units issued for subscription receipts	19,467,500	1,946,750	-	-	-	-	1,946,750
Fair value of unit warrants	-	(879,000)	879,000	-	-	-	-
Fair value of broker warrants	-	(81,000)	81,000	-	-	-	-
Fair value of expired warrants	-	13,000	(13,000)	-	-	-	-
Share issue costs	-	(99,439)	-	-	-	-	(99,439)
Stock-based compensation	-	-	-	57,650	-	-	57,650
Other comprehensive loss	-	-	-	-	(62,536)	-	(62,536)
Net loss	-	-	-	-	-	(2,175,444)	(2,175,444)
Balance, September 30, 2023	101,227,661	7,587,935	1,197,200	1,157,650	186,334	(9,589,730)	539,389
Balance, September 30, 2021	55,980,887	5,275,675	202,200	1,100,000	295,017	(7,097,803)	(224,911)
Settlement of accounts payable	789,190	44,905	-	-	-	-	44,905
Other comprehensive loss	-	-	-	-	(46,147)	-	(46,147)
Net loss	-	-	-	-	-	(316,483)	(316,483)
Balance, September 30, 2022	56,770,077	5,320,580	202,200	1,100,000	248,870	(7,414,286)	(542,636)

See accompanying notes to the consolidated financial statements

Bocana Resources Corp.
Consolidated Statements of Cash Flows
(expressed in Canadian dollars)

	Years ended September 30, 2023	2022
	$	$
Cash provided by (used in)		
Operating activities		
Net loss	(2,175,444)	(316,483)
Items not affecting cash flow		
Stock-based compensation	57,650	-
Gain on settlement of advances	-	(34,014)
Interest income accrued	(22,557)	(16,669)
Interest expense accrued	2,890	5,400
Foreign exchange loss	8,149	-
Listing cost	1,381,475	-
Changes in non-cash operating working capital		
Receivables	(18,225)	(3,536)
Prepaid expenses	(110,822)	12,498
Accounts payable and accrued liabilities	(34,815)	97,276
	(911,699)	(255,528)
Investing activities		
Cash acquired on reverse takeover	23,815	-
Financing activities		
Advances from United Hunter Oil & Gas Corp.	17,460	(188,482)
Advances payable	20,000	41,121
Advances payable repayment	(128,039)	-
Loans payable	(188,290)	180,000
Share issue costs	(99,439)	-
Interest income received	39,226	-
Subscription receipt proceeds	1,946,750	-
	1,607,668	32,639
Net increase (decrease) in cash	719,784	(222,889)
Cash, beginning of year	23,233	246,122
Cash, end of year	743,017	23,233
Non-cash transactions		
Settlement of accounts payable with common shares	-	44,905
Supplementary information		
Interest paid	-	-
Income taxes paid	-	-

See accompanying notes to the consolidated financial statements

(expressed in Canadian dollars)

1. Nature of operations

Bocana Resources Corp. (the “Company”) is a public company engaged in the acquisition, exploration and development of mineral resources in South America. The Company’s registered office is located at 800 - 333 7th Avenue S.W., Calgary, AB T2P 2Z1.

Amalgamation agreement and reverse takeover transaction

On December 29, 2022, Bocana Resources Ltd. (“Bocana”) completed a reverse takeover transaction (“RTO”) pursuant to the terms of an amalgamation agreement dated March 26, 2021, as amended, between Bocana and United Hunter Oil & Gas Corp. ("United") (the "Agreement").

The RTO was completed by way of an amalgamation between Bocana and United and the resulting issuer was renamed Bocana Resources Corp. (the “Company”). Pursuant to the terms of the Agreement, the outstanding shares, stock options and warrants of United were exchanged for replacement shares, stock options and warrants of the Company on the basis of one of the Company’s securities for every 1.6877 securities of United. Additionally, each holder of a security of Bocana was issued one security of the Company.

In completing the Amalgamation, the following conditions were satisfied:

a) Bocana completed a private placement of up to 20,000,000 subscription receipts at $0.10 for gross proceeds of up to $2,000,000, with each subscription receipt exchangeable into one unit consisting of one common share and one warrant entitling the holder to purchase one common share for $0.10 for 39 months following the closing date of the Amalgamation (note 8, *Share capital, Private placement of subscription receipts*).
b) Bocana converted outstanding debts of $78,919 into 789,190 common shares.
c) United converted outstanding debts of $307,886 into 5,131,433 common shares.
d) approval by the directors of Bocana and United.
e) approval of the shareholders of Bocana and United.
f) approval of the TSX Venture Exchange.

Upon completion of the Amalgamation, cash in trust of $1,985,975, representing proceeds of the subscription receipts of $1,946,500 (note 8, *Share capital, Private placement of subscription receipts*) plus accrued interest was released from escrow to the Company:

	$
Cash in trust	
Balance, September 30, 2021	1,946,750
Interest	16,669
Balance, September 30, 2022	1,963,419
Interest	22,556
Released	(1,985,975)
Balance, September 30, 2023	–

The Amalgamation resulted in an RTO of United which was accounted for in accordance with reverse takeover accounting that does not constitute a business combination. For accounting purposes, Bocana acquired United. In these consolidated financial statements, Bocana is treated as the accounting acquirer and United is treated as the accounting acquiree. As Bocana was deemed to be the acquirer for accounting purposes, these consolidated financial statements are presented as a continuation of the financial statements of Bocana and the comparative figures are those of Bocana prior to the RTO. The value in excess of the net identifiable assets or obligations of the Company acquired on closing is expensed in the consolidated statement of loss and comprehensive loss as a listing costs for the year ended September 30, 2023.

(expressed in Canadian dollars)

Consideration at fair value	
Fair value of 24,990,084 common shares issued to shareholders of United at $0.0558	1,367,044
Fair value of United warrants	48,000
Fair value of United stock options	–
	1,415,044
Net assets acquired	
Cash	23,815
Receivables	4,836
Due from Bocana	57,460
Prepaid expenses	22,041
Accounts payable and accrued liabilities	(54,583)
Loans payable	(20,000)
	33,569
Listing expense	1,381,475

The fair value of United replacement warrants was calculated using the Black-Scholes option pricing model with the following assumptions:

Issue date	December 29, 2022	December 29, 2022
Expiry date	April 1, 2024	April 1, 2024
Number of warrants	400,782	7,281,507
Exercise price	$0.1000	$0.2500
Share price	$0.0558	$0.0558
Risk-free interest rate	4.51%	4.51%
Expected volatility based on historical volatility	100%	100%
Expected life	1.26 years	1.26 years
Expected dividend yield	0%	0%
Fair value	$6,500	$41,500
Fair value per warrant	$0.02	$0.01

The fair value of United replacement stock options was calculated using the Black-Scholes option pricing model with the following assumptions:

Issue date	December 29, 2022
Expiry date	August 20, 2023
Number of stock options	711,027
Exercise price	$0.4200
Share price	$0.0558
Risk-free interest rate	4.40%
Expected volatility based on historical volatility	100%
Expected life	0.64 years
Expected dividend yield	0%
Fair value	$ –
Fair value per stock option	$ –

2. Going concern

The Company is in the exploration stage and does not generate revenue. For the year ended September 30, 2023, Company incurred a loss of $2,175,444 (2022 - $316,483) and a cashflow deficit from operations of $911,699 (2022 - $255,528). The losses and cashflow deficits limit the Company's ability to fund its operations and the acquisition, exploration and development of mineral properties. The Company will periodically have to raise funds to continue operations, and, although it has been successful thus far in doing so, there is no assurance it will be able to do so in the future. The Company estimates it will need additional capital to operate for the upcoming year.

As a result, there is material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

These consolidated financial statements have been prepared on a going concern basis, 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 business. These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary were the going concern assumption is inappropriate, and these adjustments could be material.

3. Basis of presentation

Statement of compliance
These consolidated financial statements are prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board and interpretations of the IFRS Interpretations Committee. The accounting policies applied in these consolidated financial statements are based on IFRS issued and outstanding as of September 30, 2023.

The consolidated financial statements were approved and authorized for issue by the Board of Directors on January 23, 2024.

Basis of measurement
These consolidated financial statements have been prepared on the historical cost basis. Historical costs are generally based on the fair value of consideration given in exchange for goods and services received. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

Functional and presentation currency
These consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency. The functional currency of the Company's subsidiaries is the US dollar.

Use of estimates and judgments
The preparation of financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates are based on management's best knowledge of current events and actions the Company may undertake in the future. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected if the revision impacts both current and future periods.

Information about judgments, assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are as follows:

Going concern
The Company applied judgment in assessing its ability to continue as a going concern for at least 12 months. See note 2.

Fair value of warrants
The Company used the Black-Scholes option pricing model in determining the fair value of warrants, which required a number of assumptions to be made, including the risk-free interest rate, expected life and expected share price volatility. See notes 1 and 8.

Deferred income taxes
Deferred income tax assets and liabilities are measured using enacted or substantively enacted tax rates at the reporting date in effect for the period in which the temporary differences are expected to be recovered or settled. The effect on deferred income tax assets and liabilities of a change in tax rates is recognized as part of the provision for income taxes in the period that includes the enactment date. The recognition of deferred income tax assets is based on the assumption that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. See note 11.

4. Significant accounting policies

The accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements.

Foreign currencies

Transactions in foreign currencies are translated to Canadian dollars at exchange rates in effect on the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated to Canadian dollars at the period end exchange rate. Non-monetary items denominated in a foreign currency are translated into Canadian dollars at the exchange rate in effect on the respective transaction dates. Expenses are translated at average exchange rates for the period. Foreign currency differences arising on translation are recognized in the statement of loss and comprehensive loss.

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

i. assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
ii. income and expenses for each consolidated statement of loss and comprehensive loss and cash flows for the years presented are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions);
iii. components of equity are translated at the exchange rates at the dates of the relevant transactions or at average exchange rates where this is a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, and are not re-translated; and
iv. all resulting exchange differences are recognized in other comprehensive income (loss).

Financial instruments

Financial assets are required to be initially measured at fair value and subsequently classified at amortized cost or fair value on the basis of the Company’s business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The Company’s financial assets includes cash and receivables which are classified at amortized cost because the Company’s business model is to hold these financial instruments to maturity to collect contractual cash flows consisting solely of payments of principal and interest on the principal amount outstanding.

Financial liabilities include accounts payable and accrued liabilities, due to United Hunter Oil & Gas Corp., advances payable, loans payable and subscription receipt liability, which were initially measured at fair value and subsequently classified as amortized cost.

Impairment of financial assets

The Company applies a forward-looking "expected credit loss” ("ECL”) model on each reporting date to financial assets measured at amortized cost. The Company’s only financial asset subject to impairment is receivables. The ECL model applied to financial assets requires judgment, assumptions and estimations on changes in credit risks, forecasts of future economic conditions and historical information on the credit quality of the financial asset. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the credit risk on the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to twelve month expected credit losses.

Impairment losses, if incurred, are recorded in profit or loss with the carrying amount of the financial asset or group of financial assets reduced through the use of impairment allowance accounts. Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognized.

Consolidation

These consolidated financial statements include the accounts of the Company and its 99.94% (2022 - 99.94%) ownership in subsidiary, Inversiones Bocana SA ("Bocana SA") and 100% ownership (2022 - 100%) in subsidiary, Huiracocha International Service SRL ("Huiracocha"). Both subsidiaries are located in Bolivia. Bocana SA is a holding company and Huiracocha is involved in exploration in Bolivia. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Company controls an investee if and only if the Company has all the following:

(a) power over the investee;
(b) exposure, or rights, to variable returns from its involvement with the investee; and
(c) the ability to use its power over the investee to affect the amount of the investor's returns.

All intercompany transactions and balances are eliminated on consolidation.

Exploration and evaluation

Direct costs relating to the acquisition, exploration and development of mineral properties, less recoveries, are expensed in the period incurred until these mineral properties are placed into commercial production, sold or abandoned.

Costs include the cash consideration and the fair market value of any shares issued for the acquisition of mineral properties. Option proceeds received are recorded in the accounts at the time of receipt. Properties acquired under option agreements or by joint ventures, whereby payments are made at the sole discretion of the Company, are recorded in the accounts at the time of payment.

Decommissioning liabilities

The Company's activities may give rise to dismantling, decommissioning and site disturbance remediation activities. Provision is made for the estimated cost of site restoration. Decommissioning obligations are measured at the present value of management's best estimate of expenditures required to settle the present obligation at the date of the statement of financial position. The fair value of the estimated obligation is recorded as a liability with a corresponding increase in the carrying amount of the related asset. The obligation is subsequently adjusted at the end of each period to reflect the passage of time and changes in the estimated future cash flows underlying the obligation. The increase in the provision due to the passage of time is recognized as accretion costs whereas increases or decreases due to changes in the estimated future cash flows or changes in the discount rate are capitalized. Actual costs incurred upon settlement of the decommissioning obligations are charged against the provision to the extent the provision was established. As at September 30, 2023 and 2022, the Company had no decommissioning liabilities.

Share capital

Share capital is classified as equity. Incremental costs directly attributable to the issue of common shares are recognized as a deduction from equity, net of any tax effects.

Unit private placements

For private placements of units consisting of common shares and warrants, the Company uses the Black-Scholes option pricing model in determining the fair value of warrants. The proceeds from the issuance of units are first allocated to the warrants and the residual amount, being the difference between the proceeds from issuance and the fair value of the warrants, is allocated to common shares.

Share-based payments

The fair value of share-based payment transactions to non-employees and other share-based payments including shares issued to acquire exploration and evaluation are based on the fair value of the goods and services received. If the fair value cannot be estimated reliably, the share-based payment transaction is measured at the fair value of the equity instruments granted at the date the Company receives the goods or services.

Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost. No provisions were recorded as at September 30, 2023 and 2022.

Income tax

Income tax expense comprises current and deferred taxes. Current tax and deferred tax is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends.

Deferred 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 tax is not recognized for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred 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 tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred 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 tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Loss per share

The Company presents basic and diluted loss per share data for its common shares. Basic loss per share is calculated by dividing the loss attributable to ordinary shareholders of the Company by the weighted average number of common shares outstanding during the period, adjusted for own shares held. Diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise share options granted and warrants issued. For the years presented, there are no dilutive effects.

New accounting standards adopted
The following accounting standards have been adopted by the Company:

IFRS 3 – Business Combinations
The IASB has issued an amendment to IFRS 3, Business Combinations adding an exception to its requirement for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. This exception specifies that for some assets and liabilities, an entity applying IFRS 3 should instead refer to IAS 37, Provisions, Contingent Liabilities and Contingent Assets.

There was no impact on the adoption of this standard.

IFRS 9 – Financial Instruments
The IASB has issued an amendment to IFRS 9, Financial Instruments clarifying which fees to include in the test in assessing whether to derecognize a financial liability. Only those fees paid or received between the borrower and the lender, including fees paid or received by either the entity or the lender on the other's behalf are included.

There was no impact on the adoption of this standard.

New accounting standards issued but not yet effective
The following accounting standards have been issued but are not yet effective. They are expected to impact the Company's results for years ending September 30, 2024, and beyond.

IAS 1 – Presentation of Financial Statements
The IASB has issued an amendment to IAS 1, Presentation of Financial Statements providing a more general approach to the classification of liabilities. The amendment clarifies that the classification of liabilities as current or non-current depends on the rights existing at the end of the reporting period as opposed to management's intentions or expectations of exercising the right to defer settlement of the liability. Management would classify debt as non-current only when the Company complies with all the conditions at the reporting date. The amendments further clarify that settlement of a liability refers to the transfer of cash, equity instruments, other assets or services to the counterparty.

The amendments are effective for annual periods beginning on or after January 1, 2023 and are to be applied retrospectively, with early adoption permitted. The extent of the impact of adoption of this standard has not yet been determined.

IAS 8 – Definition of Accountings Estimates
The IASB has issued an amendment to IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors to introduce a new definition for accounting estimates, clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy.

The amendments are effective for annual periods beginning on or after January 1, 2023, with early adoption permitted. The extent of the impact of adoption of this standard has not yet been determined.

5. Exploration and evaluation
The Company, through its subsidiary, Huiracocha, holds a 100% working interest in the mineral property known as the Escala Project. The Escala Project is located approximately 125 kilometers southwest of the town of Uyuni, in Municipality San Pablo de Lipez of the Province of Sud Lipez in the Department of Potosi, in southwestern Bolivia. The Escala Project consists of 4 exploration concessions (for a total of 4,000 hectares), held pursuant to a Mining Production Contract ("MPC") with Corporación Mineral de Bolivia ("COMIBOL").

(expressed in Canadian dollars)

The MPC was executed on November 18, 2019 with a term of 15 years, computable from the next business day of its registration in the Mining Registry, and is renewable for an additional 15 years thereafter. The MPC includes three stages: 1) 5 years for exploration, environmental studies and estimation of reserves, 2) mine preparation and plant installation, and 3) operation and marketing. In stage 1, the Company will be required to expend US$25,290,089. In stage 2, work to be completed will include carrying out a prefeasibility study, engineering study of the project design, construction of the concentration plant and construction of the tails ditch, to be carried out in parallel between the first and second year. In stage 3, once the commercial production level has been reached, the Company will be obligated to pay a royalty of 6.7% of the gross value of sales to COMIBOL.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of operations of such properties, these procedures do not guarantee the Company's title. Property title may be subject to government licensing requirements or regulations, unregistered prior agreements, unregistered claims, aboriginal claims, and non-compliance with regulatory and environmental requirements.

6. Advances payable

	$
Balance, September 30, 2021	63,000
Advance	41,122
Interest	4,776
Balance, September 30, 2022	108,898
Advance	20,000
Foreign exchange gain	(859)
Repayment	(128,039)
Balance, September 30, 2023	–

Repayment of advances payable included advances owing to a director and officer:

a) $63,000 advanced during the year ended September 30, 2021, which was unsecured, non-interest bearing and had no fixed terms of repayment.
b) US$30,000 (C$41,122) advanced on February 25, 2022 which was unsecured, bearing interest at the rate of 6% per annum and was due on demand or December 31, 2022 in the event there was no demand for payment.
c) $20,000 advanced on December 23, 2022 which was unsecured, non-interest bearing and had no fixed terms of repayment.

7. Loans payable

	$
Balance, September 30, 2021	–
Loan advances	180,000
Interest	5,400
Balance, September 30, 2022	185,400
Interest	2,890
Repayment	(188,290)
Balance, September 30, 2023	–

On March 31, 2022, the Company received loans payable of $180,000, including $60,000 advanced by a director and officer of the Company, which were unsecured, bearing interest at the rate of 6% per annum and due on demand or December 31, 2022 in the event that there was no demand for payment.

(expressed in Canadian dollars)

8. Share capital

Authorized
An unlimited number of common shares.
An unlimited number of preferred shares issuable in series.

Issued

	Number of common shares	$
Balance, September 30, 2021	55,980,887	5,275,675
Settlement of accounts payable	789,190	44,905
Balance, September 30, 2022	56,770,077	5,320,580
Issued to United shareholders (note 1)	24,990,084	1,367,044
Issued for subscription receipts (note 1)	19,467,500	1,946,750
Fair value of unit warrants (note 1)	–	(879,000)
Fair value of broker warrants (note 1)	–	(81,000)
Fair value of expired warrants	–	13,000
Share issue costs	–	(99,439)
Balance, September 30, 2023	101,227,661	7,587,935

There are no preferred shares outstanding.

Private placement of subscription receipts
On April 1, 2021, Bocana completed a private placement of 19,467,500 subscription receipts at a price of $0.10 per subscription receipt for gross proceeds of $1,946,750, which was initially recorded as cash in trust and an offsetting subscription receipt liability. Upon closing of the Amalgamation on December 29, 2022, for each subscription receipt, the Company issued one unit consisting of one common share and one warrant entitling the holder to purchase one common share for $0.25 until January 3, 2026. In connection with the private placement of subscription receipts, the Company paid cash commissions of $99,439 and issued 1,270,400 broker warrants entitling the holder purchase one Unit for $0.10 until January 3, 2026.

The fair value of subscription receipt unit and broker warrants was calculated using the Black-Scholes option pricing model with the following assumptions:

	Unit warrants	Broker warrants
Issue date	January 3, 2023	January 3, 2023
Expiry date	January 3, 2026	January 3, 2026
Number of warrants	19,467,500	1,270,400
Exercise price	$0.25	$0.10
Share price	$0.10	$0.10
Risk-free interest rate	3.77%	3.77%
Expected volatility based on historical volatility	100%	100%
Expected life	3 years	3 years
Expected dividend yield	0%	0%
Fair value	$879,000	$81,000
Fair value per warrant	$0.05	$0.06

Settlement of accounts payable
On July 6, 2022, the Company settled accounts payable of $44,470 owing to an officer in exchange for 444,700 common shares and accounts payable of $71,228 owing to its legal counsel in exchange for a cash payment of $36,779 (which was paid on March 26, 2021) and 344,490 common shares. The shares issued were valued using the most recently completed financing by the Company. The settlement resulted in a gain of $34,014 which was recorded in the consolidated statement of loss.

(expressed in Canadian dollars)

Warrants
A summary of the Company's common share warrants outstanding at September 30, 2023 is presented below:

	Weighted-average exercise price $	Number of warrants
Balance, September 30, 2021 and September 30, 2022	0.25	4,775,300
Issued		
United replacement warrants (note 1)	0.24	7,682,289
Subscription receipt unit warrants (note 1)	0.25	19,467,500
Subscription receipt broker warrants (note 1)	0.10	1,270,400
Expired	0.25	(440,000)
Balance, September 30, 2023	0.24	32,755,489

A summary of the Company's common share warrants outstanding at September 30, 2023 is presented below:

Exercise price	Expiry date	Number of warrants
$0.10 (exercisable into a unit consisting of a common share and warrant)	April 1, 2024	400,782
$0.25	April 1, 2024	7,281,507
$0.10 (exercisable into a unit consisting of a common share and warrant)	January 3, 2026	132,800
$0.25	January 3, 2026	4,202,500
$0.10 (exercisable into a unit consisting of a common share and warrant)	January 3, 2026	1,270,400
$0.25	January 3, 2026	19,467,500
		32,755,489

Stock options
The Company may grant stock options to directors, officers, employees and consultants for up to 10% of the issued and outstanding common shares. The exercise price for stock options will not be less than the market price of the common shares on the date of the grant, less any discount permissible under the rules of the TSXV. The maximum term for stock options is 5 years and stock options granted vest immediately.

A continuity of the Company's stock options outstanding at September 30, 2023 is presented below:

	Weighted-average exercise price $	Number of options
Balance, September 30, 2021 and 2022	–	–
Issued for United replacement stock options (note 1)	0.42	711,027
Issued	0.10	2,300,000
Expired	0.42	(711,027)
Balance, September 30, 2023	0.10	2,300,000

A summary of the Company's stock options outstanding at June 30, 2023 is presented below:

Exercise price	Expiry date	Number of stock options
$0.10	March 27, 2028	1,600,000
$0.10	May 26, 2028	700,000
		2,300,000

(expressed in Canadian dollars)

On March 27, 2023, the Company granted 1,600,000 stock options to directors, officers and a consultant. Each stock option entitles the holder to purchase one common share for $0.10 until March 27, 2028. The options vested on the grant date.

On May 26, 2023, the Company granted 700,000 stock options to consultants. Each stock option entitles the holder to purchase one common share for $0.10 until May 26, 2028. The options vested on the grant date.

The fair value of stock options was calculated using the Black-Scholes option pricing model with the following assumptions:

Issue date	March 27, 2023	May 26, 2023
Expiry date	March 27, 2028	May 26, 2028
Number of stock options	1,600,000	700,000
Exercise price	$0.10	$0.10
Share price	$0.04	$0.04
Risk-free interest rate	3.02%	3.57%
Expected volatility based on historical volatility	100%	100%
Expected life	5 years	5 years
Expected dividend yield	0%	0%
Fair value	$40,000	$17,650
Fair value per stock option	$0.025	$0.025

9. Determination of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Cash, accounts payable and accrued liabilities, due to United Hunter Oil & Gas Corp., advances payable, loans payable and subscription receipts liability

The fair values of cash, accounts payable and accrued liabilities, due to United Hunter Oil & Gas Corp., advances payable, loans payable and subscription receipts liability at September 30, 2023 and September 30, 2022 approximated their respective carrying value due to their short term to maturity.

Classification of fair value of financial instruments

The Company classified the fair value of its financial instruments measured at fair value according to the following hierarchy based on the amount of observable inputs used to value the instrument:

Level 1: quoted prices in active markets for identical assets and liabilities;
Level 2: inputs, other than the quoted prices included in Level 1, that are observable for the asset or liability, either directly or indirectly;
Level 3: inputs for the asset or liability that are not based on observable market data

There are no financial instruments measured at fair value.

10. Financial risk management

The Company's activities expose it to a variety of financial risks that arise as a result of its exploration and financing activities, including credit risk, liquidity risk and market risk.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors oversees management's establishment and execution of the Company's risk management framework. Management has implemented and monitors compliance with risk management policies. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to market conditions and the Company's activities.

Credit risk
Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's maximum exposure to credit risk is equal to the Company's cash. The Company limits its exposure to credit risk on its cash by holding deposits with a Canadian chartered bank.

Liquidity risk
Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial liabilities that are settled in cash or other financial assets. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities as they come due, other than amounts owing to related parties. The continued operation of the Company is dependent upon the Company's ability to secure equity financing to meet its existing obligations and finance the acquisition, exploration and development of mineral properties. Accounts payable and accrued liabilities are subject to normal trade terms.

Current liabilities of $367,798 (2022 - $2,537,534) have contractual maturities less than 30 days and are subject to normal trade terms.

Market risk
Market risk is the risk that changes in market prices, such as equity prices, foreign exchange rates, and interest rates will affect the Company's income or the value of its financial instruments.

Foreign exchange risk
Foreign exchange risk is the risk of financial loss to the Company due to a change in foreign exchange rates. The majority of the Company's cash is held in Canadian dollars. Foreign exchange risk arises as the Company makes expenditures denominated in US dollars and has cash of US$11,776 (2022 - US$6,432), accounts payable of US$174,236 (2022 - US$33,346) and no advances payable (2022 - US$79,447). If the foreign exchange related to the Company's US dollar balances increased or decreased by 10%, with all other variables held constant, the currency translation adjustment would have increased or decreased by $21,965 (2022 - $14,591).

The Company does not use derivative instruments to hedge exposure to foreign exchange rate risk. However, management of the Company believes there is no significant exposure to foreign currency fluctuations due to the limited number of transactions conducted in US dollars.

Capital management
Capital of the Company consists of share capital, common shares to be issued, contributed surplus, foreign currency reserve and deficit. The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern so that it can acquire, explore and develop mineral resource properties for the benefit of its shareholders. The Company manages its capital structure and makes adjustments based on the funds available to the Company in light of changes in economic conditions. The Board of Directors has not established quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain the future development of the Company. In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that consider various factors, including successful capital deployment and general industry conditions. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

As the Company is an exploration stage company and has no revenues, its principal source of capital is from the issuance of common shares or advances from related parties. In order to achieve its objectives, the Company intends to raise additional funds as required.

The Company is not subject to externally imposed capital requirements and there were no changes to the Company's approach to capital management during the year.

(expressed in Canadian dollars)

11. Income taxes

The Company's effective income tax rate differs from the amount that would be computed by applying the combined federal and provincial statutory rate of 23% (2022 - 23%) to the net loss for the year. The reasons for the difference are as follows:

Provision for income taxes

	2023 $	2022 $
Expected income tax (recovery) based on statutory rate	(500,352)	(72,791)
Increase (decrease) resulting from:		
Stock-based compensation	13,260	–
Share issue costs and other	319,052	–
Effect of foreign tax rates and expired losses	(2,960)	(4,209)
Change in deferred tax assets not recorded	171,000	77,000
Deferred income tax recovery	–	–

Deferred income tax balances

The Company's deferred income tax assets are as follows:

	2023 $	2022 $
Non-capital loss carryforward	481,000	370,000
Exploration and development costs	46,000	-
Share issue costs	26,000	12,000
	553,000	382,000
Benefit of deferred tax assets not recorded	(553,000)	(382,000)
	–	–

Due to losses incurred in the current year and expected future operating results, management determined that it is unlikely that the deferred income tax assets will be realized. Accordingly, the future income tax assets have not been recorded.

Losses carried forward

At September 30, 2023, the Company had non-capital loss carryforwards in Canada which expire as follows:

	$
2038	41,000
2039	471,000
2040	93,000
2041	157,000
2042	129,000
2043	427,000
	1,318,000

At September 30, 2023, the Company had non-capital loss carryforwards in Bolivia which expire as follows:

	$
2024	98,000
2025	133,000
2026	120,000
2027	212,000
2028	148,000
	711,000

(expressed in Canadian dollars)

12. Related party transactions

Compensation of key management personnel
The Company considers its directors and officers to be key management personnel. Transactions with key management personnel are set out as follows:

	Years ended September 30,		Outstanding at September 30,	
	2023	2022	2023	2022
	$	$		$
Consulting fees	172,685	12,336	133,286	24,297
Exploration and evaluation	48,780	–	–	–
Stock-based compensation	40,000	–	–	–
	261,465	12,336	133,286	24,297

See notes 6, 7, and 8 for other related party transactions.