

Bocana Resources Corp.

Condensed Interim Consolidated Financial Statements

March 31, 2024

(expressed in Canadian dollars)

(unaudited)

Management's Comments on Unaudited Condensed Interim Consolidated Financial Statements

These unaudited condensed interim consolidated financial statements of Bocana Resources Corp. (the "Company") have been prepared by management and approved by the Board of Directors of the Company.

These unaudited condensed interim consolidated financial statements have not been reviewed by the Company's external auditors.

Bocana Resources Corp.

Consolidated Statements of Financial Position

(expressed in Canadian dollars)
(unaudited)

		As at March 31, 2024	As at September 30, 2023
	Notes	\$	\$
Assets			
Current			
Cash		120,958	743,017
Receivables		38,252	31,308
Prepaid expenses		22,106	132,862
		181,316	907,187
Liabilities			
Current			
Accounts payable and accrued liabilities	8	270,850	367,798
Shareholders' equity			
Share capital	5	7,587,935	7,587,935
Warrants	5	1,197,200	1,197,200
Contributed surplus	5	1,157,650	1,157,650
Foreign currency reserve		198,266	186,334
Deficit		(10,230,585)	(9,589,730)
		(89,534)	539,389
		181,316	907,187
Going concern	2		
Approved by the Board:			
	Timothy J. Turner Director	Christian Shomber Director	

Bocana Resources Corp.

Consolidated Statements of Loss and Comprehensive Loss

(expressed in Canadian dollars)

(unaudited)

		3 months ended March 31,		6 months ended March 31,	
		2024	2023	2024	2023
	Notes	\$	\$	\$	\$
Expenses					
Professional fees		9,606	11,988	20,820	76,553
Consulting	8	51,917	51,892	103,996	69,236
Stock-based compensation		-	40,000	-	40,000
General and administrative		8,463	9,039	16,418	9,110
Public company costs		12,049	11,645	13,531	47,515
Investor relations		-	7,500	7,500	7,500
Exploration and evaluation	4 and 8	116,594	83,646	486,151	119,268
Travel		809	3,152	809	4,080
Listing costs		-	15,000	-	1,381,475
Interest		-	2,147	-	5,037
Foreign exchange loss		154	6,860	(3,601)	6,893
Interest income		(1,308)	(88)	(4,769)	(22,648)
		198,284	242,781	640,855	1,744,020
Net loss		(198,284)	(242,781)	(640,855)	(1,744,020)
Other comprehensive income (loss) that may be reclassified to profit or loss in subsequent years (net of tax)					
Currency translation adjustment		31,828	(29,488)	11,932	(28,310)
Comprehensive loss		(166,456)	(272,269)	(628,923)	(1,772,331)
Net loss per share-basic and diluted		-	-	-	(0.02)
Weighted average number of shares outstanding - basic		101,227,661	101,227,661	101,227,661	79,243,141

Bocana Resources Corp.

Consolidated Statements of Cash Flows

(expressed in Canadian dollars)
(unaudited)

	6 months ended March 31,	
	2024	2023
	\$	\$
Cash provided by (used in)		
Operating activities		
Net loss	(640,855)	(1,744,020)
Items not affecting cash flow		
Stock-based compensation	-	40,000
Interest income accrued	-	(22,557)
Interest expense accrued	-	2,890
Foreign exchange loss	-	(859)
Listing costs	-	1,366,474
Changes in non-cash operating working capital		
Receivables	(6,944)	(19,820)
Prepaid expenses	110,756	(24,324)
Accounts payable and accrued liabilities	(96,948)	(244,807)
	(633,991)	(647,023)
Investing activities		
Cash acquired on reverse takeover	-	23,815
Financing activities		
Advances payable	-	20,000
Advances payable repayment	-	(128,039)
Loans payable	-	(188,290)
Share issue costs	-	(99,439)
Subscription receipt proceeds	-	1,985,976
	-	1,590,208
Net increase (decrease) in cash	(633,991)	967,000
Currency translation adjustment	11,932	(10,849)
Cash, beginning of period	743,017	23,233
Cash, end of period	120,958	979,384
Supplementary information		
Interest paid	-	-
Income taxes paid	-	-

Bocana Resources Corp.

Consolidated Statements of Changes in Equity

(expressed in Canadian dollars)
(unaudited)

	Share capital						
	Number of common shares	\$	Warrants	Contributed surplus	Foreign currency reserve	Deficit	Total
	(note 5)	(note 5)	(note 5)	(note 5)	\$	\$	\$
Balance, September 30, 2023	101,227,661	7,587,935	1,197,200	1,157,650	186,334	(9,589,730)	539,389
Other comprehensive loss	-	-	-	-	11,932	-	11,932
Net loss	-	-	-	-	-	(640,855)	(640,855)
Balance, March 31, 2024	101,227,661	7,587,935	1,197,200	1,157,650	198,266	(10,230,585)	(89,534)
Balance, September 30, 2022	56,770,077	5,320,580	202,200	1,100,000	248,870	(7,414,287)	(542,638)
Issued to United shareholders	24,990,084	1,367,045	-	-	-	-	1,367,045
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	-	-	-	40,000	-	-	40,000
Other comprehensive loss	-	-	-	-	(28,310)	-	(28,310)
Net loss	-	-	-	-	-	(1,744,020)	(1,744,020)
Balance, March 31, 2023	101,227,661	7,587,935	1,197,200	1,140,000	220,560	(9,158,307)	987,388

Bocana Resources Corp.

Notes to Condensed Interim Consolidated Financial Statements

March 31, 2024

(expressed in Canadian dollars)
(unaudited)

1. Nature of operations

Bocana Resources Corp. is a public company engaged in the acquisition, exploration and development of mineral resources in South America.

On December 29, 2022, Bocana Resources Ltd. completed a reverse takeover transaction ("RTO") with United Hunter Oil & Gas Corp. ("United") by way of an amalgamation under the *Business Corporation Act* in Alberta and the resulting company was renamed Bocana Resources Corp. (the "Company").

The Company's registered office is located at 800 - 333 7th Avenue S.W., Calgary, AB T2P 2Z1.

Proposed transaction

On March 25, 2024, the Company signed a non-binding letter of intent ("LOI") for the proposed acquisition of all of the outstanding shares of a privately held Bolivian company, Empresa Minera Inti Raymi S.A. ("Inti Raymi"). The sole asset of Inti Raymi are concessions known as Kori Pakaska, which includes two former open pit mines, dumps and tailings stockpiles and historical processing and mining facilities, located between the mining districts of Oruro and La Joya in the Bolivian Altiplano, located approximately 200 km from the city of La Paz and 45 km from the city of Oruro, Bolivia.

Pursuant to the LOI, the Company may acquire all of the outstanding shares of Inti Raymi (the "IR Shares"). In aggregate, the parties have agreed that a purchase price of up to a total of US\$75,000,000 (subject to adjustments to be described in the Definitive Agreement (defined below), to be paid as follows: (i) a cash down payment of US\$3,000,000 upon the closing of the Transaction; and (ii) the balance of to be financed by Inti Raymi shareholders to be satisfied through the expected monthly cashflow, at terms to be negotiated. The Company and Inti Raymi have undertaken to negotiate the Definitive Agreement by July 23, 2024, or such later date as the parties may mutually agree, and subject to the results of the due diligence investigations to be conducted by the Company.

The transaction contemplated by the LOI is subject to the following conditions:

- a) the entering into of a definitive share purchase agreement;
- b) the approval of the boards of directors of both the Company and Inti Raymi;
- c) the completion of a financing by the Company for gross proceeds of up to \$7,000,000, with the offering structure to be determined in the Definitive Agreement;
- d) the completion of satisfactory due diligence by the Company; and
- e) approval of the TSX Venture Exchange.

2. Going concern

The Company is in the exploration stage and does not generate revenue. At March 31, 2024, the Company had a working capital deficit of \$89,534 (September 30, 2023 - working capital surplus of \$539,389) and for the 6 months ended March 31, 2024, the Company incurred a net loss of \$640,855 (2023 - \$1,744,020) and a cashflow deficit from operations of \$633,991 (2023 - \$647,023). The working capital deficit, net 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 condensed interim 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 condensed interim 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 be inappropriate, and these adjustments could be material.

3. Basis of presentation

Statement of compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting*, using accounting policies consistent with International Financial Reporting Standards and its interpretations adopted by the International Accounting Standards Board.

The accounting policies used in these condensed interim consolidated financial statements are consistent with those disclosed in the Company's audited consolidated financial statements for the year ended September 30, 2023.

These condensed interim consolidated financial statements do not include certain information and disclosures normally included in annual financial statements prepared in accordance with IFRS and should be read in conjunction with the Company's annual financial statements for the year ended September 30, 2023.

These condensed interim consolidated financial statements were approved and authorized for issue by the Board of Directors on May 23, 2024.

4. 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").

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, illegal artisanal miners, aboriginal claims, and non-compliance with regulatory and environmental requirements.

5. 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, 2023 and March 31, 2024	101,227,661	7,587,935

There are no preferred shares outstanding.

Warrants

A summary of the Company's common share warrants outstanding at March 31, 2024 is presented below:

	Weighted- average exercise price \$	Number of warrants
Balance, September 30, 2023 and March 31, 2024	0.24	32,755,490

A summary of the Company's common share warrants outstanding at March 31, 2024 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 (expired)	400,782
\$0.25	April 1, 2024 (expired)	7,281,508
\$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
		32,755,490

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 March 31, 2024 is presented below:

	Weighted- average exercise price \$	Number of options
Balance, September 30, 2023 and March 31, 2024	0.10	2,300,000

A summary of the Company's stock options outstanding at March 31, 2024 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

6. 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 and accounts payable and accrued liabilities

The fair values of cash and accounts payable and accrued liabilities at September 30, 2023 and March 31, 2024 and approximated their respective carrying values 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 number 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.

7. 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.

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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 \$270,850 (September 30, 2023 - \$367,798) 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. At March 31, 2024, the Company had cash of US\$5,737 (September 30, 2023 - US\$11,776) and accounts payable of US\$123,500 (September 30, 2023 - US\$174,236). 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 \$16,000 (September 30, 2023 - \$21,965).

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.

8. 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:

	6 months ended March 31,		Outstanding at	Outstanding at
	2024	2023	March 31,	September 30,
	\$	\$	2024	2023
				\$
Consulting fees	103,996	69,236	199,910	133,286
Exploration and evaluation	24,390	12,180	—	—
Stock-based compensation	—	40,000	—	—
	128,386	121,416	199,910	133,286