

United Hunter Oil & Gas Corp.

Condensed Interim Financial Statements

September 30, 2020

(expressed in Canadian dollars)

(unaudited)

Management's Comments on Unaudited Condensed Interim Financial Statements

These unaudited condensed interim financial statements of United Hunter Oil & Gas Corp. (the "Company") have been prepared by management and approved by the Board of Directors of the Company.

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

United Hunter Oil & Gas Corp.

Statements of Financial Position

(expressed in Canadian dollars)

(unaudited)

	Notes	As at September 30, 2020 \$	As at December 31, 2019 \$
Assets			
Current			
Cash		179,100	9,669
Receivables		2,692	3,581
Due from Bocana Resources Ltd.	1	20,000	-
Prepaid expenses		15,031	9,591
		<u>216,823</u>	<u>22,841</u>
Liabilities			
Current			
Accounts payable and accrued liabilities	9	386,611	343,412
Advance payable	4	2,500	-
Loan payable	5	-	5,152
		<u>389,111</u>	<u>348,564</u>
Shareholders' equity (deficit)			
Share capital	6	10,317,246	9,933,587
Contributed surplus		2,549,026	2,577,883
Deficit		(13,038,560)	(12,837,193)
		<u>(172,288)</u>	<u>(325,723)</u>
		<u>216,823</u>	<u>22,841</u>

Going-concern

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Approved by the Board:

Timothy J. Turner
Director

Christian Shomber
Director

United Hunter Oil & Gas Corp.

Statements of Loss and Comprehensive Loss

(expressed in Canadian dollars)

(unaudited)

	Notes	3 months ended September 30,		9 months ended September 30,	
		2020	2019	2020	2019
		\$	\$	\$	\$
Expenses					
Professional fees		3,000	9,664	20,256	15,664
Management fees		51,185	51,193	155,684	153,706
Stock-based compensation		-	6,017	-	24,067
General and administrative		3,553	2,759	9,368	8,384
Public company costs		1,596	1,878	25,008	13,392
Travel		-	19,484	-	22,787
Foreign exchange loss		(510)	-	6,546	306
Interest	5	(125)	29	-	29
Gain on settlement of accounts payable		(15,495)	-	(15,495)	-
		<u>43,205</u>	<u>91,024</u>	<u>201,368</u>	<u>238,336</u>
Loss and comprehensive loss		<u>(43,205)</u>	<u>(91,024)</u>	<u>(201,368)</u>	<u>(238,336)</u>
Basic and diluted loss per share		<u>(0.00)</u>	<u>(0.01)</u>	<u>(0.01)</u>	<u>(0.01)</u>
Weighted average number of shares outstanding - basic and diluted		<u>23,648,310</u>	<u>17,480,375</u>	<u>19,551,360</u>	<u>17,480,375</u>

United Hunter Oil & Gas Corp.

Statements of Changes in Equity

(expressed in Canadian dollars)

(unaudited)

	Share capital		Contributed surplus	Deficit	Total
	Number of shares	Amount \$			
Balance, December 31, 2019	17,480,375	9,933,587	2,577,883	(12,837,193)	(32,245)
Private placement	7,275,000	363,750	-	-	(32,245)
Fair value of stock options cancelled	-	28,857	(28,857)	-	(32,245)
Share issue costs	-	(8,947)	-	-	(32,245)
Loss	-	-	-	(201,368)	(201,368)
Balance, September 30, 2020	24,755,375	10,317,247	2,549,026	(13,038,560)	(325,723)
Balance, December 31, 2018	17,480,375	9,933,587	2,553,816	(12,519,647)	(32,244)
Stock-based compensation	-	-	24,067	-	24,067
Loss	-	-	-	(238,336)	(238,336)
Balance, September 30, 2019	17,480,375	9,933,587	2,577,883	(12,757,982)	(246,513)

United Hunter Oil & Gas Corp.

Statements of Cash Flows

(expressed in Canadian dollars)

(unaudited)

	9 months ended	
	September 30,	
	2020	2019
	\$	\$
Cash flow from operating activities		
Loss	(201,368)	(238,336)
Items not affecting cash		
Stock-based compensation	-	24,067
Foreign exchange loss	6,546	-
Interest not paid	-	29
Gain on settlement of accounts payable	(15,495)	-
Changes in non-cash working capital		
Receivables	889	9,396
Prepaid expenses	(5,440)	4,324
Accounts payable and accrued liabilities	51,996	84,502
	<u>(162,871)</u>	<u>(116,018)</u>
Cash flow from financing activities		
Private placement	363,750	-
Share issue costs	(8,947)	-
Advance	2,500	-
Loan payable	(5,000)	5,000
	<u>352,303</u>	<u>5,000</u>
Cash flow from investing activities		
Advance to Bocana	(20,000)	-
	<u>(20,000)</u>	<u>-</u>
Net change in cash	169,432	(111,018)
Cash, beginning of period	9,669	119,445
Cash, end of period	<u>179,100</u>	<u>8,426</u>
Supplementary information		
Interest paid	-	-
Income taxes paid	-	-

United Hunter Oil & Gas Corp.

Notes to Condensed Interim Financial Statements

September 30, 2020

(expressed in Canadian dollars)
(unaudited)

1. Nature of operations

United Hunter Oil & Gas Corp. (the "Company") is a public company engaged in the exploration and development of oil and gas properties.

The Company was incorporated under the *Business Corporations Act* (Ontario) on February 22, 2008 and was continued under the *Business Corporations Act* (British Columbia) on January 23, 2020. The Company's registered office is located at 400 - 725 Granville Street, Vancouver, BC V7Y 1G5.

Letter of intent for a proposed transaction

On August 7, 2020, the Company signed a non-binding letter of intent ("LOI") with Bocana Resources Ltd. ("Bocana"), which sets forth the general terms and conditions of a proposed reverse takeover transaction (the "Proposed Transaction").

Bocana is a private corporation incorporated under the CBCA and carrying on business as a mineral exploration company focused on the acquisition, exploration and development of mineral properties in Bolivia. Bocana, through its wholly-owned subsidiary, Huiracocha International Service SRL, holds a 100% working interest in the mineral properties known as the Escala Area Concessions located at the Department of Potosi, Sud Lipez Province, Bolivia and has pending additional applications with the Corporación Minera de Bolivia to acquire the mining rights to two additional concession areas, also in the Sud Lipez Province of Bolivia. The Chief Executive Officer and a director of the Company owns approximately 15.57% of the outstanding common shares of Bocana.

Under the terms of the LOI, it is anticipated that the Company and Bocana will enter into the Definitive Agreement pursuant to which the Proposed Transaction will be completed by way of a plan of arrangement, amalgamation, or alternate structure to be determined, a business combination by way of a share exchange, merger, amalgamation, arrangement, or other similar form of transaction, whereby the outstanding common shares, stock options and warrants of the Company and Bocana will be exchanged on a 1:1 basis for an equivalent security of the resulting issuer.

Upon execution of the LOI, the Company advanced an unsecured loan \$20,000 to Bocana ("Bocana Debt").

The board of directors of the Company has approved extending the completion of the Proposed Transaction from November 30, 2020 to April 30, 2021. The Proposed Transaction is subject to the following conditions:

- a) satisfactory completion of due diligence;
- b) execution of the Definitive Agreement;
- c) Bocana completing a private placement of up to 5,000,000 common shares at \$0.10 per common share for gross proceeds of up to \$500,000 ("Bocana Offering");
- d) Upon completion of the Bocana Offering, the Company or Bocana completing a private placement of common shares at a price of at least \$0.10 per common share on terms satisfactory to the Company and Bocana;
- e) forgiveness of the debts of Bocana that were outstanding on the date of the LOI;
- f) approval by the directors of the Company and Bocana;
- g) approval of the TSX Venture Exchange;
- h) shareholder approval.

The Company continues to work with Bocana towards a binding Definitive Agreement and meeting all of the above conditions to the LOI.

2. Going-concern

These condensed interim financial statements have been prepared on a going concern basis that presumes the realization of assets and discharge of liabilities in the normal course of business.

The Company is in the exploration stage and has no revenue. During the 9 months ended September 30, 2020, the Company recorded a loss of \$201,368 (2019 - \$174,311) and as at that date, the Company had accumulated deficit of \$13,038,560 (December 31, 2019 - \$12,837,193), working capital deficit of \$172,288 (December 31, 2019 - \$325,723) and cash flow deficit from operations of \$162,871 (2019 - \$101,466). The losses, accumulated deficit and cash flow deficit from operations limit the Company's ability to meet its existing obligations and fund its working capital requirements and the costs to complete and finance the Proposed Transaction, or alternatively, the acquisition, exploration and development of oil and gas properties.

On March 11, 2020, the World Health Organization assessed the coronavirus outbreak ("COVID-19") as a pandemic. In Canada, the Government of Ontario declared an emergency under s7.0.1(1) of the *Emergency Management and Civil Protection Act* on March 17, 2020 with respect to COVID-19. As of the date of these financial statements, the extent to which COVID-19 impacts the Company's results will depend on future developments, which are highly uncertain and cannot be predicted and dependent upon new information which may emerge concerning the severity of COVID-19 and actions taken to contain this or its impact, among others.

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 oil and gas properties. The Company is actively seeking to raise the necessary equity financing, however, the extent to which COVID-19 impacts the Company's results cannot be predicted with certainty. The economic instability and reduction in oil prices as a result of COVID-19 means there can be no assurance that additional equity financing will be available. These uncertainties may cast significant doubt upon the Company's ability to continue as a going concern.

These condensed interim 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 financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary were the going concern assumption inappropriate, and these adjustments could be material.

3. Basis of presentation

Statement of compliance

These condensed interim 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 financial statements are consistent with those disclosed in the Company's audited financial statements for the year ended December 31, 2019.

These condensed interim 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 December 31, 2019.

These condensed interim financial statements were approved and authorized for issue by the Board of Directors on November 25, 2020.

4. Advance payable

The advance payable is unsecured, non-interest bearing and has no fixed terms of repayment.

5. Loan payable

On August 6, 2020, the Company repaid the loan payable of \$5,000, which was unsecured, interest-bearing at the rate of 10% per annum and due on demand.

6. Share capital

Authorized

Unlimited number of common shares without par value.
Unlimited number of preference shares, issuable in series.

Private placement of common shares

On July 14, 2020, the Company completed a private placement of 7,275,000 common shares at a price of \$0.05 per common share for gross proceeds of \$363,750. In connection with the private placement, the Company paid finders' fees of \$5,950.

Stock options

The Company may grant stock options to directors, officers, employees and consultants for up to 20% of the issued and outstanding common shares on December 3, 2019. At September 30, 2020, the Company may grant up to 3,496,075 stock options (December 31, 2019 - 3,496,075). The exercise price for stock options will not be less than the closing market price of the common shares on the day immediately before the date of the grant, less any discount permissible under the rules of the TSX Venture Exchange. The maximum term for stock options will be 10 years and the options will vest on the date of grant.

A summary of the Company's stock options outstanding and exercisable at September 30, 2020 is presented below:

	Weighted- average exercise price \$	Number of stock options
Balance, December 31, 2019	0.25	1,400,000
Cancelled	0.25	(200,000)
Balance, September 30, 2020	0.25	1,200,000

Exercise price	Expiry date	Number of stock options outstanding and exercisable
\$0.25	August 20, 2023	1,200,000

7. 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 and loans payable

The fair value of cash, accounts payable and accrued liabilities and loans payable approximates their 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

The Company does not have any financial instruments measured at fair value.

8. Financial risk management

The Company's activities expose it to a variety of financial risks that arise as a result of its exploration, development, production 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. Credit risk arises from the Company's cash. The maximum exposure to credit risk is equal to the carrying amount of cash. The Company's limits its exposure to credit risk on its cash by holding its cash in deposits with high credit quality Canadian chartered banks.

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 intends to meet its current obligations in the following year with funds to be raised through private placements, shares for debt settlements and related party loans. 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. The amounts for accounts payable and accrued liabilities are subject to normal trade terms. As the Company is in the exploration stage and does not generate revenue, the Company's operation is dependent upon the Company's ability to secure equity financing to meet its existing obligation and finance the acquisition, exploration and development of oil and gas properties.

Market risk

Market risk is the risk that changes in market prices, such as 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 at September 30, 2020, the Company had accounts payable of US\$175,000 (December 31, 2019 - US\$115,155). If the foreign exchange rate related to the Company's US dollar balances increased or decreased by 10%, with all other variables held constant, accounts payable would have increased or decreased by \$23,343 (December 31, 2019 - \$11,516).

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.

Interest rate risk

Interest rate risk is the risk of financial loss to the Company due to a change in interest rates. The Company's exposure to interest rate risk is limited due to the short-term nature of its financial instruments. In addition, loans payable bore interest at fixed rates of interest.

Capital management

Capital of the Company consists of share capital, contributed surplus 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.

The Company's principal source of capital is from the issue of common shares and loans payable. 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.

9. 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:

	9 months ended September 30, 2020	September 30, 2019	Outstanding at September 30, 2020	Outstanding at December 31, 2019
	\$	\$	\$	\$
Management fees	155,684	153,706	374,474	251,757
Stock-based compensation	—	24,067	—	—
	<u>155,684</u>	<u>177,733</u>	<u>374,474</u>	<u>251,757</u>