

# **United Hunter Oil & Gas Corp.**

## **Management's Discussion and Analysis**

This Management's Discussion and Analysis ("MD&A") provides discussion and analysis of the financial condition of United Hunter Oil & Gas Corp. (the "Company") for the 9 months ended September 30, 2022 and should be read in conjunction with the condensed interim financial statements and the accompanying notes which have been prepared in accordance with International Financial Reporting Standards.

The MD&A is the responsibility of management and is dated as of November 28, 2022.

All dollar amounts in the MD&A are stated in Canadian dollars unless otherwise indicated.

Additional information relating to the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com) and the Company's website at [www.unitedhunteroil.com](http://www.unitedhunteroil.com).

### **Description of Business**

The Company was engaged in the exploration and evaluation of oil and gas properties and is currently working to complete a proposed transaction. See page 1, *Proposed Transaction*.

The Company's common shares are listed for trading on the TSX Venture Exchange ("TSXV") under the symbol "UHO" and the Frankfurt Stock Exchange under the symbol "18U1". Trading in the common shares has been halted and, pursuant to the rules of the TSXV, the halt in trading is expected to continue until the completion of a proposed transaction. See page 1, *Proposed Transaction*.

### **Forward-looking Statements**

This MD&A may contain, without limitation, statements concerning possible or assumed future operations, performance or results preceded by, followed by or that include words such as "believes", "expects", "potential", "anticipates", "estimates", "intends", "plans" and words of similar connotation, which would constitute forward-looking statements. Forward-looking statements are not guarantees. The reader should not place undue reliance on forward-looking statements and information because they involve risks and uncertainties that may cause actual operations, performance or results to be materially different from those indicated in these forward-looking statements. Except as required by Canadian securities law, the Company is under no obligation to update any forward-looking statements contained herein should material facts change due to new information, future events or other factors. These cautionary statements expressly qualify all forward-looking statements in this MD&A.

The following table outlines certain forward-looking statements contained in this MD&A and provides material assumptions used to develop such forward-looking statements and material risk factors that could cause actual results to differ materially from the forward-looking statements.

See page 6 for *Material assumptions and risk factors for forward-looking statements*.

### **Overall Performance**

Previously, on June 18, 2019, the Company received a notice from the TSXV that the Company had not met Tier 2 Continued Listing Requirements ("CLR") in relation to its capital, assets and activity for a company classified as an oil and gas issuer. In this notice, it stated that in the event the Company is unable to meet the Tier 2 CLR's by such September 18, 2019, subsequently extended to December 16, 2019, the TSXV may proceed to transfer the Company's listing to NEX without further notice. The Company is working on a proposed transaction that would enable the Company to maintain its Tier 2 status. See page 1, *Proposed Transaction*.

### **Proposed Transaction**

On March 26, 2021, the Company signed an amalgamation agreement ("Amalgamation Agreement") with Bocana Resources Ltd. ("Bocana"), which sets forth the terms and conditions of a reverse takeover transaction (the "Amalgamation").

Bocana is a private corporation incorporated under the *Canada Business Corporations Act* 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, Huiracochoa 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 ("Escala") 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, who is also a director of the Company, owns approximately 9.69% of the current and outstanding common shares of Bocana.

Pursuant to the Amalgamation Agreement, Bocana will amalgamate with the Company to form an amalgamated entity ("Resulting Issuer"). Each outstanding Bocana share shall be exchanged for one common share of the Resulting Issuer ("Resulting Issuer Common Share") at a deemed price of \$0.10 per Bocana Share. Outstanding Bocana warrants shall be exchanged on the same basis. Every 1.6877 outstanding common shares of the Company shall be exchanged for one Resulting Issuer Common Share at a deemed price of approximately \$0.06 per common share and \$0.10 per Resulting Issuer Common Share. The Company's outstanding stock options and warrants shall be exchanged on the same basis.

As proposed, the Amalgamation is subject to the following conditions:

- a) Bocana completing 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 Bocana Share and one warrant entitling the holder to purchase one Bocana Share for \$0.10 (completed).
- b) Bocana converting outstanding debts of \$78,919 into 789,910 Bocana Shares (completed on July 6, 2022).
- c) subject to the approval of disinterested shareholders of the Company (completed on November 4, 2022) and TSX Venture Exchange ("TSXV"), the Company converting accounts payable of \$305,386 owing to two officers into 5,089,776 common shares.
- d) subject to the approval of TSXV, the Company converting an advance payable of \$2,500 owing to a shareholder into 41,667 common shares.
- e) approval by the directors of the Company and Bocana (completed on September 30, 2022).
- f) shareholder approval of the Company and Bocana (completed on November 4, 2022).
- g) Resulting Issuer Common Shares have been accepted for listing by the TSXV.
- h) approval of the TSXV on all submitted documents and forms as required.

On November 4, 2022, at the Company's annual and special meeting of shareholders, shareholders voted in favour of the resolutions necessary to give effect to the amalgamation (the "Amalgamation") under the Business Corporations Act (Alberta) with Bocana. The annual and special meeting of the Bocana shareholders also took place on the same date and shareholders of Bocana voted in favour of the resolutions necessary to give effect to the amalgamation (the "Amalgamation") under the Business Corporations Act (Alberta) with the Company. Upon completion of the required forms and documents necessary to complete the Amalgamation and the subsequent submittal to the TSXV for their final approval, the closing date will be announced and the Amalgamation will be completed.

In connection with the proposed Amalgamation, the Company advanced loans of \$20,000 to Bocana and US\$150,000 to Huiracocha which has been repaid.

#### ***Bocana update***

Bocana completed an induced polarization (IP) geophysical survey on the Escala Project in south-west Bolivia. Historic IP surveys were limited in areal extent but did indicate the presence of extensive sulphide mineralization associated with an intrusive complex. Bocana's IP survey entailed approximately 90-line kilometres and covered all known areas of mineralization to further determine the extent of the sulphide mineralization and spatial relationship of the various known zones to each other.

Bocana also completed the following surface geological & geophysical work on the concession area and has provided the following developments to the project:

- a) Detailed geological mapping of the Escala, Escala II and Escala III concessions;
- b) Established and mapped out a 100m survey grid for the induced polarization (IP) geophysical survey on all four areas of the Escala concession;
- c) Existing drill hole collars have been surveyed during the survey for the geophysical grid (spring 2022);
- d) Collection of Induced polarization (IP) chargeability/resistivity data;
- e) A detailed topographic map at 2m contour interval has been completed from satellite imagery and orthophotos of the property have been compiled (spring 2022).

A technical report entitled "Technical Report for the Escala Project" has been completed in accordance with National Instrument NI 43-101, *Standards of Disclosure for Mineral Projects* ("NI 43-101") by Greg Bronson, P.Geo., an independent "Qualified Person" (as defined in NI 43-101).

Mr. Bronson believes that the Escala project is a project of merit and warrants further exploration. The Company intends to complete the initial, Phase 1 Work Program of a proposed 2-phase Work Program, as set out below in the Technical Report.

### **Future exploration**

The Company intends to complete the work program set out in the Technical Report:

Phase 1 is a US\$650,000 first-year work program consisting of:

- Geophysical field work has been completed. Bocana geologists highly recommended that raw geophysical data be compiled and interpreted by the geophysical contractor. Only raw data was available for use at time writing (US\$75,000)
- Combine the recent geological mapping with the as yet to be compiled geophysical survey in order to best define drill targets. (US\$75,000)
- A 5,000 m reverse circulation drilling program (US\$500,000) is recommended for the first round of drilling. This drilling method is fast and has low water requirements. Field geologists will be directed to make special effort to log rock texture as part of the rock lithological descriptions collected during drilling. Rock texture will likely be key in delineating mineralized zones.
- All drill holes should be inclined 45-50 degrees as most mineralized structures identified to date are subvertical.
- The Cerro Galapago area is the primary target – Bocana geologists interpret here exists a large porphyry system that likely offers a large bulk tonnage drill target. 70% of the drill budget should be allocated to this effort (3500m).
- The Cerro Blanco area is the secondary target – Bocana geologists here see a strong structural influence on mineralization have interpreted subvertical structures that were not properly targeted during previous drill programs. This area has potential to host higher grade mineralization. 20% of the drill budget should be allocated to Cerro Blanco (1,000 m).
- The known historical precious/base metal veins are a tertiary drill target. Raw geophysics shows a strong chargeability anomaly drilling target. 10% drill budget allocation for this area – this amount could change once the raw geophysics have been compiled (500 m).

If Phase 1 is successful and drill targets are defined a decision would have to be made whether to proceed with Phase 2. Phase 2 would cost approximately US\$1,500,000 and consist of:

- Drilling prospective targets developed during Phase 1. An initial 6,000-metre core drill program is expected with US\$1,250,000 all in costs, including sampling and assaying; and
- Additional geophysics and property-wide geochemical sampling to identify potential additional areas of altered and mineralized rocks (US\$250,000).

### **Risks and Uncertainties**

The Company is subject to various risks and uncertainties due to the nature of the business and its present stage of development.

#### *Going concern*

The Company does not generate revenue. At September 30, 2022, the Company had an accumulated deficit of \$13,538,557 (December 31, 2021 - \$13,353,771) and for the 9 months ended September 30, 2022, the Company recorded a loss of \$184,786 (2021 - \$185,945) and a cash flow deficit from operations of \$277,513 (2021 - \$154,947). The accumulated deficit, losses 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 Amalgamation, or alternatively, the acquisition, exploration and development of mineral properties.

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. The Company is actively seeking to raise the necessary equity financing, however, there can be no assurance that additional equity financing will be available.

### Exploration

The Company is exposed to the inherent risks associated with mineral exploration and development, including the uncertainty of mineral resources and their development into recoverable reserves; the uncertainty as to potential project delays from circumstances beyond the Company's control; and the timing of production; as well as title risks, risks associated with joint venture agreements and the possible failure to obtain licenses.

### Commodity prices

The Company is exposed to commodity price risk with respect to precious metal prices. A significant decline in precious metal prices may affect the Company's ability to obtain capital for the exploration and development of its interest in mineral properties.

### Result of Operations

	3 months ended September 30,		9 months ended September 30,	
	2022	2021	2022	2021
	\$	\$	\$	\$
<b>Expenses</b>				
Professional fees	3,000	3,000	10,500	9,364
Management fees	51,042	61,546	150,040	159,137
General and administrative	4,806	4,090	14,908	10,795
Public company costs	860	879	11,326	17,584
Travel	5,320	—	5,320	—
Gain on settlement of debt	(848)	—	(848)	—
Foreign exchange loss (gain)	(7,369)	(5,612)	(5,712)	(10,187)
Interest income	(252)	(252)	(748)	(748)
	56,560	63,650	184,786	185,945
<b>Loss and comprehensive loss</b>	(56,560)	(63,650)	(184,786)	(185,945)

#### 9 months ended September 30

During the 9 months ended September 30, 2022, the Company incurred a loss of \$184,945 which is comparable to a loss of \$185,945 during the comparative period of the previous year.

#### 3 months ended September 30

During the 3 months ended September 30, 2022, the Company incurred a loss of \$56,560 which is comparable to a loss of \$56,560 during the comparative period of the previous year.

### Summary of Quarterly Results (prepared in accordance with IFRS)

	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022
	\$	\$	\$	\$	\$	\$	\$	\$
Revenue	—	—	—	—	—	—	—	—
Loss								
- Total	56,925	61,001	61,293	63,650	72,341	59,974	68,253	56,560
- Per share	—	—	—	—	—	—	—	—

### Liquidity & Capital Resources

At September 30, 2022, the Company had working capital of \$23,463. The Company will require additional financing 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 mineral properties.

Corporate and general costs in the years ended December 31, 2021 and 2020 were approximately \$260,000 and \$275,000, respectively. The Company has estimated its corporate and general costs to be approximately \$275,000 for the year ended December 31, 2022. For the 9 months ended September 30, 2022, the Company incurred corporate and general costs of \$186,000.

As the Company is in the exploration stage and has no revenue, the Company has financed its operations with the proceeds of equity and loan financings. The Company is dependent upon the support of its creditors and the Company's ability to secure equity and loan financings to meet its existing obligations, fund its working capital requirements and complete and finance the Proposed Transaction, or alternatively, the acquisition, exploration and development of mineral properties.

Management is of the opinion that additional working capital will be obtained from loan and equity financings to meet the Company's liabilities and commitments as they become due.

### Transactions with Related Parties

	9 months ended September 30, 2022	Outstanding as at September 30, 2022
<b>Related party</b>		
Tim Turner & Associates, LLC., a company controlled by Timothy J. Turner, for management fees for his services as Chief Executive Officer	US\$90,000	US\$117,499
Marlborough Management Limited, a company controlled by Miles Nagamatsu, for management fees for his services as Chief Financial Officer	\$34,200	\$166,805

### Financial Instruments and Other Instruments

*Cash, receivables, due from Bocana, accounts payable and accrued liabilities and advance payable*

The fair value of cash, receivables, due from Bocana, accounts payable and accrued liabilities and advance 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.

### **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 and amount due from Bocana. The Company's limits its exposure to credit risk on its cash by holding its cash in deposits with a Canadian chartered bank. The Company assessed the credit risk of the amount due from Bocana to be low given the Amalgamation with Bocana.

#### **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 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 mineral 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 has cash of US\$1,793 (December 31, 2021 - US\$21,525), and accounts payable of US\$117,499 (December 31, 2021 - US\$177,735). If the foreign exchange related to the Company's US dollar balances increased or decreased by 10%, with all other variables held constant, the foreign exchange gain (loss) would have increased or decreased by \$15,860 (December 31, 2021 - \$787).

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 to due from Bocana which bears 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, advance payable 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.

### **Material assumptions and risk factors for forward-looking statements**

The following table outlines certain forward-looking statements contained in this MD&A and provides material assumptions used to develop such forward-looking statements and material risk factors that could cause actual results to differ materially from the forward-looking statements.

<b>Page</b>	<b>Forward-looking statement</b>	<b>Assumption</b>	<b>Risk factor</b>
4	Liquidity and Capital Resources – Liquidity “Management is of the opinion that sufficient working capital will be obtained from loan and equity financings to meet the Company's liabilities and commitments as they become due.”	Financing will be obtained to continue as a going concern.	The Company is unable to obtain future financing to meet liabilities as they come due.

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### **Other Information**

#### *Additional Disclosure for Venture Corporations without Significant Revenue*

For the 9 months ended September 30, 2022 and September 30, 2021, the Company incurred no exploration and evaluation expenditures.

The following table set out a breakdown of material components of the general and administration costs:

	<b>9 months ended September 30,</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Bank charges	1,241	1,385
Insurance	13,101	9,410
Office	566	–
	<b>14,908</b>	<b>10,975</b>

## **Disclosure of Outstanding Share Data as at November 28, 2022**

### **Shares**

#### *Authorized:*

Unlimited number of common shares, no par value.

Unlimited number of preference shares, issuable in series. The preference shares are issuable in series and may be issued in one or more series, from time to time, by the directors of the Company. The directors of the Company are authorized to fix, among other things, the designation, preferences, rights and restrictions attaching to each series of preference shares, in addition to the entitlement of each series of preference shares to receive the assets of the Company available on a liquidation, dissolution or winding-up of the Company. The preference shares are entitled to preference over the common shares and any other shares ranking junior to the such preference shares with respect to, among other things, payment of dividends and the distribution of assets in the event of liquidation, dissolution or winding-up of the Company. Unless the rights attaching to the preference shares state otherwise, each preference share carries one vote at all meetings of shareholders, other than at meetings of the holders of the common shares meeting separately as a class.

#### *Outstanding*

Common Shares: 37,044,376 common shares

Preference Shares: no preferred shares

### **Warrants**

#### *Outstanding*

12,289,001 warrants entitling the holder to purchase one common share for \$0.15 until April 1, 2024.

676,400 finder's warrants entitling the holder to purchase one unit for \$0.06 until April 1, 2024, with each unit consisting of one common share and one warrant entitling the holder to purchase one common share for \$0.15 until April 1, 2024.

### **Stock options**

#### *Authorized*

3,496,074 stock options, representing 20% of the issued and outstanding common shares on December 3, 2019.

#### *Outstanding*

<b>Exercise price</b>	<b>Expiry date</b>	<b>Number of stock options</b>
\$0.25	August 20, 2023	1,200,000

Shareholders of the Company approved a new stock option plan to be effective upon completion of the Amalgamation. Pursuant to the new stock option plan, 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 TSXV policies. The maximum term for stock options will be 10 years and the Board of Directors may determine the vesting period and method of vesting.