Kraken Energy Corp.

(formerly Ivor Exploration Inc.)

Consolidated Financial Statements

For the Years Ended June 30, 2022 and 2021

(Expressed in Canadian Dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Kraken Energy Corp. (formerly Ivor Exploration Inc.)

Opinion

We have audited the accompanying consolidated financial statements of Kraken Energy Corp. (formerly Ivor Exploration Inc.) (the "Company"), which comprise the consolidated statement of financial position as at June 30, 2022, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at June 30, 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

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

Other Matters

The consolidated financial statements of the Company for the years ended June 30, 2021 and 2020 were audited by another auditor who expressed an unmodified opinion on those statements on September 10, 2021.

As part of our audit of the consolidated financial statements of the Company for the year ended June 30, 2022, we also audited the adjustment described in Note 4 that was applied to restate the consolidated financial statements for the years ended June 30, 2021 and 2020. In our opinion, the adjustment is appropriate and has been properly applied. We were not engaged to audit, review or apply any procedures to the consolidated financial statements of the Company for the years ended June 30, 2021 and 2020, other than with respect to the adjustment and, accordingly, we do not express an opinion or any other form of assurance on the consolidated financial statements for the years ended June 30, 2021 and 2020 taken as a whole.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

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 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 Management's Discussion and Analysis 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 IFRS, 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

The engagement partner on the audit resulting in this independent auditor's report is Daniel Nathan.

Davidson & Company LLP

Vancouver, Canada

Chartered Professional Accountants

October 28, 2022

Kraken Energy Corp. (formerly Ivor Exploration Inc.)
Consolidated Statements of Financial Position
As at June 30, 2022
(Expressed in Canadian Dollars)

	Notes	June 30, 2022	June 30, 2021	July 1, 2020
ASSETS			(Note 4)	(Note 4)
Current Assets				
Cash and cash equivalents	6	$12,110,248	$136,667	$325,733
Prepaids		405,240	-	-
Interest receivable		15,189	-	-
Other receivables		32,905	14,257	7,533
		12,563,582	150,924	333,266
Non-Current Assets				
Exploration and evaluation assets	5,7	20,133,996	8,000	8,000
TOTAL ASSETS		**$32,697,578**	**$158,924**	**$341,266**
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current Liabilities				
Accounts payable and accrued liabilities	9	$ 376,359	$ 68,914	$150,261
Loans payable		2,900	-	10,385
TOTAL LIABILITIES		**379,259**	**68,914**	**160,646**
SHAREHOLDERS' EQUITY				
Share capital	8	41,312,416	499,307	499,307
Reserves	8	3,323,607	23,693	23,693
Accumulated other comprehensive income		3,412	-	-
Deficit		(12,321,116)	(432,990)	(342,380)
TOTAL SHAREHOLDERS' EQUITY		**32,318,319**	**90,010**	**180,620**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**$32,697,578**	**$158,924**	**$341,266**

Nature and continuance of operations (Note 1)
Subsequent event (Note 14)

"Garrett Ainsworth"	*"Matthew Schwab"*
Garrett Ainsworth, Director	Matthew Schwab, Director

Kraken Energy Corp. (formerly Ivor Exploration Inc.)
Consolidated Statements of Loss and Comprehensive Loss
For the Years Ended June 30, 2022 and 2021
(Expressed in Canadian Dollars)

	Note	Year ended June 30, 2022	2021
			(Note 4)
Expenses			
Exploration expenses	7,9	$ 324,812	$ 50,940
Marketing and shareholder relations		176,525	-
Management fees	9	163,357	-
Office and miscellaneous	9	132,132	658
Professional fees	9	329,167	20,601
Property evaluation cost		-	4,900
Share-based payments	8	1,256,000	-
Transfer agent and filing fees		29,084	13,511
		(2,411,077)	(90,610)
Other items			
Write-off of exploration and evaluation assets	7	(8,000)	-
Interest income		15,248	-
Write-off of payables	9	50,000	-
Loss from revaluation of share obligation	5,8	(9,534,297)	-
Loss		**$(11,888,126)**	**$ (90,610)**
Other comprehensive income			
Translation adjustment		3,412	-
Comprehensive loss		**$(11,884,714)**	**$ (90,610)**
Loss per share – basic and diluted		**$ (0.58)**	**$ (0.01)**
Weighted average number of common shares outstanding - basic and diluted		**20,551,868**	**11,780,000**

Kraken Energy Corp. (formerly Ivor Exploration Inc.)
Consolidated Statement of Changes in Shareholders' Equity
For the Years Ended June 30, 2022 and 2021
(Expressed in Canadian Dollars)

		Share capital					
	Notes	**Number of shares**	**Amount**	**Reserves**	**Accumulated other comprehensive loss**	**Deficit**	**Total**
						(Note 4)	
Balance at June 30, 2020		**11,780,000**	**$ 499,307**	**$ 23,693**	**$ -**	**$ (342,380)**	**$ 180,620**
Loss for the year	4	-	-	-	-	(90,610)	(90,610)
Balance at June 30, 2021		**11,780,000**	**$ 499,307**	**$ 23,693**	**$ -**	**$ (432,990)**	**$ 90,010**
Shares issued from acquisition of subsidiaries	5,8	16,709,666	17,942,242	-	-	-	17,942,242
Shares issued from acquisition of Apex Property	5,8	7,198,855	12,022,088	-	-	-	12,022,088
Shares issued for cash	8	18,138,570	11,786,893	1,711,607	-	-	13,498,500
Share issuance costs - finders' warrants	8	-	(356,000)	356,000	-	-	-
Share issuance costs - cash	8	-	(637,807)	-	-	-	(637,807)
Shares issued from exercise of warrants	8	320,000	55,693	(23,693)	-	-	32,000
Share-based payments	8	-	-	1,256,000	-	-	1,256,000
Foreign exchange translation from subsidiary		-	-	-	3,412	-	3,412
Loss for the year		-	-	-	-	(11,888,126)	(11,888,126)
Balance at June 30, 2022		**54,147,091**	**$ 41,312,416**	**$ 3,323,607**	**$ 3,412**	**$ (12,321,116)**	**$ 32,318,319**

Kraken Energy Corp. (formerly Ivor Exploration Inc.)
Consolidated Statements of Cash Flows
For the Years Ended June 30, 2022 and 2021
(Expressed in Canadian Dollars)

	Notes	**For the years ended June 30, 2022**	**2021**
			(Note 4)
Operating activities			
Loss for the year		$ (11,888,126)	$ (90,610)
Items not involving cash:			
Write-off of exploration and evaluation assets		8,000	-
Loss from revaluation of share obligation		9,534,297	-
Share-based payments		1,256,000	-
Interest income		(15,248)	-
Write-off of payables	9	(50,000)	-
Changes in non-cash working capital items:			
Prepaids		(393,104)	-
Other receivables		(18,649)	(6,724)
Interest receivable		60	-
Accounts payable and accrued liabilities		214,415	(81,347)
Net cash flows used in operating activities		(1,352,355)	(178,681)
Investing activities			
Exploration and evaluation assets		(98,668)	-
Net cash flows used in investing activities		(98,668)	-
Financing activities			
Proceeds from issuance of common shares		13,498,500	-
Share issuance costs		(633,070)	-
Proceeds from exercise of warrants		32,000	-
Cash acquired from acquisition of subsidiaries		523,762	-
Loans from related party		-	(10,385)
Net cash flows from (used in) financing activities		13,421,192	(10,385)
Currency impact on cash		3,412	-
Change in cash and cash equivalents		11,973,581	(189,066)
Cash and cash equivalents, beginning		136,667	325,733
Cash and cash equivalents, ending		**$ 12,110,248**	**$ 136,667**
Cash paid during the year of interest		$ -	$ -
Cash paid during the year of income taxes		$ -	$ -
Supplemental cash flow information:			
Share issuance costs within accounts payable		$ 4,737	$ -
Shares issued from acquisition of subsidiaries		$ 17,942,242	$ -
Shares issued from acquisition of Apex Property		$ 12,022,088	$ -
Broker warrants		$ 356,000	$ -

1. Nature and continuance of operations

Kraken Energy Corp. (formerly Ivor Exploration Inc. and Ivor Ventures Ltd.) (the “Company” or “Kraken Energy”) was incorporated on July 4, 2011, under the Canada Business Corporations Act. On May 12, 2022, the Company changed its name from Ivor Exploration Inc. to Kraken Energy Corp. The Company is a resource exploration company that is acquiring and exploring mineral properties. The Company’s common shares began trading on Canadian Securities Exchange under the new stock symbol “UUSA” on May 11, 2022. Previously, the trading symbol was “IVOR”.

The head office, principal address, records office and registered address of the Company are located at 717 – 1030 West Georgia Street, Vancouver, BC V6E 2Y3.

These consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. At June 30, 2022, the Company had not yet achieved profitable operations and had accumulated losses of $12,321,116 since its inception. Management estimates that the Company has sufficient financial resources to carry out currently planned exploration and operations through the next twelve months.

Although the Company has been successful in the past in obtaining financing, there can be no assurances that the Company will continue to obtain the additional financial resources necessary and/or achieve profitability or positive cash flows from its future operations. If the Company is unable to obtain adequate additional financing, the Company would be required to curtail its planned operations, and exploration and development activities. These consolidated financial statements do not give effect to adjustments, which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the financial statements.

2. Statement of compliance and basis of preparation

These consolidated financial statements were authorized for issue by the directors of the Company on October 28, 2022.

Statement of compliance

These consolidated financial statements have been prepared in compliance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee.

2. Statement of compliance and basis of preparation (continued)

Basis of presentation

These consolidated financial statements have been prepared on a historical cost basis except for some financial instruments classified in accordance with measurements standards under IFRS. These consolidated financial statements are presented in Canadian dollars unless otherwise specified. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Consolidation

The consolidated financial statements include the accounts of the Company and its controlled subsidiaries. Details of controlled subsidiaries are as follows:

		Percentage owned*	
	Country of incorporation	June 30, 2022	June 30, 2021
1330038 B.C. Ltd. ("133 B.C.")	Canada	100%	0%
Kraken Energy (Nevada) Corp. ("Kraken Nevada")	United States	100%	0%
Panerai Capital Corp. ("Panerai")	Canada	100%	0%
Panerai Capital USA Corp. ("Panerai USA")	United States	100%	0%

**Percentage of voting power is in proportion to ownership.*

On March 23, 2022, the Company incorporated a private company, Kraken Nevada, a 100% owned subsidiary incorporated in Nevada, United States.

On April 8, 2022, the Company acquired all of the shares of 133 B.C., a private company (Note 5).

On May 27, 2022, the Company acquired all of the shares of Panerai and its 100% owned subsidiary, Panerai USA (Note 5).

3. Significant accounting policies

Use of estimates and judgements

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported revenues and expenses during the year. Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates. The most significant accounts that require estimates as the basis for determining the stated amounts include valuation of share-based payments and recognition of deferred income tax amounts and provision for restoration, rehabilitation and environmental costs.

Critical judgments exercised in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are as follows:

<u>Economic recoverability and probability of future economic benefits of mineral properties</u>

Management has determined that mineral property costs incurred which were capitalized have future economic benefits and are economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including geological and metallurgic information, history of conversion of mineral deposits to proven and probable reserves, scoping and feasibility studies, accessible facilities, existing permits and life of mine plans.

3. Significant accounting policies (continued)

Use of estimates and judgements *(continued)*

Share-based payments

The Company uses Black-Scholes to calculate the fair value stock options and of common share purchase warrants issued. Black Scholes requires the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options and common share purchase warrants. The assumptions used for estimating fair value of stock options and common share purchase warrants are disclosed in Note 8.

Business combinations

The determination of whether a set of assets acquired and liabilities assumed constitute a business may require the Company to make certain judgments, taking into account all facts and circumstances. A business is presumed to be an integrated set of activities and assets capable of being conducted and managed for the purpose of providing a return in the form of dividends, lower costs or economic benefits. The acquisition of 133 B.C. and Panerai Capital Corp. (Note 5) was determined to constitute an acquisition of assets.

Determination of functional currency

The Company determines the functional currency through an analysis of several indicators such as expenses and cash flow, financing activities, retention of operating cash flows, and frequency of transactions with the reporting entity.

Income taxes

In assessing the probability of realizing income tax assets, management makes estimates related to expectations of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified.

Financial instruments

Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

3. Significant accounting policies (continued)

Financial instruments *(continued)*

Classification (continued)

The following table shows the classifications under IFRS 9:

	IFRS 9 Classification
Cash and cash equivalents	FVTPL
Interest receivable	Amortized cost
Other receivables	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Loans payable	Amortized cost

Measurement

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the consolidated statements of comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the consolidated statements of comprehensive loss in the period in which they arise.

Debt investments at FVTOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income (“OCI”). On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVTOCI

These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. 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 financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve-month expected credit losses. The Company shall recognize in the consolidated statements of comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

3. Significant accounting policies (continued)

Financial instruments *(continued)*

Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the consolidated statements of comprehensive loss.

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and / or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. Gains and losses on derecognition are generally recognized in profit or loss.

Exploration and evaluation assets

All expenditures on exploration and evaluation activities, excluding costs incurred to acquire and secure exploration property licenses, are recorded as exploration expenses until it has been established that a mineral property is commercially viable and technically feasible. Refer to Note 7.

Impairment of assets

The carrying amount of the Company's assets (which include exploration and evaluation assets) is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the statement of income and comprehensive income.

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

3. Significant accounting policies (continued)

Site closure and reclamation provision

The Company recognizes a provision for statutory, contractual, constructive or legal obligations associated with decommissioning of mining operations and reclamation and rehabilitation costs arising when environmental disturbance is caused by the exploration or development of mineral properties, plant and equipment. Provisions for site closure and reclamation are recognized in the period in which the obligation is incurred or acquired, and are measured based on expected future cash flows to settle the obligation, discounted to their present value. The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and risks specific to the liability. For the years presented, the Company has not recognized any site closure and reclamation provision.

When an obligation is initially recognized, the corresponding cost is capitalized to the carrying amount of the related asset. These costs are depreciated on a basis consistent with depreciation, depletion, and amortization of the underlying assets.

Share-based payments

Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued. If it is determined the fair value of the goods or services cannot be reliably measured and are recorded at the date the goods or services are received. The corresponding amount is recorded to reserves. The fair value of options is determined using the Black–Scholes Option Pricing Model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

Loss per share

Basic loss per share is calculated by dividing the loss attributable to common shareholders by the weighted average number of common shares outstanding in the period. For all periods presented, the loss attributable to common shareholders equals the reported loss attributable to owners of the Company. Diluted loss per share is calculated by the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period.

Foreign currency translation

The functional currency of the Company is measured using the currency of the primary economic environment in which the Company operates. The functional currency of Kraken, 133BC, and Panerai are Canadian dollars and the functional currency of Kraken Nevada and Panerai USA are US dollars. These consolidated financial statements are presented in Canadian dollars.

3. Significant accounting policies (continued)

Foreign currency translation *(continued)*

Transactions and balances:

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in profit or loss in the statement of loss the period in which they arise, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognized in other comprehensive income in the statement of comprehensive income to the extent that gains and losses arising on those non-monetary items are also recognized in other comprehensive income. Where the non-monetary gain or loss is recognized in profit or loss, the exchange component is also recognized in profit or loss.

Share capital

i) The proceeds from the exercise of stock options, common share purchase warrants and purchase of common shares are recorded as share capital in the amount for which the option or warrant enabled the holder to purchase a share in the Company.

ii) Share capital issued for non-monetary consideration is recorded at an amount based on fair value of these common shares.

iii) The proceeds from the issue of units is allocated between common shares and common share purchase warrants on a prorated basis using relative fair values of common shares and common share purchase warrants. The fair value of the common share purchase warrants are determined using the Black-Scholes Option Pricing Model (“Black-Scholes”).

All costs related to issuances of equity are charged against the proceeds received.

Income taxes

Current income tax:

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

3. Significant accounting policies (continued)

Income taxes *(continued)*

Deferred income tax:

Deferred income tax is provided using the asset and liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Upcoming accounting pronouncements

The Company is not aware of any recent accounting pronouncements or upcoming standards expected to have a material impact on the consolidated financial statements.

(Expressed in Canadian Dollars)

4. Change in accounting policy

During the year ended June 30, 2022, the Company changed its accounting policy of capitalizing exploration and evaluation expenditures. The Company believes that expensing such costs as incurred provides more reliable and relevant financial information. Cost of exploration and evaluation expenditures, excluding the cost of acquiring prospective properties and exploration rights, are expensed until it has been established that a mineral property is commercially viable. Previously, the Company capitalized these amounts. The financial statements for the year ended June 30, 2021 have been restated to reflect adjustments made as a result of this change in accounting policy.

The following is a reconciliation of the Company's financial statements as at June 30, 2021 and July 1, 2020:

Statements of Financial Position

		***PREVIOUSLY REPORTED* June 30, 2021**		**Adjustment**		***RE-STATED* June 30, 2021**
ASSETS						
Current Assets						
Cash	$	136,667	$	-	$	136,667
GST receivable		14,257		-		14,257
		150,924		-		150,924
Non-Current Assets						
Exploration and evaluation assets		178,578		(170,578)		8,000
TOTAL ASSETS	**$**	**329,502**		**(170,578)**	**$**	**158,924**
LIABILITIES AND SHAREHOLDERS' EQUITY						
Current Liabilities						
Accounts payable and accrued liabilities	$	68,914	$	-	$	68,914
TOTAL LIABILITIES		**68,914**		**-**		**68,914**
SHAREHOLDERS' EQUITY						
Share capital		499,307		-		499,307
Reserves		23,693		-		23,693
Deficit		(262,412)		(170,578)		(432,990)
TOTAL SHAREHOLDERS' EQUITY		**260,588**		**(170,578)**		**90,010**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**$**	**329,502**		**(170,578)**	**$**	**158,924**

(Expressed in Canadian Dollars)

4. Change in accounting policy (continued)

		PREVIOUSLY REPORTED July 1, 2020		Adjustment		*RE-STATED* July 1, 2020
ASSETS						
Current Assets						
Cash	$	325,733	$	-	$	325,733
GST receivable		7,533		-		7,533
		333,266		-		333,266
Non-Current Assets						
Exploration and evaluation assets		127,638		(119,638)		8,000
TOTAL ASSETS	**$**	**460,904**		**(119,638)**	**$**	**341,266**
LIABILITIES AND SHAREHOLDERS' EQUITY						
Current Liabilities						
Accounts payable and accrued liabilities	$	150,261	$	-	$	150,261
Loans from related parties		10,385		-		10,385
TOTAL LIABILITIES		**160,646**		**-**		**160,646**
SHAREHOLDERS' EQUITY						
Share capital		499,307		-		499,307
Reserves		23,693		-		23,693
Deficit		(222,742)		(119,638)		(342,380)
TOTAL SHAREHOLDERS' EQUITY		**300,258**		**(119,638)**		**180,620**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**$**	**460,904**		**(119,638)**	**$**	**341,266**

(Expressed in Canadian Dollars)

4. Change in accounting policy (continued)

Statements of Loss and Comprehensive Loss

		PREVIOUSLY REPORTED **Year ended June 30, 2021**		**Adjustment**		***RE-STATED*** **Year ended June 30, 2021**
Expenses						
Exploration expenses	$	-	$	50,940	$	50,940
Office and miscellaneous		658		-		658
Professional fees		20,601		-		20,601
Property evaluation cost		4,900		-		4,900
Transfer agent and filing fees		13,511		-		13,511
Loss and comprehensive loss	**$**	**(39,670)**	**$**	**(50,940)**	**$**	**(90,610)**
Loss per share – basic and diluted	**$**	**(0.00)**	**$**	**-**	**$**	**(0.01)**
Weighted average number of common shares outstanding		**11,780,000**		**-**		**11,780,000**

Statements of Cash Flows

		PREVIOUSLY REPORTED **Year ended June 30, 2021**		**Adjustment**		***RE-STATED*** **Year ended June 30, 2021**
Operating activities						
Loss for the year	$	(39,670)	$	(50,940)	$	(90,610)
Changes in non-cash working capital items:						-
GST receivable		(6,724)		-		(6,724)
Accounts payable and accrued liabilities		(131,787)		50,440		(81,347)
Net cash flows used in operating activities		(178,181)		(500)		(178,681)
Investing activities						
Exploration and evaluation assets		(500)		500		-
Net cash flows used in investing activities		(500)		500		-
Financing activities						
Related party loans		(10,385)		-		(10,385)
Net cash flows used in financing activities		(10,385)		-		(10,385)
Change in cash		(189,066)				(189,066)
Cash, beginning		325,733		-		325,733
Cash, ending	**$**	**136,667**	**$**	**-**	**$**	**136,667**

(Expressed in Canadian Dollars)

5. Acquisitions

Acquisition of 133 B.C.

On February 24, 2022, the Company closed a share exchange agreement to acquire 100% interest in a non-arm's length private company, 133 B.C., which holds the right to acquire 100% of the Apex Property ("Apex Property") in Nevada, United States, for total consideration as follows:

- Issuance of 5,000,000 common shares of the Company with a fair value of $1,900,000 (Note 8) (issued).
- Pursuant to the Apex Property sale and purchase agreement between 133 B.C. and the property vendors, the issuance of the Company's common shares to the property vendors that is equal to 29.7% of the issued and outstanding common shares upon completion of an equity financing of the Company for minimum gross proceeds of $2,000,000.
- At the date of acquisition, the Company calculated 6,546,818 common shares of the Company as the potential number of shares to be issued to the property vendors at with a fair value of $2,487,791 based on the trading price of the Company's shares of $0.38 per share. Upon issuance of the shares to the property vendors, the Company acquired 100% interest in the Apex Property.

At acquisition date, the Company determined that the acquisition of 133 B.C. did not constitute a business as defined under IFRS 3, "Business Combination", and the transaction was accounted for as an asset acquisition. The assets and liabilities were measured at their fair values at the acquisition date and the excess of the consideration paid over the fair value of net assets was attributed to the exploration and evaluation asset.

The acquisition was recorded as follows:

Fair value of shares issued to acquire 133 B.C.	$	1,900,000
Fair value of shares to be issued to property vendors		2,487,791
Total consideration	$	4,387,791
Allocated to:		
Cash	$	73,410
Prepaid		12,136
Exploration and evaluation asset (Note 7)		4,410,199
Accounts payable and accrued liabilities		(107,954)
	$	4,387,791

On April 8, 2022, the Company issued 7,198,855 common shares, which represented 29.7% of the issued and outstanding shares, with a fair value of $12,022,088 (Note 8). No transaction costs were incurred.

(Expressed in Canadian Dollars)

5. Acquisitions (continued)

Acquisition of Panerai Capital Corp.

On May 24, 2022, the Company entered into a non-arm's length share exchange agreement to acquire 100% interest in Panerai. Panerai has a wholly owned subsidiary, Panerai USA, which holds a 100% interest in various lode mining claims in Lander County, Nevada surrounding the Apex Property. The claims acquired from Panerai will form part of the Apex Property. 11,709,666 common shares of the Company were issued as consideration with a fair value of $16,042,242 (Note 8).

At the acquisition closing date on May 27, 2022, the Company determined that the acquisition of Panerai did not constitute a business as defined under IFRS 3, "Business Combination", and the transaction was accounted for as an asset acquisition. The assets and liabilities were measured at their fair values at the acquisition date and the excess of the consideration paid over the fair value of net assets was attributed to the exploration and evaluation asset. No transaction costs were incurred.

The acquisition was recorded as follows:

Fair value of shares issued to acquire Panerai	$	16,042,242
Allocated to:		
Cash	$	450,352
Exploration and evaluation asset (Note 7)		15,625,129
Loans payable		(2,900)
Accounts payable and accrued liabilities		(30,339)
	$	16,042,242

HAB Capital Inc. and Kelso Capital, Inc.

On December 14, 2020, the Company acquired from a director of the Company, all the issued and outstanding shares being 1 common share in the capital of HAB Capital Inc. ("HAB Capital) with a fair value of $0.01.

On January 4, 2021, the Company formed a 100% owned private company, Kelso Capital, Inc. ("Kelso Capital").

On February 22, 2021, the Company sold to Penn Capital Inc. 100% interest in HAB Capital for $1 and 100% interest in Kelso Capital for $1.

6. Cash and cash equivalents

		June 30, 2022		June 30, 2021
Cash	$	1,110,248	$	136,667
Cash held in GIC		11,000,000		-
	$	**12,110,248**	**$**	**136,667**

(Expressed in Canadian Dollars)

7. Exploration and evaluation assets

The following summarizes the cumulative costs capitalized as exploration and evaluation assets as at June 30, 2022 and 2021 (Note 4):

	Apex Property	Ultimate Property	Total
Property acquisition costs			
Balance, June 30, 2021 and 2020	$ -	$ 8,000	$ 8,000
Acquisitions	20,035,328	-	20,035,328
Additions	98,668	-	98,668
Write-off	-	(8,000)	(8,000)
Balance, June 30, 2022	**$ 20,133,996**	**$ -**	**$ 20,133,996**

The following summarizes exploration and evaluation expenses incurred during the year ended June 30, 2022 and 2021 (Note 4):

		Apex Property
Exploration and evaluation costs		
Costs incurred during the year:		
Assay and analysis		13,418
Camp and crew costs		2,781
Equipment rental		44,356
Engineering exploration		50,097
General consulting		37,546
Geological consulting		110,718
Surveying		32,622
Transportation		33,274
Balance, June 30, 2022	**$**	**324,812**

		Ultimate Property
Exploration and evaluation costs		
Costs incurred during the year:		
Assay and analysis		3,900
Camp and crew costs		3,870
Geological consulting		36,700
Other exploration expenses		1,850
Transportation		4,620
Balance, June 30, 2021	**$**	**50,940**

The Ultimate Property

In 2012, the Company purchased the Ultimate property (the “Ultimate Property”) for $8,000. The Property is located in British Columbia. The Company has no plans to continue work on the property and therefore the property has been written off as at June 30, 2022.

7. Exploration and evaluation assets (continued)

The Apex Property

On April 8, 2022, the Company closed the share exchange agreement to acquire 100% interest in a private company, 133 B.C., which signed an option agreement with certain vendor holders for the right to purchase 100% of the Apex Property (Note 5). The Apex Property remains subject to a 3% net smelter return royalty in favour of the property vendors.

On January 31, 2022, 133 B.C. entered into sale and purchase agreement between 133 B.C. and the property vendors to acquire Apex Property in Nevada, United States for total consideration as follows:

- Payment of $50,000 USD to the property vendors (paid on April 8, 2022).
- Consideration shares to be issued to the property vendors that is equal to 29.7% of the issued and outstanding shares of 133 B.C. or a listed company that is a reporting issuer in Canada, upon completion of an equity financing of the for minimum gross proceeds of $2,000,000. As part of the share exchange agreement, the Company assumed the obligation to issue 29.7% of its issued and outstanding shares to the property vendors (issued April 8, 2022) (Note 8). As at that date, the Company had acquired 100% interest in the Apex Property.

On May 27, 2022, the Company closed the share exchange agreement to acquire 100% interest in Panerai. Panerai has a wholly owned subsidiary, Panerai USA, which holds a 100% interest in lode mining claims in Lander County, Nevada surrounding the past-producing Apex uranium mine. The additional claims acquired will form part of the Apex property.

As at June 30, 2022, the balance in exploration and evaluation asset related to the Apex Property was $20,133,996. $15,625,129 of the balance relates to Panerai's Apex claims. During the year ended June 30, 2022, the company incurred $324,812 of exploration and evaluation related expenditures recorded in the consolidated statements of loss and comprehensive loss.

8. Share capital

Authorized share capital

Unlimited number of common shares without par value.

Issued share capital

At June 30, 2022, there were 54,147,091 (June 30, 2021 – 11,780,000) issued and fully paid common shares. At June 30, 2022, of the common shares outstanding, there were 2,034,000 (June 30, 2021 – 4,068,000) common shares held in escrow, which will be released on each of the following dates: December 30, 2022 and June 30, 2023

On February 24, 2022, the Company closed a share exchange agreement to acquire 100% interest in a private company, 133 B.C through the issuance of 5,000,000 common shares of the Company with a fair value of $1,900,000 (Note 5).

On March 18, 2022, the Company closed a non-brokered private placement by issuing 7,138,570 commons shares of the Company at $0.35 per share for gross proceeds of $2,498,500. The Company recorded share issuance costs of $30,365 in connection with the private placement.

On April 8, 2022, the Company acquired 100% interest in the Apex Property through the issuance of 7,198,855 common shares of the Company, which represented 29.7% of the issued and outstanding shares, with a fair value of $12,022,088 (Note 5). The Company recognized a loss of $9,534,297 as a result of the share obligation revaluation recorded in the consolidated statements of loss and comprehensive loss.

(Expressed in Canadian Dollars)

8. Share capital (continued)

Issued share capital *(continued)*

On April 22, 2022, the Company closed a non-brokered private placement by issuing 11,000,000 units at $1.00 per share for gross proceeds of $11,000,000. Each unit consists of one common share of the Company and one-half purchase warrant. Each full warrant is exercisable for a price of $1.85 and expire on April 22, 2023. In relation to the private placement, the Company incurred finders' fees of $553,375, share issue costs of $54,067 and issued 555,450 finders' fee warrants valued at $356,000. The finder warrants are exercisable at a price of $1.85 and expire on April 22, 2023. The Company allocated $1,711,607 to the warrants included in the units using the relative fair value method.

On May 27, 2022, the Company closed a share exchange agreement to acquire 100% interest in a private company, Panerai Capital Corp. through the issuance of 11,709,666 common shares of the Company with a fair value of $16,042,242 (Note 5).

During the year end June 30, 2022, 320,000 warrants were exercised for gross proceeds of $32,000. On exercise $23,693 was transferred from reserves to share capital.

Stock options

The Company has a rolling stock option plan, which authorizes the Board of Directors to grant options to directors, officers, employees and consultants to acquire up to 10% of the issued and outstanding common shares of the Company. Under the plan, the exercise price of each option may not be less than market price of the Company's stock calculated on the date of the grant less the applicable discount. The options can be granted for a maximum term of 5 years. The Company's stock option plan contains no vesting requirements, but permits the Board of Directors to specify a vesting schedule in its discretion.

A summary of the continuity of the Company's stock options is as follows:

	Number of stock options	Weighted average exercise price
Balance, June 30, 2020 and 2021	-	$ -
Granted	1,650,000	0.94
Balance, June 30, 2022	**1,650,000**	**$ 0.94**

Stock options outstanding and exercisable as at June 30, 2022 are as follows:

Expiry date	Exercise price	Remaining average contractual life (Years)	Fair value of options	Number of options outstanding and exercisable
March 3, 2027	0.38	4.68	49,000	165,000
March 24, 2027	0.90	4.73	787,000	1,075,000
April 25, 2027	1.74	4.82	14,000	10,000
June 9, 2027	1.27	4.95	406,000	400,000
Balance, June 30, 2022	**$ 0.94**	**4.78**	**$ 1,256,000**	**1,650,000**

(Expressed in Canadian Dollars)

8. Share capital (continued)

Stock options *(continued)*

During the year ended June 30, 2022, the Company granted 1,650,000 stock options and recorded share-based payments of $1,256,000 (year ended June 30, 2021 - $Nil).

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

	June 30, 2022
Risk-free interest rate	2.40%
Stock price	$0.96
Expected life	5 years
Estimated volatility	109.28%
Dividend rate	N/A

Warrants

In connection with the April 22, 2022 private placement, 5,500,000 warrants and 555,450 finders' warrants were issued. Each warrant gives the holder the right to acquire one common share of the Company at a price of $1.25 and expires on April 22, 2023. Proceeds from the private placement were allocated between warrants and common shares based on the relative fair value method and the 5,500,000 warrants were valued at $3,527,000. The finders' warrants were valued at $356,000. Fair value of the warrants were determined using the Black-Scholes option pricing model with the following assumptions: risk-free rate of 2.46%, volatility of 99.15%, dividends of $Nil and expected life of one year.

During the year ended June 30, 2022, 320,000 finders' warrants were exercised for gross proceeds of $32,000. A summary of the continuity of the Company's warrants is as follows:

	Number of warrants outstanding		**Weighted average exercise price**
Balance, June 30, 2020 and 2021	320,000	$	0.10
Exercised	(320,000)		0.10
Granted	6,055,450		1.85
Balance, June 30, 2022	**6,055,450**	**$**	**1.85**

(Expressed in Canadian Dollars)

8. Share capital (continued)

***Warrants** (continued)*

Warrants outstanding and exercisable as at June 30, 2022 are as follows:

Expiry date	Exercise price		Remaining average contractual life (Years)	Fair value of warrants	Number of warrants outstanding and exercisable
April 23, 2023	1.85		0.81	3,527,000	5,500,000
April 23, 2023	1.85		0.81	356,000	555,450
Balance, June 30, 2022	**1.85**	**$**	**0.81**	**$ 3,883,000**	**6,055,450**

9. Related party transactions

Related parties include the Board of Directors, Executive Officers and any companies owned or controlled by them.

Key management personnel consist of current and former directors and senior management including the Chief Executive Officer, Chief Financial Officer, directors and former Chief Executive Officer and former director. Key management personnel compensation includes:

		Year ended June 30, 2022		2021
Share-based compensation	$	549,070	$	-
Exploration - general consulting		5,000		-
Office and miscellaneous (1)		18,000		-
Management fees (1)		163,357		-
Professional fees (1)		123,460		-
	$	**858,887**	**$**	**-**

Note (1): Amounts include amounts incurred by former directors and officers of the Company, who resigned during the year ended June 30, 2022 up to the point of their resignation

As at June 30, 2022, accounts payable and accrued liabilities include $123,951 (June 30, 2021 - $Nil) owing to a director and officer of the Company. Amounts due to the related party are unsecured, non-interest bearing and have no specified terms of repayment.

During the year ended June 30, 2022, $50,000 in payables to related parties (past directors and management of the Company) were written-off.

During the year ended June 30, 2022, the Company had non-arm's length acquisitions of 133 B.C. and Panerai (Note 5).

(Expressed in Canadian Dollars)

10. Income taxes

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

		June 30, 2022		June 30, 2021
Loss for the year	$	(11,888,126)	$	(39,670)
Expected income tax (recovery)		(3,193,000)		(10,711)
Change in statutory, foreign tax, foreign exchange rates and other		2,000		-
Permanent differences		2,913,000		-
Share issue cost		(139,000)		-
Adjustment to prior years provision versus statutory tax returns and expiry of non-capital losses		-		-
Effects of change in accounting policy		(46,000)		-
Change in unrecognized deductible temporary differences		463,000		10,711
Total income tax expense (recovery)	**$**	**-**	**$**	**-**
Current income tax	$	-	$	-
Deferred tax recovery	$	-	$	-

The significant components of the Company's deferred tax assets that have not been included on the consolidated statement of financial position are as follows:

		June 30, 2022		June 30, 2021
Deferred tax assets (liabilities)				
Exploration and evaluation assets	$	119,000	$	-
Property and equipment		1,000		-
Share issue costs		125,000		17,711
Non-capital losses available for future period		345,000		82,658
		590,000		100,369
Unrecognized deferred tax assets		(590,000)		(100,369)
Net deferred tax assets	**$**	**-**	**$**	**-**

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the consolidated statement of financial position are as follows:

	2022	Expiry Date Range	2021	Expiry Date Range
Temporary Differences				
Exploration and evaluation assets	$ 503,000	No expiry date	$ -	No expiry date
Property and equipment	5,000	No expiry date	-	No expiry date
Share issue costs	463,000	2042 to 2046	66,000	2041 to 2045
Non-capital losses available for future periods	1,280,000	2032 to 2042	306,000	2032 to 2041
Canada	1,279,000	2032 to 2042	306,000	2032 to 2041
USA	1,000	indefinitely	-	

Tax attributes are subject to review, and potential adjustment, by tax authorities.

11. Capital disclosures

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders.

The Company depends on external financing to fund its activities. The capital structure of the Company currently consists of equity comprised of share capital, reserves and deficit. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets, being mineral properties. In order to maintain or adjust the capital structure, the Company may issue new shares through private placements, or sell assets to fund operations. Management reviews its capital management approach on a regular basis. The Company is not subject to externally imposed capital requirements.

The Company invests capital that is surplus to its immediate operational needs in short-term, liquid and highly-rated financial instruments, such as cash and other demand deposits, all held with major financial institutions.

12. Financial instruments

Fair value

The Company has classified fair value measurements of its financial instruments using a fair value hierarchy that reflects the significance of inputs used in making the measurements as follows:

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The fair value of cash and cash equivalents, interest receivable, other receivables, accounts payables and accrued liabilities and loans payable approximates their carrying value due to their short term maturity.

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The carrying amounts of financial assets best represent the maximum credit risk exposure at the reporting date. The Company’s cash and cash equivalents are held in a large Canadian financial institution. The Company has not experienced nor is exposed to any significant credit losses. As a result, the Company’s exposure to credit risk is minimal.

(Expressed in Canadian Dollars)

12. Financial instruments (continued)

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash. As at June 30, 2022, the Company had a cash and cash equivalents balance of $12,110,248 (June 30, 2021 - $136,667) to settle current liabilities of $379,259 (June 30, 2021 - $68,914). Management believes that the Company has sufficient liquidity to satisfy obligations as they come due.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to interest rate risk.

Foreign exchange risk

Currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company is exposed to foreign currency exchange risk as some of its mining and exploration operations are transacted in currencies other than the functional currency of the Company.

Since the Company's reporting currency is Canadian dollars and the Company and its subsidiaries have significant operations in United States, the Company is exposed to foreign currency fluctuations on its reported amounts of assets and liabilities.

As at June 30, 2022, the Company had the following US dollar denominated assets and liabilities:

	Year ended June 30, 2022	2021
	US Dollars	US Dollars
Prepaids	$ 37,342	$ -
Accrued liabilities	(43,060)	-
	$ (5,718)	**$ -**

As at June 30, 2022, a 10% change in exchange rates between US dollars and Canadian dollars would impact the Company's net income (loss) by ($572) (June 30, 2021 -$Nil).

13. Segmented information

Operating segment

The Company's operates in a single reportable operating segment, being the acquisition of mineral properties and exploration for metals in North America.

(Expressed in Canadian Dollars)

13. Segmented information (continued)

Geographic segment

The Company's geographic information as at June 30, 2022 and 2021 are as follows:

	June 30, 2022		
	Canada	**USA**	**Total**
Assets			
Exploration and evaluation assets	-	20,133,996	20,133,996
Other assets	12,563,582	-	12,563,582
	$ 12,563,582	**$20,133,996**	**$ 32,697,578**

	June 30, 2021		
	Canada	**USA**	**Total**
Assets			
Exploration and evaluation assets	8,000	-	8,000
Other assets	150,924	-	150,924
	$ 158,924	**$ -**	**$ 158,924**

14. Subsequent event

On August 9, 2022, the Company entered into an option agreement between the Company and Robert Weicker, pursuant to which the Company, through its wholly-owned subsidiary Kraken Nevada holds an option to acquire 100% of certain mining claims, including those encompassing the Garfield Hills Uranium Property, located east of Hawthorne, Nevada. Pursuant to the option agreement, Kraken may acquire a 100% interest in the Garfield Hills Property upon the following principal terms:

a. Kraken will spend at least US$50,000 in exploration expenditures on the property within the first year
b. Kraken will make cash payments totaling US$150,000 within the third year
    - US$20,000 upon signing the option agreement (paid);
    - US$30,000 in the first year;
    - US$50,000 in the second year; and
    - US$50,000 in the third year
c. Kraken will issue 250,000 common shares in the Company within the third year as follows:
    - 50,000 upon signing the option agreement (issued);
    - 50,000 in the first year;
    - 75,000 in the second year; and
    - 75,000 in the third year
d. Kraken will grant a production royalty equal to 2.0% of the net smelter returns ("NSR") from the property. The Company may, at any time, repurchase 50% of the NSR royalty for a one-time payment of US$250,000 by Kraken to the optionor.