

**Kraken Energy Corp.**  
(formerly Ivor Exploration Inc.)

**Condensed Consolidated Interim Financial Statements**  
**For the Three Months Ended September 30, 2022 and 2021**

**(Expressed in Canadian Dollars)**

**(Unaudited)**

## **NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS**

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its independent auditor has not reviewed the unaudited condensed consolidated interim financial statements for the periods ended September 30, 2022 and 2021.

The accompanying unaudited condensed consolidated interim financial statements of Kraken Energy Corp., for the periods ended September 30, 2022 and 2021, have been prepared by and are the responsibility of the Company's management.

**Kraken Energy Corp.** (formerly Ivor Exploration Inc.)  
Condensed Consolidated Interim Statements of Financial Position  
As at September 30, 2022  
(Unaudited - Expressed in Canadian Dollars)

	Notes	September 30, 2022	June 30, 2022
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	3	\$ 10,604,981	\$ 12,110,248
Prepays		551,506	405,240
Interest receivable		37,800	15,189
Loan advanced to related party	7	34,375	-
Other receivables		49,434	32,905
		11,278,096	12,563,582
<b>Non-Current Assets</b>			
Exploration and evaluation assets	5	20,408,749	20,133,996
<b>TOTAL ASSETS</b>		<b>\$ 31,686,845</b>	<b>\$ 32,697,578</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current Liabilities</b>			
Accounts payable and accrued liabilities	7	\$ 94,592	\$ 376,359
Loans payable		2,900	2,900
<b>TOTAL LIABILITIES</b>		<b>97,492</b>	<b>379,259</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	6	41,349,266	41,312,416
Reserves	6	3,323,607	3,323,607
Accumulated other comprehensive income		34,023	3,412
Deficit		(13,117,543)	(12,321,116)
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>31,589,353</b>	<b>32,318,319</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>\$ 31,686,845</b>	<b>\$ 32,697,578</b>

**Nature and continuance of operations** (Note 1)  
**Subsequent events** (Note 11)

*"Garrett Ainsworth"*

Garrett Ainsworth,  
Director

*"Matthew Schwab"*

Matthew Schwab,  
Director

**Kraken Energy Corp.** (formerly Ivor Exploration Inc.)  
Condensed Consolidated Interim Statements of Loss and Comprehensive Loss  
For the Three Months Ended September 30, 2022 and 2021  
(Unaudited - Expressed in Canadian Dollars)

		<b>Three months ended September 30,</b>	
	<b>Notes</b>	<b>2022</b>	<b>2021</b>
<b>Expenses</b>			
Exploration expenses	5,7	\$ 473,407	\$ -
Marketing and shareholder relations		33,133	-
Management fees	7	43,500	13,000
Office and miscellaneous	7	186,285	9,043
Professional fees	7	77,504	8,933
Transfer agent and filing fees		8,776	6,013
		(822,605)	(36,989)
<b>Other items</b>			
Interest income		26,178	-
<b>Loss</b>		<b>\$ (796,427)</b>	<b>\$ (36,989)</b>
<b>Other comprehensive income</b>			
Translation adjustment		30,611	-
<b>Comprehensive loss</b>		<b>\$ (765,816)</b>	<b>\$ -</b>
<b>Loss per share – basic and diluted</b>		<b>\$ (0.01)</b>	<b>\$ (0.00)</b>
<b>Weighted average number of common shares outstanding - basic and diluted</b>		<b>54,174,265</b>	<b>11,780,000</b>

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

**Kraken Energy Corp.** (formerly Ivor Exploration Inc.)  
Condensed Consolidated Interim Statement of Changes in Shareholders' Equity  
For the Three Months Ended September 30, 2022 and 2021  
(Unaudited - Expressed in Canadian Dollars)

	Notes	Share capital			Reserves	Accumulated other comprehensive loss	Deficit	Total
		Number of shares	Amount					
<b>Balance at June 30, 2021</b>		<b>11,780,000</b>	<b>\$ 499,307</b>	<b>\$ 23,693</b>	<b>\$ -</b>	<b>\$ (262,412)</b>	<b>\$ 260,588</b>	
Loss for the period		-	-	-	-	(36,989)	(36,989)	
<b>Balance at September 30, 2021</b>		<b>11,780,000</b>	<b>\$ 499,307</b>	<b>\$ 23,693</b>	<b>\$ -</b>	<b>\$ (299,401)</b>	<b>\$ 223,599</b>	
<b>Balance at June 30, 2022</b>		<b>54,147,091</b>	<b>\$41,312,416</b>	<b>\$3,323,607</b>	<b>\$ 3,412</b>	<b>\$(12,321,116)</b>	<b>\$32,318,319</b>	
Shares issued from acquisition of Garfield Hills property	5,6	50,000	37,000	-	-	-	37,000	
Share issuance costs - cash	6	-	(150)	-	-	-	(150)	
Foreign exchange translation from subsidiary		-	-	-	30,611	-	30,611	
Loss for the period		-	-	-	-	(796,427)	(796,427)	
<b>Balance at September 30, 2022</b>		<b>54,197,091</b>	<b>\$41,349,266</b>	<b>\$3,323,607</b>	<b>\$ 34,023</b>	<b>\$(13,117,543)</b>	<b>\$31,589,353</b>	

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

**Kraken Energy Corp.** (formerly Ivor Exploration Inc.)  
Condensed Consolidated Interim Statements of Cash Flows  
For the Three Months Ended September 30, 2022 and 2021  
(Unaudited - Expressed in Canadian Dollars)

	Notes	For the three months ended September 30,	
		2022	2021
<b>Operating activities</b>			
Loss for the period		\$ (796,427)	\$ (36,989)
Items not involving cash:			
Interest income		(26,178)	-
Changes in non-cash working capital items:			
Prepays		(146,266)	-
Other receivables		(16,529)	7,874
Interest receivable		3,567	-
Accounts payable and accrued liabilities		(281,767)	(30,701)
<b>Net cash flows used in operating activities</b>		<b>(1,263,600)</b>	<b>(59,816)</b>
<b>Investing activities</b>			
Short-term loan advanced to related party	7	(34,375)	-
Exploration and evaluation assets		(237,753)	-
<b>Net cash flows used in investing activities</b>		<b>(272,128)</b>	<b>-</b>
<b>Financing activities</b>			
Share issuance costs		(150)	-
<b>Net cash flows used in financing activities</b>		<b>(150)</b>	<b>-</b>
<b>Currency impact on cash</b>		<b>30,611</b>	<b>-</b>
Change in cash and cash equivalents		(1,505,267)	(59,816)
Cash and cash equivalents, beginning		12,110,248	136,667
<b>Cash and cash equivalents, ending</b>		<b>\$ 10,604,981</b>	<b>\$ 76,851</b>
Cash paid during the period for interest		\$ -	\$ -
Cash paid during the period for income taxes		\$ -	\$ -
<b>Supplemental non-cash investing activities:</b>			
Shares issued per Garfield Hills option agreement		\$ 37,000	\$ -

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

**Kraken Energy Corp.** (formerly Ivor Exploration Inc.)  
Notes to the Condensed Consolidated Interim Financial Statements  
For the Three Months Ended September 30, 2022 and 2021  
(Unaudited - Expressed in Canadian Dollars)

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**1. Nature and continuance of operations**

Kraken Energy Corp. (formerly Ivor Exploration Inc.) (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 400 – 1681 Chestnut Street, Vancouver, BC, V6J 4M6.

These condensed consolidated interim 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 September 30, 2022, the Company had not yet achieved profitable operations and had accumulated losses of \$13,117,543 (June 30, 2022 – \$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 condensed consolidated interim 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 condensed consolidated interim financial statements.

**2. Significant accounting policies and basis of preparation**

These condensed consolidated interim financial statements were authorized for issue by the directors of the Company on November 29, 2022.

***Statement of compliance***

These condensed consolidated 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 (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee. The accounting policies and methods of computation applied by the Company in these condensed consolidated interim financial statements are the same as those applied in the Company’s annual audited consolidated financial statements as at and for the year ended June 30, 2022.

The condensed consolidated interim financial statements do not include all of the information and note disclosures required for full annual consolidated financial statements and should be read in conjunction with the Company’s annual audited consolidated financial statements as at and for the year ended June 30, 2022.

**Kraken Energy Corp.** (formerly Ivor Exploration Inc.)  
Notes to the Condensed Consolidated Interim Financial Statements  
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**2. Significant accounting policies and basis of preparation** (continued)

***Basis of presentation***

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

***Consolidation***

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

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

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

\*\*Dissolved subsequent to September 30, 2022 (Note 11).

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 4).

On May 27, 2022, the Company acquired all of the shares of Panerai and its 100% owned subsidiary, Panerai USA (Note 4).

***Use of estimates and judgements***

The preparation of the condensed consolidated interim financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. 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.

***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, 133 B.C., and Panerai are Canadian dollars and the functional currency of Kraken Nevada and Panerai USA are US dollars. These condensed consolidated interim financial statements are presented in Canadian dollars.

***Exploration and evaluation assets***

All expenditures on exploration and evaluation activities, excluding costs of acquiring prospective properties and exploration rights, are recorded as exploration expenses until it has been established that a mineral property is commercially viable and technically feasible.



**Kraken Energy Corp.** (formerly Ivor Exploration Inc.)  
Notes to the Condensed Consolidated Interim Financial Statements  
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**2. Significant accounting policies and basis of preparation** (continued)

***Exploration and evaluation assets*** (continued)

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. Previously, the Company capitalized these amounts. The financial statements for the year ended June 30, 2021 were restated to reflect adjustments made as a result of this change in accounting policy.

***Upcoming accounting pronouncements***

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

**3. Cash and cash equivalents**

	<b>September 30, 2022</b>	<b>June 30, 2022</b>
Cash	\$ 604,981	\$ 1,110,248
Cash held in GIC	10,000,000	11,000,000
	<b>\$ 10,604,981</b>	<b>\$ 12,110,248</b>

**4. 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 6) (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.

**Kraken Energy Corp.** (formerly Ivor Exploration Inc.)  
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**4. Acquisitions** (continued)

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 5)		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 6). No transaction costs were incurred.

***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 6).

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
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Allocated to:

Cash	\$	450,352
Exploration and evaluation asset (Note 5)		15,625,129
Loans payable		(2,900)
Accounts payable and accrued liabilities		(30,339)
	\$	16,042,242

**Kraken Energy Corp.** (formerly Ivor Exploration Inc.)  
Notes to the Condensed Consolidated Interim Financial Statements  
For the Three Months Ended September 30, 2022 and 2021  
(Unaudited - Expressed in Canadian Dollars)

**5. Exploration and evaluation assets**

The following summarizes the cumulative costs capitalized as exploration and evaluation assets as at September 30, 2022 and June 30, 2022 (Note 2):

	Ultimate Property	Apex Property	Garfield Hills Property	Total
<b>Property acquisition costs</b>				
Balance, June 30, 2021	\$ 8,000	\$ -	\$ -	\$ -
Acquisitions - shares	-	19,971,358	-	19,971,358
Acquisitions - cash	-	63,970	-	63,970
Claims and bond fees	-	98,668	-	98,668
Write-off	(8,000)	-	-	-
<b>Balance, June 30, 2022</b>	<b>\$ -</b>	<b>\$20,133,996</b>	<b>\$ -</b>	<b>\$ 20,133,996</b>
Acquisitions - shares	-	-	37,000	37,000
Acquisitions - cash	-	-	27,324	27,324
Claims and bond fees	-	163,542	46,887	210,429
<b>Balance, September 30, 2022</b>	<b>\$ -</b>	<b>\$20,297,538</b>	<b>\$ 111,211</b>	<b>\$ 20,408,749</b>

The following summarizes exploration and evaluation expenses incurred during the three months ended September 30, 2022 (Note 2):

	Apex Property	Garfield Hills Property	Total
<b>Exploration and evaluation costs</b>			
Costs incurred during the period:			
Engineering exploration	\$ 5,888	\$ -	\$ 5,888
General consulting	34,966	2,025	36,991
Geological consulting	88,869	-	88,869
Mapping	8,428	-	8,428
Surveying	332,586	645	333,231
<b>Balance, September 30, 2022</b>	<b>\$ 470,737</b>	<b>\$ 2,670</b>	<b>\$ 473,407</b>

There were \$Nil exploration and evaluation expenses incurred during the three months ended September 30, 2021.

**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 4). 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 the 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).

**5. Exploration and evaluation assets (continued)**

***Apex Property (continued)***

- 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 6). 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 now form part of the Apex Property.

As at September 30, 2022, the balance in exploration and evaluation assets related to the Apex Property was \$20,297,538 (June 30, 2022 – \$20,133,996). \$15,625,129 (June 30, 2022 – \$15,625,129) of the balance relates to Panerai's Apex claims.

***Garfield Hills Uranium Property Option Agreement (“Garfield Hills Property”)***

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 Property, located east of Hawthorne, Nevada (Note 11). 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 over a three-year period as follows:
  - 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 over a three-year period as follows:
  - 50,000 upon signing the option agreement (issued at fair value of \$37,000) (Note 6);
  - 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.

As at September 30, 2022, the balance in exploration and evaluation assets related to the Garfield Hills Property was \$111,211 (June 30, 2022 – \$Nil).

***Ultimate Property***

In 2012, the Company purchased the Ultimate property (“Ultimate Property”) for \$8,000. The Ultimate 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.

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For the Three Months Ended September 30, 2022 and 2021  
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**6. Share capital**

***Authorized share capital***

Unlimited number of common shares without par value.

***Issued share capital***

At September 30, 2022, there were 54,197,091 (June 30, 2022 – 54,147,091) issued and fully paid common shares. At September 30, 2022, of the common shares outstanding, there were 2,034,000 (June 30, 2022 – 2,034,000) common shares held in escrow, which will be released on each of the following dates: December 30, 2022 and June 30, 2023.

*For the three months ended September 30, 2022*

During the three months ended September 30, 2022, the Company issued 50,000 common shares at \$0.74 per share for gross proceeds of \$37,000 to Robert Weicker, pursuant to the Garfield Hills Property option agreement (Note 5). The Company recorded share issuance costs of \$150 in connection with this transaction.

*For the year ended June 30, 2022*

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 4).

On March 18, 2022, the Company closed a non-brokered private placement by issuing 7,138,570 common 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 4). 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.

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 4).

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.

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For the Three Months Ended September 30, 2022 and 2021  
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**6. Share capital** (continued)

**Stock options** (continued)

The Company's stock option plan contains no vesting requirements but permits the Board of Directors to specify a vesting schedule at 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, 2021	-	\$ -
Granted	1,650,000	0.94
<b>Balance, June 30, 2022 and September 30, 2022</b>	<b>1,650,000</b>	<b>\$ 0.94</b>

Stock options outstanding and exercisable as at September 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	4.42	\$ 49,000	165,000
March 24, 2027	0.90	4.48	787,000	1,075,000
April 25, 2027	1.74	4.57	14,000	10,000
June 9, 2027	1.27	4.69	406,000	400,000
<b>Balance, September 30, 2022</b>	<b>\$ 0.94</b>	<b>4.53</b>	<b>\$1,256,000</b>	<b>1,650,000</b>

During the period ended September 30, 2022, the Company granted Nil (September 30, 2021 – Nil) stock options and recorded share-based payments of \$Nil (September 30, 2021 – \$Nil).

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

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

<b>Weighted average assumptions</b>	<b>September 30, 2022</b>	<b>June 30, 2022</b>
Risk-free interest rate	-	2.40%
Stock price	-	\$0.96
Expected life	-	5 years
Estimated volatility	-	109.28%
Dividend rate	-	N/A

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**6. Share capital** (continued)

**Warrants**

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

	Number of warrants outstanding	Weighted average exercise price
Balance, June 30, 2021	320,000	\$ 0.10
Exercised	(320,000)	0.10
Granted	6,055,450	1.85
<b>Balance, June 30, 2022 and September 30, 2022</b>	<b>6,055,450</b>	<b>\$ 1.85</b>

Warrants outstanding and exercisable as at September 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	0.56	\$ 3,527,000	5,500,000
April 23, 2023	1.85	0.56	356,000	555,450
<b>Balance, September 30, 2022</b>	<b>\$ 1.85</b>	<b>0.56</b>	<b>\$ 3,883,000</b>	<b>6,055,450</b>

During the period ended September 30, 2022, no warrants were exercised or granted.

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.

During the year ended June 30, 2022, 320,000 finders' warrants were exercised for gross proceeds of \$32,000.

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

Weighted average assumptions	September 30, 2022	June 30, 2022
Risk-free interest rate	-	2.46%
Stock price	-	\$1.74
Expected life	-	1 year
Estimated volatility	-	99.15%
Dividend rate	-	N/A

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**7. 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, Corporate Secretary, former Chief Executive Officer, and former Chief Financial Officer. Key management personnel compensation includes:

	<b>Three months ended September 30,</b>	
	<b>2022</b>	<b>2021</b>
Exploration - general consulting	\$ 15,000	\$ -
Office and miscellaneous <sup>(1)</sup>	-	9,000
Management fees <sup>(1)</sup>	63,138	13,000
Professional fees <sup>(1)</sup>	23,944	3,000
	<b>\$ 102,082</b>	<b>\$ 25,000</b>

**Note (1):** Amounts include amounts incurred by former directors and officers of the Company, who resigned during the year ended June 30, 2022.

As at September 30, 2022, accounts payable and accrued liabilities include \$7,442 owing to an officer of the Company (June 30, 2022 – \$123,951 owing to a director, officer, and former 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 period ended September 30, 2022, the Company entered into a short-term loan agreement and advanced \$34,375 to a director and officer of the Company (September 30, 2021 – \$Nil). The loan advanced to the related party is unsecured, non-interest bearing, and is due to be repaid on the earlier of December 31, 2022 or the termination of the related party's employment with the Company.

**8. 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.

**9. Financial instruments**

***Fair value of financial instruments***

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:



**9. Financial instruments** (continued)

***Fair value of financial instruments*** (continued)

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, loan advanced to related party, other receivables, accounts payables and accrued liabilities, and loans payable approximates their carrying value due to their short-term maturity.

***Financial risk factors***

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.

*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 September 30, 2022, the Company had a cash and cash equivalents balance of \$10,604,981 (June 30, 2022 – \$12,110,248) to settle current liabilities of \$97,492 (June 30, 2022 – \$379,259). 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 the United States, the Company is exposed to foreign currency fluctuations on its reported amounts of assets and liabilities.

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**9. Financial instruments** (continued)

**Financial risk factors** (continued)

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

	<b>September 30, 2022</b>	<b>June 30, 2022</b>
	US Dollars	US Dollars
Prepays	\$ 169,623	\$ 37,342
Accrued liabilities	-	(43,060)
Accounts payable	(20,288)	-
	<b>\$ 149,335</b>	<b>\$ (5,718)</b>

As at September 30, 2022, a 10% change in exchange rates between US dollars and Canadian dollars would impact the Company's net income (loss) by \$14,934 (June 30, 2022 – (\$572)).

**10. 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.

**Geographic segment**

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

	<b>September 30, 2022</b>		
	<b>Canada</b>	<b>USA</b>	<b>Total</b>
<b>Assets</b>			
Exploration and evaluation assets	\$ -	\$ 20,408,749	\$ 20,408,749
Other assets	11,278,096	-	11,278,096
	<b>\$ 11,278,096</b>	<b>\$ 20,408,749</b>	<b>\$ 31,686,845</b>

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

**11. Subsequent events**

- a) On October 11, 2022, the Company granted 2,475,000 stock options to certain directors, officers, and consultants of the Company. The stock options vested immediately and are exercisable at \$1.00 per share until October 11, 2027.

**11. Subsequent events** (continued)

- b) On November 8, 2022, the Company terminated the Garfield Hills Property option agreement dated August 9, 2022 with Robert Weicker (Note 5) and entered into an option agreement with Nicholas Weicker. The terminated option agreement was regarding certain federal unpatented mining claims located in Nevada, United States, which are held in the name of Nicholas Weicker. The terms in the new option agreement remain the same as the agreement dated August 9, 2022.
- c) On November 14, 2022, the Company completed a voluntary dissolution of one of its subsidiaries, 133 B.C. (Note 4).
- d) Subsequent to September 30, 2022, the Company began staking claims in a new property, Hubert Hills, located in Elko County, Nevada.