

# Kraken Energy Corp.

## Management's Discussion & Analysis

### For the Three and Nine Months Ended March 31, 2023 and 2022

#### General

This Management Discussion and Analysis ("MD&A") should be read in conjunction with the unaudited condensed consolidated interim financial statements and related notes thereto of Kraken Energy Corp. (formerly Ivor Exploration Inc.) (the "Company" or "Kraken Energy") for the three and nine months ended March 31, 2023 and 2022 (the "Financial Statements"), which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by International Accounting Standards Board ("IASB"). All amounts in the condensed consolidated interim financial statements and this management's discussion and analysis are presented in Canadian dollars, unless otherwise indicated. This MD&A is dated May 23, 2023 and discloses specified information up to that date.

Management is responsible for the preparation and integrity of the condensed consolidated interim financial statements, including the maintenance of appropriate information systems, procedures, and internal controls. Management is also responsible for ensuring that information disclosed externally, including the condensed consolidated interim financial statements and MD&A, is complete and reliable.

This discussion contains forward-looking statements that involve risks and uncertainties. Such information, although considered to be reasonable by the Company's management at the time of preparation, may prove to be inaccurate and actual results may differ materially from those anticipated in the statements made. Additional information on the Company is available for viewing on SEDAR at [www.sedar.com](http://www.sedar.com).

#### Description of Business

The Company is a resource exploration company that is acquiring and exploring mineral properties. The Company's direction is currently focused on its uranium assets in Nevada, United States.

The Company's common shares were listed on the Canadian Securities Exchange under the stock symbol "IVOR" on June 30, 2020. On May 11, 2022, the Company changed its stock trading symbol to "UUSA".

On April 19, 2022, the Company announced its new U.S. ticker symbol, "IVORF" on the OTC Markets' pink sheets. On May 16, 2022, the Company's U.S. ticker symbol changed to "UUSAF".

#### Business Chronology

Kraken Energy Corp. was incorporated on July 4, 2011, under the Canada Business Corporations Act. On October 12, 2017, the Company changed its name to Ivor Exploration Inc. from Ivor Ventures Ltd. On May 12, 2022, the Company changed its name to Kraken Energy Corp. from Ivor Exploration Inc.

On March 23, 2022, the Company incorporated a private company, Kraken Energy Nevada Corp. ("Kraken Nevada"), a wholly owned subsidiary, incorporated in Nevada, United States.

On April 8, 2022, the Company closed a share exchange agreement to acquire 100% interest in a private company, 1330038 B.C. Ltd. ("133 B.C.") through the issuance of 5,000,000 common shares. On November 14, 2022, the Company completed a voluntary dissolution of 133 B.C.

On May 27, 2022, the Company completed a share exchange agreement to acquire a 100% interest in Panerai Capital Corp. ("Panerai") and its wholly owned subsidiary, Panerai Capital USA Corp. ("Panerai USA") through the issuance of 11,709,666 common shares.

## Acquisitions

### Acquisition of 1330038 B.C. Ltd.

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% interest 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 (issued February 24, 2022).
- 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 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 (issued April 8, 2022).
- 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 transaction 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
<b>Total consideration</b>	<b>\$</b>	<b>4,387,791</b>
Allocated to:		
Cash	\$	73,410
Prepays		12,136
Exploration and evaluation asset		4,410,199
Accounts payable and accrued liabilities		(107,954)
		<b>4,387,791</b>

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. 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. No transaction costs were incurred.

On November 14, 2022, 133 B.C. was voluntarily dissolved.

### 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 8,850 acres of 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.

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 5)	15,625,129
Loan payable	(2,900)
Accounts payable and accrued liabilities	(30,339)
	16,042,242

### Exploration & Evaluation Assets

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. Costs of exploration and evaluation expenditures, excluding the costs 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. As the Company did not incur exploration and evaluation costs during the period ended March 31, 2022, the comparative financial statements were not restated. Restatements of comparative periods will be made as needed in the future to reflect adjustments made as a result of this change in accounting policy.

The following summarizes the cumulative costs capitalized as exploration and evaluation assets as at March 31, 2023 and June 30, 2022:

	Ultimate Property	Apex Property	Garfield Property	Huber Hills Property	Total
<b>Property Acquisition Costs</b>					
Balance, June 30, 2021	\$ 8,000	\$ -	\$ -	\$ -	\$ 8,000
Acquisitions – shares	-	19,971,358	-	-	-
Acquisitions – cash	-	63,970	-	-	-
Claims and bond fees	-	98,668	-	-	-
Write-off	(8,000)	-	-	-	(8,000)
<b>Balance, June 30, 2022</b>	<b>\$ -</b>	<b>\$ 20,133,996</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 20,133,996</b>
Acquisitions – shares	-	-	37,000	-	37,000
Acquisitions – cash	-	-	27,066	-	27,066
Claims and bond fees	-	168,154	56,644	90,404	315,202
<b>Balance, March 31, 2023</b>	<b>\$ -</b>	<b>\$ 20,302,150</b>	<b>\$ 120,710</b>	<b>\$ 90,404</b>	<b>\$ 20,513,264</b>

The following summarizes exploration and evaluation expenses incurred during the period ended March 31, 2022 and 2023:

	Apex Property	Garfield Property	Huber Hills Property	Total
<b>Exploration and evaluation costs</b>				
Costs incurred during the period ended March 31, 2022:				
Assay and analysis	\$ 13,418	\$ -	\$ -	\$ 13,418
Equipment rental	12,716	-	-	12,716
Geological consulting	13,000	-	-	13,000
Transportation	8,731	-	-	8,731
<b>Balance, March 31, 2022</b>	<b>47,865</b>	<b>-</b>	<b>-</b>	<b>47,865</b>
Costs incurred during the period ended March 31, 2023:				
Assay and analysis	-	9,787	-	9,787
Camp and crew costs	-	10,042	-	10,042
Equipment rental	52,910	74,711	-	127,621
General consulting	27,008	2,074	-	29,082
Engineering exploration	6,152	388,001	-	394,153
Geological consulting	102,725	380,374	-	483,099
Mapping	8,835	-	-	8,835
Permits	-	42,655	-	42,655
Surveying	727,682	100,497	-	828,179
Drilling	-	2,014,016	-	2,014,016
<b>Balance, March 31, 2023</b>	<b>\$ 925,312</b>	<b>\$ 3,022,157</b>	<b>\$ -</b>	<b>\$ 3,947,469</b>

#### 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 acquire 100% interest in the Apex Property in Nevada, United States. The Apex Property is recognized as Nevada's largest past-producing uranium mine. The acquired claims cover an area of historic underground mine workings and historic drilling. The Apex Property remains subject to a 3% net smelter return ("NSR") 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).
- 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. 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. 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 8,850 acres of lode mining claims in Lander County, Nevada surrounding the Company's Apex uranium mine. These claims now form part of the Apex Property.

During the year ended June 30, 2022, the Company completed a partial soil sampling program on the Apex Property. A total of 255 soil samples were collected in east-west lines covering the historic mining area at the project, as well as surrounding targets. The Company's sampling program was interrupted by snowfall and later completed in late-2022. The Company reported results for 15 grab samples in Q4 2022 that returned assay results ranging from 0.00% to 0.70% U3O8. The highest assay values were associated with visible uranium mineralization that include 0.70% U3O8 in sample AMR013, 0.34% U3O8 in sample AMR008, and

0.12% U3O8 in sample AMR007. Other activities at the Apex Property included review and digitization of historic data including maps and cross-sections from the mine. Grab sampling of outcrops near the mine was also carried out.

The Company has retained an industry-leading contractor to fly an airborne drone geophysical survey over the Apex Property, which commenced late-2022. The Company also planned to include radio metrics and magnetics. This survey intends to define geologic structures, prospective lithologic units, and radiometric anomalies potentially indicating new targets for uranium. The Company expects to receive preliminary results in the coming months and will be utilizing the data for additional target generation and refinement for a planned Phase I drilling program in 2023. The Company also engaged with local U.S. Forest Service authorities to advance permitting for drilling at the Apex Property.

The Company also plans reconnaissance geologic mapping, radiometric and spectrometer surveys, and geochemical sampling (rock, soil, stream) on new target areas adjacent to the mine, where historic records indicate uranium occurrences.

On July 13, 2022, the Company announced it engaged Nasco Industrial Services and Supply (“NISS”) to conduct a diamond drill program. The Company hopes the low-impact drilling approach utilized by NISS will allow the Company to drill the area with minimal surface disturbance and water consumption, which are important considerations when working in Nevada.

On August 18, 2022, the Company completed a radon in soil gas survey which comprised 444 sample locations covering a roughly rectangular 1.2km<sup>2</sup> area at 50m intervals. The Company is encouraged by the anomalous radon trends identified on the Apex Property.

On September 20, 2022, the Company reported positive assay results from rock grab samples recovered from reconnaissance geological fieldwork carried out in June 2022. Eight rock grab samples were recovered from the outcrop during the reconnaissance geological fieldwork returning assay results of 0.006 to 0.324% U3O8. The Company subsequently staked additional unpatented mining claims adjacent to its newly acquired Garfield Hills Property due to these results.

On July 5, 2022, the Company commenced an Unmanned Aerial Vehicle (“UAV”) magnetic and radiometric survey. On November 2, 2022, the Company reported that the survey, which used leading-edge drone technology to produce high-resolution data critical for identifying the radiometric anomalies associated with uranium mineralization and the geophysical signatures used in discovering new zones of uranium mineralization, successfully identified multiple additional priority drilling targets. The survey was focused on the 13-kilometre (8.2 mile) northwest-southeast trend from the Apex mine to the Lowboy mine. The data results of the recently completed geophysical surveys at the Apex Property shows extensive and previously unknown radioactivity on surface which aligns with the Company’s understanding of the area’s geology. With the information gained from these surveys, the Company has added additional high priority target areas and will be able to better plan targets for upcoming drilling planned for the first half of 2023.

On November 15, 2022, the Company commenced a helicopter supported Versatile Time Domain Electromagnetic (“VTEM”) Geophysical survey over the Apex property. The survey was comprised of 669 line-kilometers (416 miles) flown with 100 meter (328 foot) spaced lines. This survey will be used to identify anomalous conductivity and lowered magnetic susceptibility associated with an altered graphitic horizon related to the historic uranium mine workings.

On April 26, 2023 the Company completed the above-mentioned VTEM Geophysical survey over the Apex property. The survey identified numerous conductive anomalies associated with known uranium mineralization on the Apex property and also along trend to the east-southeast as high priority blind targets.

As at March 31, 2023, the balance in exploration and evaluation assets related to the Apex Property was \$20,302,150 (June 30, 2022 – \$20,133,996), of which \$15,625,129 (June 30, 2022 – \$15,625,129) 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. On November 8, 2022, the Company terminated the option agreement with Robert Weicker 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.

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);
  - 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.

On September 20, 2022, the Company announced it staked 118 additional lode claims around the existing 36 lode claims, bringing the total area of the property to 1,246 hectares (3,080 acres).

On October 11, 2022, the Company announced it received a permit from the Nevada Bureau of Land Management to drill at the Garfield Hills Property. The diamond drill program will test the extent of uranium mineralization up to 5,000 meters (16,400 feet) across 25-holes. The initial program may be expanded based on promising initial results. Phase I of the program commenced November 2022 and includes up to 2,000 meters of drilling.

On November 4, 2022, the Company commenced an Unmanned Aerial Vehicle (“UAV”) magnetic, radiometric and orthophoto survey. This survey will be used to identify radiometric anomalies associated with uranium mineralization. The survey covered the entirety of the property and will be used to generate new drilling targets.

On March 6, 2023, the Company announced the downhole probe results from the initial drill holes of the 2023 drilling program confirmed wide zones of elevated radioactivity at the Garfield Hills Property.

On March 22, 2023, the Company reported the downhole probe results from the remaining 5 drill holes of the 2023 drilling program. A total of 1,697.2 meters were drilled, with all of the completed drill holes returning wide zones of elevated radioactivity as identified with a downhole gamma probe.

As at March 31, 2023, the balance in exploration and evaluation assets related to the Garfield Hills Property was \$120,710 (June 30, 2022 – \$Nil).

## Huber Hills Property

On October 18, 2022 the Company began staking claims in a new property, Huber Hills. Huber Hills is located within Elko County, in Nevada, USA. During the nine months ended March 31, 2023 claim staking services

were carried out in conjunction with North American Exploration Services Inc.

As of March 31, 2023, the balance in exploration and evaluation assets related to Huber Hills Property was \$90,404 (June 30, 2022 - \$Nil).

### Harts Point Property

On May 23, 2023, the Company entered into a definitive option agreement (the "Agreement") to acquire up to a 75% interest in the Harts Point Uranium Property in San Juan County, southeast Utah. Under the terms of the Agreement, the Company may acquire up to 75% of the Harts Point Property from Atomic Mineral Corporation ("Atomic") by meeting the following requirements:

- Kraken will be the operator and must incur US\$1.5 million of eligible expenditures within 18 months from the date of the Option Agreement to earn a 65% interest.
- Kraken has the option to increase interest in the Property from 65% to 75% by incurring an additional US\$2.0 million of eligible expenditures within 30 months from the date of the Option Agreement and issuing Atomic 2,000,000 million common shares of Kraken.
- Kraken will grant Atomic a 2.0% net smelter royalty (subject to a buy down to 1.0% for US\$5.0 million).
- After the initial option (Kraken 65%: Atomic 35%) or the extended option (Kraken 75%: Atomic 25%), a definitive Joint Venture Agreement will be formed.

In connection with the Agreement, the Company will be issuing 110,000 common shares as a finder's fee to a non-arms length party, as consideration for identifying the Harts Point Property and facilitating the completion of the transaction.

### Plan of Operations & Funding

The Company's plan of significant operations for the next twelve months is as follows:

- to continue exploration on the Apex Property, Garfield Hills Property, and Huber Hills property.
- to commence exploration and a drill program at the Harts Point Property.

To finance the above plans, the Company completed private placements in March and April 2022.

### Qualified Person

All scientific and technical information in respect to the Apex Property and Garfield Hills Property in this MD&A has been prepared by, or approved by Matthew Schwab, P.Geo., President and CEO of the Company. Mr. Schwab is a qualified person for the purposes of National Instrument 43-101 - Standards of Disclosure for Mineral Projects.

## **Results of Operations**

### Three months ended March 31, 2023 and 2022

The net loss for the three months ended March 31, 2023 was \$3,018,465 compared to \$6,939,444 for the three months ended March 31, 2022.

The decrease in net loss for the three months ended March 31, 2023 of \$3,920,979 was due to the loss from revaluation of share obligation of \$5,892,136 related to the Company's share obligation to the Apex Property vendors during the comparative period. This partially was offset by:

- Exploration expenditures of \$2,549,664 compared to \$47,865 in the comparative period. The Company ramped up its exploration activity in the current period, as outlined above under "Exploration and Evaluation Assets".
- Marketing and shareholder relations increased to \$258,875 from \$50,655 in the comparative quarter, a result of increased focus on shareholder relations activity and increased marketing efforts to promote the Company's properties in the current quarter.

- Management fees increased by \$143,178 and office and miscellaneous expenses increased by \$64,520 in the current quarter. This is correlated with the overall increase in activity at the Company, and a larger management team as compared to the prior quarter.
- Professional fees for the three months ended March 31, 2023 were \$33,192 compared to \$98,141 for the three months ended March 31, 2022. The decrease in the current quarter was due to a decrease in legal and accounting fees incurred following the completion of the acquisition of mineral property interests which began in the comparative quarter last year.
- The Company incurred stock-based compensation expense of \$nil compared to \$836,000 for the three months ended March 31, 2022. The Company did not grant any options during the three months ended March 31, 2023 and therefore did not incur any stock-based compensation expense.
- The Company earned interest income on its cash held in a GIC of \$66,900 in the current quarter, compared to \$nil in the prior quarter.

#### Nine months ended March 31, 2023 and 2022

The net loss for the nine months ended March 31, 2023 was \$6,332,029 compared to \$6,994,500 for the nine months ended March 31, 2022.

The primary driver of the loss in the comparative quarter was the loss from revaluation of share obligation of \$5,892,136 related to the Company's share obligation to the Apex Property vendors. In the current quarter, operating expenses have increased across cost categories, as follows:

- Exploration expenditures in the current quarter were \$3,947,469 compared to \$47,865 during the nine months ended March 31, 2022. The Company ramped up its exploration activity in the current period, as outlined above under "Exploration and Evaluation assets".
- Marketing and shareholder relations increased to \$575,230 from \$50,655 in the comparative quarter, a result of increased focus on shareholder relations activity and increased marketing efforts to promote the Company's properties in the current period.
- Management fees increased by \$287,379 and office and miscellaneous expenses increased by \$205,954 in the current quarter. This is correlated with the overall increase in activity at the Company, and a larger management team as compared to the prior quarter.
- Professional fees for the nine months ended March 31, 2023 were \$303,630 compared to \$113,950 for the nine months ended March 31, 2022. The increase in the current period was due to increased consulting, corporate secretarial, legal, audit, and accounting fees incurred relating to the acquisition of mineral property interests and work for the Company's increased number of entities.
- The Company incurred stock-based compensation expense of \$1,093,000, compared to \$836,000 for the nine months ended March 31, 2022, a result of a stock option grant in the current year-to-date period. The Company granted 2,475,000 options in the current quarter compared to 1,240,000 in the prior quarter, resulting in the larger stock-based compensation expense.
- The Company earned interest income on its cash held in a GIC of \$156,907 in the current quarter, compared to \$nil in the prior quarter.

#### **Selected Quarterly Information**

The following selected financial data has been prepared in accordance with IFRS and should be read in conjunction with the Company's condensed consolidated interim financial statements. All dollar amounts are in Canadian dollars.

		<b>Loss for the</b>	<b>Loss per</b>	<b>Total</b>	<b>Interest</b>
	<b>Quarter ended</b>	<b>period</b>	<b>Share (Basic</b>	<b>Assets</b>	<b>Income</b>
			<b>&amp; Diluted)</b>		
Q3/23	March 31, 2023	\$ 3,018,465	\$ 0.06	\$ 27,833,270	\$ 66,900
Q2/23	December 31, 2022	\$ 2,517,137	\$ 0.05	\$ 30,722,766	\$ 63,829
Q1/23	September 30, 2022	\$ 796,427	\$ 0.01	\$ 31,686,845	\$ 26,178
Q4/22	June 30, 2022	\$ 4,893,626	\$ 0.14	\$ 32,697,578	\$ 15,248
Q3/22	March 31, 2022	\$ 6,939,444	\$ 0.46	\$ 7,496,110	\$ Nil
Q2/22	December 31, 2021	\$ 18,067	\$ 0.00	\$ 263,036	\$ Nil
Q1/22	September 30, 2021	\$ 36,989	\$ 0.00	\$ 263,036	\$ Nil
Q4/21	June 30, 2021	\$ 55,222	\$ 0.00	\$ 279,308	\$ Nil



The increased losses in the second and third quarter of 2023 are driven by exploration work performed, including the drill program at the Garfield Hills property which began in October 2022.

### Financial Condition, Liquidity and Capital Resources

At March 31, 2023, the Company had working capital of \$6,604,836 (June 30, 2022 – \$12,184,323). The Company does not currently have an active business generating positive cash flows. The Company is reliant on equity financing or shareholder loans to provide the necessary cash to acquire or participate in an active business. There can be no assurance that equity financings will be available to the Company in the future that will be obtained on terms satisfactory to the Company.

The Company has not entered into any off-balance sheet arrangements.

### Related Party Transactions

The Company's related parties consist of its key management personnel and close family members of its key management personnel. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, and consist of its directors, the Chief Executive Officer and the Chief Financial Officer.

During the nine months ended March 31, 2023 the Company incurred \$145,024 (2022 - \$nil) for CEO services provided by Matthew Schwab; \$90,000 (2022 - \$nil) for consulting services provided by Garrett Ainsworth, Chairman; and \$86,450 (2022 - \$8,095) for CFO consulting services provided by VC Consulting Corp., which is owned and operated by the Company's former CFO, Vivien Chuang, which are all recorded in management fees. As at March 31, 2023, the Company owed \$10,000 to Garrett Ainsworth in respect of services provided to the Company.

During the nine months ended March 31, 2023, the Company incurred \$3,988 (2022 - \$25,000) for consulting services provided by Barry Hartley, a former officer of the Company; \$3,988 (2022 - \$25,000) for consulting services provided by Brent Hahn, a former officer of the Company; and \$32,622 (2022 - \$14,605) for corporate secretarial services provided by Take it Public Services, which is owned and operated by the Company's former Corporate Secretary, Jan Urata. The above fees are recorded in professional fees.

During the nine months ended March 31, 2023, the Company incurred stock-based compensation expense to related parties of \$728,667 (2022 - \$549,070).

During the nine months ended March 31, 2023, the Company entered into a short-term loan agreement and advanced \$34,375 to Matthew Schwab, CEO of the Company. The loan is unsecured and non-interest bearing.

### Financial Instruments & Risk Management

#### Categories of financial instruments and fair value measurements

The Company's financial assets and liabilities are classified as follows:

	March 31, 2023	June 30, 2022
<b>Financial assets:</b>		
<i>Fair value through profit or loss</i>		
Cash and cash equivalents	\$ 6,729,191	\$ 12,110,248
Interest receivable	116,078	15,189
Loan advanced to related party	34,375	-
Receivables	13,448	32,905
<b>Financial liabilities:</b>		
<i>Amortized cost</i>		
Accounts payable and accrued liabilities	\$ 715,170	\$ 376,359
Loans payable	-	2,900

The loan advanced to a related party and accounts payable and accrued liabilities include amounts due from and due to related parties.

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 approves and monitors the risk management process.

#### *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 is 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 obligations as they become due. The Company's ability to continue as a going concern is dependent on management's ability to raise required funding through future equity issuances. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments.

#### *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 currency 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 of March 31, 2023 and June 30, 2022, the Company had the following US dollar denominated assets and liabilities:

	<b>March 31, 2023</b>		<b>June 30, 2022</b>	
	US Dollars		US Dollars	
Cash and cash equivalents	\$	521	\$	-
Prepays	\$	108,942	\$	37,342
Accrued liabilities		-		(43,060)
Accounts payable		(294,946)		-
	<b>\$</b>	<b>(185,483)</b>	<b>\$</b>	<b>(5,718)</b>

As of March 31, 2023, a 10% change in exchange rates between US dollars and Canadian dollars would impact the Company's net loss by \$354,766 (June 30, 2022 – (\$572)).

### *Price risk*

The Company is exposed to price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. The Company closely monitors individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

### **Contingencies**

The Company is not aware of any contingencies or pending legal proceedings as of as at the date of this report.

### **Additional Share Information**

As of the date of this MD&A, the Company had 54,197,091 shares outstanding. The following table summarizes maximum number of common shares outstanding as at March 31, 2023 and as of the date of this MD&A if all outstanding options and warrants were exercised to purchase common shares:

	<b>March 31, 2023</b>	<b>As of the date of MD&amp;A</b>
Common shares	54,197,091	54,197,091
Options to purchase common shares	3,625,000	4,00,000
Warrants to purchase common shares	6,055,450	-
	<b>64,877,541</b>	<b>64,377,541</b>

### **Appointments & Changes in Management**

#### *Appointment of President, CEO, and Director*

On September 6, 2022, the Company appointed Matthew C. Schwab, P.Geo., as President, CEO, and Director.

#### *Appointment of Senior Geologist*

On October 27, 2022, the Company announced the appointment of Madeline Berry as Senior Geologist. Ms. Berry began her employment with the Company on October 24, 2022. She will be executing exploration programs at the Garfield Hills Property and the Apex Property.

#### *Appointment of Corporate Secretary*

On December 1, 2022, the Company appointed Maria Wells as Corporate Secretary of the Company.

#### *Appointment of Chief Financial Officer*

On April 1, 2023, the Company appointed Carson Halliday as Chief Financial Officer of the Company.

#### *Resignations*

On September 6, 2022, David Forest stepped down as Chief Executive Officer and Director of the Company.

On December 1, 2022, Jan Urata stepped down as Corporate Secretary of the Company.

On April 1, 2023, Vivien Chuang stepped down as Chief Financial Officer of the Company.

### **Proposed Transactions**

None.

**Disclaimer**

The information provided in this document is not intended to be a comprehensive review of all matters concerning the Company. It should be read in conjunction with all other disclosure documents provided by the Company, which can be accessed at [www.sedar.com](http://www.sedar.com). No securities commission or regulatory authority has reviewed the accuracy or adequacy of the information presented herein.

**Cautionary Statement on Forward Looking Information**

Certain statements contained in this document constitute “forward-looking statements”. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance, or achievements of the Company to be materially different from any future results, performance, or achievements expressly stated or implied by such forward-looking statements.