Kraken Energy Corp.

Consolidated Financial Statements
For the Years Ended June 30, 2023 and 2022

(Expressed in Canadian Dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Kraken Energy Corp.

Opinion

We have audited the accompanying consolidated financial statements of Kraken Energy Corp. (the "Company"), which comprise the consolidated statements of financial position as at June 30, 2023 and 2022, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity, and cash flows for the years 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, 2023 and 2022, and its financial performance and its cash flows for the years 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the consolidated financial statements, which indicates that the Company has not yet achieved profitable operations and had accumulated losses of $17,004,404. As stated in Note 1, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matter described below to be the key audit matter to be communicated in our auditor's report.

Assessment of Impairment Indicators of Exploration and Evaluation Assets ("E&E Assets")

As described in Note 7 to the consolidated financial statements, the carrying amount of the Company's E&E Assets was $21,378,713 as of June 30, 2023. As more fully described in Notes 3 and 4 of the consolidated financial statements, management assesses E&E Assets for indicators of impairment at each reporting period.

The principal considerations for our determination that the assessment of impairment indicators of the E&E Assets is a key audit matter are that there was judgment made by management when assessing whether there were indicators of impairment for the E&E Assets, specifically relating to the assets' carrying amount which is impacted by the Company's intent and ability to continue to explore and evaluate these assets. This in turn led to a high degree of auditor judgment, subjectivity, and effort in performing procedures to evaluate audit evidence relating to the judgments made by management in their assessment of indicators of impairment that could give rise to the requirement to prepare an estimate of the recoverable amount of the E&E Asset.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. Our audit procedures included, among others:

- Evaluating management's assessment of impairment indicators.
- Evaluating the intent for the E&E Assets through discussion and communication with management.
- Reviewing the Company's recent expenditure activity and expenditure budgets for the following year.
- Assessing compliance with agreements and expenditure requirements including reviewing option agreements and vouching cash payments and share issuances.
- Assessing the Company's rights to explore E&E Assets including sending confirmation requests to optionors to ensure good standing of agreements.
- Obtaining, on a test basis through government websites confirmation of title to ensure mineral rights underlying the E&E Assets are in good standing.

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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 26, 2023

Kraken Energy Corp.
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	Notes		As at June 30, 2023		June 30, 2022
ASSETS					
Current Assets					
Cash and cash equivalents	5	$	5,231,692	$	12,110,248
Prepaid expenses			563,530		405,240
Interest receivable			-		15,189
Loan advanced to related party	9		34,375		-
Receivables			7,766		32,905
			5,837,363		12,563,582
Non-Current Assets					
Exploration and evaluation assets	7		21,378,713		20,133,996
TOTAL ASSETS		**$**	**27,216,076**	**$**	**32,697,578**
LIABILITIES					
Current Liabilities					
Accounts payable and accrued liabilities	9	$	192,545	$	376,359
Loans payable			-		2,900
TOTAL LIABILITIES			**192,545**		**379,259**
SHAREHOLDERS' EQUITY					
Share capital	8		41,380,766		41,312,416
Reserve	8		1,914,073		3,323,607
Accumulated other comprehensive income	8		733,096		3,412
Accumulated deficit			(17,004,404)		(12,321,116)
TOTAL SHAREHOLDERS' EQUITY			**27,023,531**		**32,318,319**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**$**	**27,216,076**	**$**	**32,697,578**

Nature and continuance of operations and going concern (Note 1)
Subsequent events (Note 14)

These consolidated financial statements were authorized for issue by the Board of Directors on October 25, 2023. They are signed on behalf of the Board of Directors by:

"Garrett Ainsworth"
Garrett Ainsworth,
Director

"Matthew Schwab"
Matthew Schwab,
CEO and Director

Kraken Energy Corp.
Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

	Notes	For the Years Ended June 30, 2023	June 30, 2022
Expenses			
Exploration expenditures	7	$ 4,209,815	$ 324,812
Office and miscellaneous	9	270,279	132,132
Management fees	9	425,597	163,357
Professional fees	9	388,864	329,167
Marketing and shareholder relations		996,579	176,525
Stock-based compensation	9	1,186,094	1,256,000
Transfer agent fees		19,277	29,084
		(7,496,505)	(2,411,077)
Other items			
Loss from revaluation of share obligation	6	-	(9,534,297)
Interest income		217,589	15,248
Write-off of exploration and evaluation assets		-	(8,000)
Write-off of payables	9	-	50,000
Net loss		**$ (7,278,916)**	**$ (11,888,126)**
Other comprehensive income			
Translation adjustment		729,684	3,412
Comprehensive loss		**$ (6,549,232)**	**$ (11,884,714)**
Loss per share – basic and diluted		**$ (0.13)**	**$ (0.58)**
Weighted average number of common shares		**54,202,352**	**20,551,868**

Kraken Energy Corp.
Consolidated Statement of Changes in Shareholders' Equity
(Expressed in Canadian Dollars)

		Share capital					
	Notes	**Number**	**Amount**	**Reserves**	**Accumulated other comprehensive income**	**Deficit**	**Total**
Balance at June 30, 2021		**11,780,000**	**$ 499,307**	**$ 23,693**	**$ -**	**$ (432,990)**	**$ 90,010**
Shares issued for acquisition of subsidiaries		16,709,666	17,942,242	-	-	-	17,942,242
Shares issued for acquisition of Apex Property		7,198,855	12,022,088	-	-	-	12,022,088
Shares issued for cash		18,138,570	11,786,893	1,711,607	-	-	13,498,500
Share issuance costs – finders' warrants		-	(356,000)	356,000	-	-	-
Share issuance costs – cash		-	(637,807)	-	-	-	(637,807)
Shares issued from exercise of warrants		320,000	55,693	(23,693)	-	-	32,000
Share-based payments		-	-	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**
Shares issued for acquisition of Garfield Hills Property	7,8	50,000	37,000	-	-	-	37,000
Shares issued for acquisition of Harts Point Property	7,8	110,000	31,350	-	-	-	31,350
Stock-based compensation	8	-	-	1,186,094	-	-	1,186,094
Fair value of forfeited options	8	-	-	(528,121)	-	528,121	-
Fair value of expired warrants	8		-	(2,067,507)	-	2,067,507	-
Foreign exchange translation from subsidiary	8	-	-	-	729,684	-	729,684
Loss for the year		-	-	-	-	(7,278,916)	(7,278,916)
Balance at June 30, 2023		**54,307,091**	**$ 41,380,766**	**$ 1,914,073**	**$ 733,096**	**$ (17,004,404)**	**$ 27,023,531**

Kraken Energy Corp.
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	For the Years Ended June 30, 2023	For the Years Ended June 30, 2022
Operating activities:		
Loss for the year	$ (7,278,916)	$ (11,888,126)
Item not involving cash:		
Stock-based compensation	1,186,094	1,256,000
Loss from revaluation of share obligation	-	9,534,297
Interest income	(217,589)	(15,248)
Write-off of payables	-	(50,000)
Write-off of exploration and evaluation assets	-	8,000
Changes in non-cash working capital items:		
Receivables and prepaid expenses	(141,666)	(411,693)
Accounts payable and accrued liabilities	(183,007)	214,415
Loans payable	(2,900)	-
Net cash flows used in operating activities	**(6,637,984)**	**(1,352,355)**
Investing activities:		
Exploration and evaluation assets	(438,975)	(98,668)
Loans advanced to related parties	(34,375)	-
Net cash flows used in investing activities	**(473,350)**	**(98,668)**
Financing activities:		
Interest received from GIC	232,778	-
Proceeds from issuance of common shares	-	13,498,500
Share issuance costs	-	(633,070)
Proceeds from exercise of stock options	-	32,000
Cash acquired from acquisition of subsidiary	-	523,762
Net cash flows provided by financing activities	**232,778**	**13,421,192**
Currency impact on cash	**-**	**3,412**
Change in cash and cash equivalents	(6,878,556)	11,973,581
Cash and cash equivalents, beginning	12,110,248	136,667
Cash and cash equivalents, ending	**$ 5,231,692**	**$ 12,110,248**
Supplemental non-cash activities:		
Income taxes paid	$ -	$ -
Interest paid	$ -	$ -
Shares issued per Garfield Hills option agreement	$ 37,000	$ -
Shares issued per Harts Point property	$ 31,350	$ -
Shares issued for acquisition of subsidiary	$ -	$ 17,942,242
Shares issued from acquisition of Apex Property	$ -	$ 12,022,088
Broker warrants	$ -	$ 356,000

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

1. NATURE AND CONTINUANCE OF OPERATIONS AND GOING CONCERN

Kraken Energy Corp. (the "Company" or "Kraken Energy") was incorporated on July 4, 2011, under the Canada Business Corporations Act. The Company is a resource exploration company that is acquiring and exploring mineral properties. The Company's common shares began trading on the Canadian Securities Exchange under the stock symbol "UUSA" on May 11, 2022.

The head office, principal address, records office, and registered address of the Company are located at Suite 918 – 1030 West Georgia Street, Vancouver, British Columbia 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, 2023, the Company had not yet achieved profitable operations and had accumulated losses of $17,004,404 since its inception. These events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.

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 consolidated 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 25, 2023.

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.

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.

(Expressed in Canadian Dollars)

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, 2023**	**June 30, 2022**
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*

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

On May 27, 2022, the Company acquired all of the shares of Panerai and its 100% owned subsidiary, Panerai USA (Note 6).

On April 8, 2022, the Company acquired all of the shares of 1330038 B.C. Ltd. ("133 B.C."), a private company (Note 6). On November 14, 2022, the Company completed a voluntary dissolution of 133 B.C.

3. SIGNIFICANT ACCOUNTING POLICIES

a) Financial instruments

i) Classification and measurement

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.

The following table shows the classifications under IFRS 9:

	IFRS 9 Classification
Cash and cash equivalents	FVTPL
Interest receivable	Amortized cost
Loans advanced to related party	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Loans payable	Amortized cost

<u>Financial assets and liabilities at amortized cost</u>

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.

ii) 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.

b) Exploration and evaluation assets

All exploration and evaluation expenditures incurred to acquire and sustain exploration property licenses, including the fair value of exploration and evaluation assets acquired, are capitalized. Costs associated with exploration and evaluation activities, including eligible expenditures under option agreements, are recorded as exploration expenses until it has been established that a mineral property is commercially viable and technically feasible.

c) 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.

d) 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.

e) 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.

f) 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.

g) 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 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.

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.

h) Share capital

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.

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

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.

i) 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.

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.

j) 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.

4. SIGNIFICANT ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported expenses during the year. Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgements and estimates, actual results may differ from these estimates. The most significant accounts that require judgements and estimates are outlined below.

Significant accounting judgements

Going concern

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay for its ongoing operating expenditures and meet its liabilities for the ensuing year involves significant judgment based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

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.

Impairment of long-lived assets

The carrying value and the recoverability of long-lived assets, including exploration and evaluation assets, are evaluated at each reporting date. Management assesses for indicators of impairment, which includes assessing whether facts or circumstances exist that suggest the carrying amount exceeds the recoverable amount.

Business combinations

The determination of whether a set of assets acquired and liabilities assumed constitute a business may require the Company to make certain judgements, 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 6) was determined to constitute an acquisition of assets.

Key sources of estimation uncertainty

The key assumptions management has made about the future and other major sources of estimation uncertainty at the date of the statement of financial position that have significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

Share-based payments

The Company uses Black-Scholes to calculate the fair value stock options and 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.

(Expressed in Canadian Dollars)

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.

5. CASH AND CASH EQUIVALENTS

		June 30, 2023		June 30, 2022
Cash held in bank accounts	$	1,450,811	$	1,110,248
Cash equivalents		3,780,881		11,000,000
Total	**$**	**5,231,692**	**$**	**12,110,248**

6. 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 7) (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 and cash equivalents	$	73,410
Prepaids		12,136
Exploration and evaluation asset (Note 5)		4,410,199
Accounts payable and accrued liabilities		(107,954)
	$	4,387,791

(Expressed in Canadian Dollars)

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. No transaction costs were incurred. On November 14, 2022, 133 B.C. was voluntarily dissolved. The assets were transferred to the Kraken Nevada subsidiary and all liabilities were settled prior to dissolution.

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.

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 and cash equivalents	$	450,352
Exploration and evaluation asset (Note 7)		15,625,129
Loan payable		(2,900)
Accounts payable and accrued liabilities		(30,339)
		16,042,242

7. EXPLORATION AND EVALUATION ASSETS

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

	Ultimate Property	Apex Property	Garfield Property	Huber Hills Property	Harts Point Property	Total
Property Acquisition Costs						
Balance, June 30, 2021	**$ 8,000**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 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)	-	-	-	-	(8,000)
Balance, June 30, 2022	**$ -**	**$ 20,133,996**	**$ -**	**$ -**	**$ -**	**$ 20,133,996**
Acquisitions – shares	-	-	37,000	-	31,350	68,350
Acquisitions – cash	-	-	26,795	-	-	26,795
Claims and bond fees	-	205,733	47,218	81,462	77,725	412,138
Balance, June 30, 2023	**$ -**	**$ 20,339,729**	**$ 110,013**	**$ 81,462**	**$ 109,075**	**$ 20,641,279**
Currency translation adjustment	-	740,167	(860)	(959)	(914)	737,434
Total, June 30, 2023	**$ -**	**$ 21,079,896**	**$ 110,153**	**$ 80,503**	**$ 108,161**	**$ 21,378,713**

(Expressed in Canadian Dollars)

The following summarizes exploration and evaluation expenses incurred during the years ended June 30, 2023 and 2022:

	Apex Property	Garfield Property	Huber Hills Property	Harts Point Property	Total
Exploration and evaluation costs					
Costs incurred during the year ended June 30, 2022:					
Assay and analysis	$ 13,418	$ -	$ -	$ -	$ 13,418
Camp and crew costs	2,781	-	-	-	2,781
Equipment rental	44,356	-	-	-	44,356
Engineering exploration	50,097	-	-	-	50,097
General consulting	37,546	-	-	-	37,546
Geological consulting	110,718	-	-	-	110,718
Surveying	32,622	-	-	-	32,622
Transportation	33,274	-	-	-	33,274
Balance, June 30, 2022	**324,812**	**-**	**-**	**-**	**324,812**
Costs incurred during the year ended June 30, 2023:					
Assay and analysis	-	27,575	-	220	27,795
Camp and crew costs	8,844	19,714	10,375	16,349	55,282
Equipment rental	54,018	74,773	-	24,630	153,421
Engineering exploration	6,157	388,324	-	-	394,481
General consulting	50,340	52,550	19,047	10,819	132,756
Geological consulting	131,696	380,690	5,727	19,115	537,228
Mapping	8,641	-	-	-	8,641
Permits	8,842	42,690	-	-	51,532
Surveying	728,287	102,210	-	-	830,497
Drilling	-	2,018,182	-	-	2,018,182
Balance, June 30, 2023	**$ 996,825**	**$ 3,106,708**	**$ 35,149**	**$ 71,133**	**$ 4,209,815**

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 6). 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).
- 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). 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.

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 Uranium Property ("Garfield Hills 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 over a three-year period as follows:
    - US$20,000 upon signing the option agreement (paid);
    - US$30,000 in the first year (paid subsequent to June 30, 2023);
    - 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 8);
    - 50,000 in the first year (issued at a fair value of $13,750 subsequent to June 30, 2023 (Note 14));
    - 75,000 in the second year; and
    - 75,000 in the third year.

   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 November 8, 2022, the Company terminated the Garfield Hills Property option agreement dated August 9, 2022 with Robert Weicker and entered into an option agreement with Nicholas Weicker. The terms in the new option agreement remain the same as the agreement dated August 9, 2022.

Huber Hills Property

During the year ended June 30, 2023, the Company began staking claims encompassing the Huber Hills Uranium project ("Huber Hills"). Huber Hills is located within Elko County, in Nevada, USA.

Harts Point Property

During the year ended June 30, 2023, the Company entered into a definitive option agreement (the "Option Agreement") with Atomic Minerals Corporation in order to acquire a 75% interest in the Harts Point Uranium Property, located within San Juan County, in Utah, USA. Under the terms of the agreement, the Company may acquire up to 75% of the Harts Point Property by meeting the following requirements:

- Kraken will be the operator and must incur cumulative US$1 million and US$1.5 million of eligible expenditures within 12 months and 18 months, respectively, 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.

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 was written off as at June 30, 2022.

8. SHARE CAPITAL

Authorized share capital

Unlimited number of common shares without par value.

Issued share capital

At June 30, 2023, there were 54,307,091 (June 30, 2022 – 54,147,091) issued and fully paid common shares. At June 30, 2023, of the common shares outstanding, there were nil (June 30, 2022 – 2,034,000) common shares held in escrow, having been released on June 30, 2023.

For the year ended June 30, 2023

On August 12, 2022, the Company issued 50,000 common shares at $0.74 per share for a total fair value of $37,000 to Robert Weicker, pursuant to the Garfield Hills Property option agreement (Note 7).

On May 24, 2023, the Company issued 110,000 shares at $0.29 per share for a total fair value of $31,350 in connection with the acquisition of the Harts Point property (Note 7).

For the year ended June 30, 2022

On February 24, 2022, the Company entered into 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 6).

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 $30,635 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 6). 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 6).

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.

(Expressed in Canadian Dollars)

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 at its discretion.

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

Grant Date	Expiry Date	Exercise Price	Risk-Free Interest Rate	Expected Life	Volatility Factor	Dividend Yield	Fair Value
October 11, 2022	October 11, 2027	$1.00	3.62%	5 years	112%	Nil	$0.44
April 3, 2023	April 3, 2028	$0.50	2.94%	5 years	110%	Nil	$0.25
June 9, 2022	June 9, 2027	$1.27	3.14%	5 years	110%	Nil	$1.01
April 25, 2023	April 25, 2027	$1.74	2.67%	5 years	110%	Nil	$1.39
March 24, 2022	March 24, 2027	$0.90	2.25%	5 years	110%	Nil	$0.73
March 3, 2022	March 3, 2027	$0.38	1.58%	5 years	109%	Nil	$0.30

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

	June 30, 2023		June 30, 2022	
	Number outstanding	Weighted average exercise price	Number outstanding	Weighted average exercise price
Outstanding, beginning	1,650,000	$ 0.94	-	$ -
Granted	2,850,000	0.93	1,650,000	0.94
Forfeited	(850,000)	0.82	-	-
Outstanding and exercisable, ending	3,650,000	$ 0.96	1,650,000	$ 0.94

The 850,000 forfeited options had a fair value of $528,121 which was reclassified to deficit during the period.

Stock options outstanding and exercisable as at June 30, 2023 are as follows:

Expiry date	Options outstanding	Options exercisable	Exercise price	Remaining contractual life (in years)
March 24, 2027	500,000	500,000	$ 0.90	3.73
June 9, 2027	400,000	400,000	$ 1.27	3.95
October 11, 2027	2,375,000	2,375,000	$ 1.00	4.28
April 3, 2028	375,000	375,000	$ 0.50	4.76

During the year ended June 30, 2023, the Company recorded stock-based compensation expense of $1,186,094 (June 30, 2022 – $1,256,000).

(Expressed in Canadian Dollars)

Warrants

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

	June 30, 2023		June 30, 2022	
	Number outstanding	Weighted average exercise price	Number outstanding	Weighted average exercise price
Outstanding, beginning	**6,055,450**	**$ 1.85**	320,000	$ 0.10
Exercised	-	-	(320,000)	0.10
Granted	-	-	6,055,450	1.85
Expired	(6,055,450)	$ 1.85	-	-
Outstanding, ending	-	-	6,055,450	$ 1.85

The 6,055,450 expired warrants had a fair value of $2,067,507 which was reclassified to deficit during the period.

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

	Year ended June 30, 2023	Year ended June 30, 2022
Share-based compensation	$ 821,761	$ 549,070
Exploration – general consulting	72,026	5,000
Office and miscellaneous(1)	-	18,000
Management fees(1)	425,597	163,357
Professional fees(1)	40,598	123,460
	$ 1,359,982	**$ 858,887**

Note (1): Amounts include amounts incurred by former directors and officers of the Company, who resigned during the year ended June 30, 2023.

As at June 30, 2023, accounts payable and accrued liabilities include $91,624 owing to related parties (June 30, 2022 – $123,951). Amounts due to the related party are unsecured, non-interest bearing and have no specified terms of repayment.

During the year ended June 30, 2023, the Company paid $40,949 (2022 - $nil) to a company controlled by an officer of the company for other geological labour and equipment rentals, which is recorded in exploration expenditures.

During the year ended June 30, 2023, the Company entered into a short-term loan agreement and advanced $34,375 to a director and officer of the Company (June 30, 2022 – $Nil). The loan advanced to the related party is unsecured, non-interest bearing and due on demand.

(Expressed in Canadian Dollars)

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 6).

10. INCOME TAXES

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

	June 30, 2023	June 30, 2022
Loss for the year	$ (7,278,915)	$ (11,888,126)
Expected income tax (recovery)	(1,965,000)	(3,193,000)
Change in statutory, foreign tax, foreign exchange rates and other rates	18,000	2,000
Permanent differences	322,000	2,913,000
Share issuance costs	-	(139,000)
Dissolution of subsidiary	41,000	-
Effects of change in accounting policy	-	(46,000)
Adjustment to prior years provision versus statutory tax returns and expiry of non-capital losses	(36,000)	
Change in unrecognized deductible temporary differences	1,620,000	463,000
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, 2023	June 30, 2022
Deferred tax assets (liabilities)		
Exploration and evaluation assets	$ 1,173,000	$ 119,000
Property and equipment	1,000	1,000
Share issuance costs	110,000	125,000
Non-capital losses available for future periods	875,000	345,000
	2,159,000	590,000
Unrecognizable deferred tax assets	(2,159,000)	(590,000)
Net deferred tax assets	-	

(Expressed in Canadian Dollars)

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:

	2023	Expiry Date Range	2022	Expiry Date Range
Temporary differences				
Exploration and evaluation assets	4,708,000	No expiry date	503,000	No expiry date
Property and equipment	5,000	No expiry date	5,000	No expiry date
Share issuance costs	406,000	2044 to 2047	463,000	2042 to 2046
Non-capital losses available for future periods	3,245,000	2032 to 2043	1,280,000	2032 to 2042
Canada	3,241,000	2032 to 2043	1,279,000	2032 to 2042
USA	4,000	Indefinitely	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. There were no changes to the Company's capital management policy during the year ended June 30, 2023. 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

Categories of financial instruments and fair value measurements

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

		June 30, 2023		June 30, 2022
Financial assets:				
Fair value through profit or loss				
Cash and cash equivalents	$	5,231,692	$	12,110,248
Amortized cost				
Interest receivable		-		15,189
Loan advanced to related party		34,375		-
Receivables		7,766		32,905
Financial liabilities:				
Amortized cost				
Accounts payable and accrued liabilities	$	192,545	$	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 (Note 9).

(Expressed in Canadian Dollars)

The fair value of cash and cash equivalents, loan advanced to related party, other receivables, and accounts payables and accrued liabilities 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 June 30, 2023, the Company had a cash and cash equivalents balance of $5,231,692 (June 30, 2022 – $12,110,248) to settle current liabilities of $192,545 (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.

As at June 30, 2023 and June 30, 2022, the Company had the following US dollar denominated assets and liabilities:

		June 30, 2023		**June 30, 2022**
		US Dollars		US Dollars
Cash and cash equivalents	$	6,194	$	-
Prepaids		117,827		37,342
Accrued liabilities		-		(43,060)
Accounts payable		(71,389)		-
	$	**52,632**	**$**	**(5,718)**

As at June 30, 2023, a 10% change in exchange rates between US dollars and Canadian dollars would impact the Company's net loss by $5,263 (June 30, 2022 – ($572)).

(Expressed in Canadian Dollars)

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.

Geographic segment

The Company's geographic information as at June 30, 2023 and June 30, 2022 are as follows:

	June 30, 2023		
	Canada	**USA**	**Total**
Assets			
Exploration and evaluation assets	$ -	21,378,713	$ 21,378,713
Other assets	$ 5,837,363	$ -	$ 5,837,363
	$ 5,837,363	**$ 21,378,713**	**$ 27,216,076**

	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**

14. SUBSEQUENT EVENTS

On July 3, 2023, 500,000 stock options expired unexercised.

On August 11, 2023, 50,000 common shares were issued as part of the Garfield Hills Property Option payment.