

# Kraken Energy Corp.

## Management's Discussion & Analysis

### For the Three and Six Months Ended December 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 for the three and six months ended December 31, 2023 and 2022 (the "Financial Statements"), and the audited consolidated financial statements and related notes thereto for the year ended June 30, 2023 and 2022 of Kraken Energy Corp. (the "Company" or "Kraken Energy") 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 February 22, 2024 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.sedarplus.ca](http://www.sedarplus.ca).

#### Description of Business

The Company is a resource exploration company that is acquiring and exploring mineral properties. The Company is currently focused on its uranium assets in Nevada and Utah, 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. (“133 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	15,625,129
Loan payable	(2,900)
Accounts payable and accrued liabilities	(30,339)
	16,042,242

### Exploration & Evaluation Assets

The following summarizes the cumulative costs capitalized as exploration and evaluation assets as at December 31, 2023:

	Apex Property	Garfield Property	Huber Hills Property	Harts Point Property	Total
<b>Property Acquisition Costs</b>					
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
Currency translation adjustment	740,167	(860)	(959)	(914)	737,434
<b>Balance, June 30, 2023</b>	<b>\$ 21,079,896</b>	<b>\$ 110,153</b>	<b>\$ 80,503</b>	<b>\$ 108,161</b>	<b>\$ 21,378,713</b>
Acquisitions – shares	-	13,750	-	-	13,750
Acquisitions – cash	-	40,571	-	-	40,571
Claims and bond fees	202,759	46,542	7,745	73,201	330,247
Currency translation adjustment	(12,186)	(2,257)	(255)	(1,725)	16,423
<b>Balance, December 31, 2023</b>	<b>\$ 21,270,469</b>	<b>\$ 208,759</b>	<b>\$ 87,993</b>	<b>\$ 179,637</b>	<b>\$ 21,746,858</b>

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

	Apex Property	Garfield Property	Huber Hills Property	Harts Point Property	Total
<b>Exploration and evaluation costs</b>					
Costs incurred during the period ended December 31, 2022:					
Camp and crew costs	\$ -	\$ 9,993	\$ -	\$ -	\$ 9,993
Equipment	52,649	33,113	-	-	85,762
General consulting	57,164	2,065	-	-	59,229
Engineering exploration	6,122	386,094	-	-	392,216
Geological consulting	101,474	130,684	-	-	232,158
Mapping	8,592	-	-	-	8,592
Permits	-	42,445	-	-	42,445
Surveying	409,273	100,004	-	-	509,277
Drilling	-	58,133	-	-	58,133
<b>Balance, December 31, 2022</b>	<b>\$ 635,274</b>	<b>\$ 762,531</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,397,805</b>
Costs incurred during the period ended December 31, 2023:					
Assay and analysis	\$ -	\$ -	\$ 2,901	\$ -	\$ 2,901
Camp and crew costs	28,184	4,604	817	5,772	39,377
Equipment rental	-	10,938	-	47,765	58,703
General consulting	188,391	19,776	4,903	53,162	266,232
Geological consulting	109,281	-	1,285	3,212	113,778
Mapping	2,029	-	-	-	2,029
Permits	83,103	780	2,959	9,330	96,172
Transportation	-	-	-	4,088	4,088
Drilling	817,746	-	-	183,731	1,001,477
<b>Balance, December 31, 2023</b>	<b>\$ 1,228,734</b>	<b>\$ 36,098</b>	<b>\$ 12,865</b>	<b>\$ 307,060</b>	<b>\$ 1,584,757</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. The Company acquired its 100% interest in the Apex Property on April 8, 2022 for total consideration as follows:

- Payment of US\$50,000 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 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.

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% U308.

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 to better plan targets for 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.

On August 28, 2023, the Company expanded the Apex Property by 117 contiguous claims located on Bureau of Land Management ground along strike with a property-wide mineralized trend. The newly staked claims consist of 2,401 total acres, bringing the Apex Property to a combined 14,892 acres of contiguous claims.

On November 15, 2023, the Company announced the commencement of its inaugural drill program at the Apex Property. The 2,200-meter (“m”) drilling program will target a mineralized area over 2 kilometers (“km”) in strike length consisting of two separate target areas immediately along strike from the past-producing Apex Mine. The Company has received approval to initially drill up to 2,200 m (7,217 ft) in 24 holes from 8 pads.

#### 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 (incurred);
- 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 \$40,571 during the period ended December 31, 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);
  - 50,000 in the first year (issued at a fair value of \$13,750);
  - 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 Garfield Hills 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 1 of the program commenced November 2022 and includes up to 2,000 meters of drilling.

On November 4, 2022, the Company commenced a 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.

On June 6, 2023, the Company announced the geochemical results from its maiden drilling program at the Garfield Hills Property. A total of 1,697.2 meters were drilled, consisting of 11 holes. Of the 11 holes, 7 holes encountered shallow, flat lying uranium mineralization.

#### 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.

#### 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 (the “Initial Option”).
- Kraken has the option to increase its 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 common shares of Kraken (the “Extended Option”).
- 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 or the Extended Option, a definitive Joint Venture Agreement will be formed.

In connection with the Agreement, the Company issued 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.

On July 5, 2023, the Company received its drilling permit for 20 drill pad locations for a Phase 1 drill program.

The drill program commenced on July 18, 2023 but was subsequently paused at the request of the Bureau of Land Management.

On December 28, 2023, the Company reported that it had received approval to resume their Phase 1 drill program at the Harts Pont Property. With a revised and approved exploration permit, the Company will drill the property from two pad locations over a 5 km strike length targeting the favorable uranium bearing Chinle Formation host rock where three historical oil and gas wells returned “off-scale” radioactivity. The Company anticipates resuming its Phase 1 drill program by the end of February 2024.

### Qualified Person

All scientific and technical information in this MD&A has been prepared by, or approved by Matthew Schwab, P.Geol., 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 December 31, 2023 and 2022

The net loss for the three months ended December 31, 2023 was \$1,650,712 compared to \$2,517,137 for the three months ended December 31, 2022.

The decrease in net loss for the three months ended December 31, 2023 of \$866,425 was primarily driven by:

- Stock-based compensation in the prior period of \$1,093,000, when compared to the current period figure of \$nil. This expense was a result of stock options granted during the three months ended December 31, 2022. There were no stock options granted in the current quarter.
- Professional fees decreased by \$154,239 compared to the prior quarter, driven by decreased consulting, accounting, and legal activity in the quarter.
- The decrease was offset by increases to:
  - Exploration expenditures of \$236,936, as the Company was actively drilling the Apex Property in the current quarter.
  - Office and miscellaneous expenses of \$56,531 which is due to fluctuations in the normal course of business and timing of expenditures.
  - Management fees of \$83,113, a result of a bonus paid to the Company’s CEO in the current quarter.

#### Six months ended December 31, 2023 and 2022

The net loss for the six months ended December 31, 2023 was \$2,507,962 compared to \$3,313,564 for the six months ended December 31, 2022.

The decrease in net loss for the six months ended December 31, 2023 of \$805,602 was primarily driven by:

- Stock-based compensation in the prior period of \$1,093,000, when compared to the current period figure of \$nil. This expense was a result of stock options granted during the three months ended December 31, 2022. There were no stock options granted in the current period.
- Professional fees decreased by \$122,275 compared to the prior period, driven by decreased consulting, accounting, and legal activity in the period.
- The decreases were offset by increases to:
  - Exploration expenditures of \$186,952, as the Company was actively drilling the Apex Property in the current period.
  - Office and miscellaneous expenses increased by \$82,478 in the comparative period due to fluctuations in the normal course of business and timing of expenditures.
  - Management fees of \$143,363, which is correlated with the overall increase in activity at the Company and a larger management team compared to the prior quarter, as well as a bonus paid to the Company’s CEO in the current period.

## 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.

		Loss for the	Loss per	Total	Interest
	Quarter ended	period	Share (Basic & Diluted)	Assets	Income
Q2/24	December 31, 2023	\$ 1,650,712	\$ 0.03	\$ 25,425,330	\$ 46,001
Q1/24	September 30, 2023	\$ 857,250	\$ 0.02	\$ 26,886,523	\$ 57,127
Q4/23	June 30, 2023	\$ 946,887	\$ 0.02	\$ 26,473,521	\$ 60,682
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

The increased loss for the quarter ended December 31, 2023 is a result of the drill program conducted at the Apex Property which commenced on November 15, 2023.

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 December 31, 2023, the Company had cash and cash equivalents of \$3,027,842 (June 30, 2023 - \$5,231,692) and its current assets exceeded its current liabilities by \$2,772,343 (June 30, 2023 - \$5,644,818). The Company does not generate revenue. It has incurred losses and negative cash flows from operations since inception and had an accumulated deficit of \$19,146,319 as of December 31, 2023 (June 30, 2023 - \$17,004,404).

The Company's ability to continue its operations is dependent on its success in raising equity through share issuances, suitable debt financing and/or other financing arrangements. While the Company has been successful in raising equity in the past, there can be no guarantee that it will be able to raise sufficient funds to fund its activities and general and administrative costs in the next twelve months and in the future. If the Company is unable to obtain the requisite amount of financing it will be required to defer planned exploration activities and/or reduce corporate capacity and/or sell assets, each of which would have a material adverse effect on its business and ability to continue as a going concern. The condensed consolidated interim financial statements for the three and six months ended December 31, 2023 do not give effect to the required adjustments to the carrying amounts and classification of assets and liabilities should the Company be unable to continue as a going concern.

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 three and six months ended December 31, 2023 the Company incurred \$164,814 and \$223,564 (2022 - \$62,162 and \$83,201) respectively, for CEO services provided by Matthew Schwab; \$30,000 and \$60,000 (2022 - \$30,000 and \$60,000) respectively, for consulting services provided by Garrett Ainsworth, Chairman; \$15,000 and \$30,000 (2022 - \$Nil and \$Nil) respectively, for CFO consulting services provided by Carson Halliday; exploration consulting services provided by the Company's VP of Exploration, Zachary Hibdon, of \$77,703 and \$157,133 (2022 - \$Nil and \$Nil) respectively, as well as \$81,767 and \$143,268 (2022 - \$Nil and \$Nil) respectively, for other geological labour provided by Rock Solid Geology Inc., an entity owned



by Zachary Hibdon. As at December 31, 2023, the Company owed \$59,354 to related parties in respect of services provided to the Company and \$3,668 in respect of expenses incurred on behalf of the Company.

During the three and six months ended December 31, 2022, the Company incurred \$Nil and \$3,988 for consulting services provided by Barry Hartley, a former officer of the Company; \$Nil and \$3,988 for consulting services provided by Brent Hahn, a former officer of the Company; \$57,000 and \$28,500 for CFO consulting services provided by Vivien Chuang; and \$16,654 and \$32,622 for corporate secretarial services provided by Take it Public Services, which is owned and operated by the Company's former Corporate Secretary, Jan Urata. During the three and six months ended December 31, 2023, the Company did not receive services from the above related parties. The above fees were recorded in professional fees.

During the year ended June 30, 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, non-interest bearing and due on demand. During the six months ended December 31, 2023, \$17,875 of the loan was repaid. The balance due as of December 31, 2023 was \$16,500.

## Financial Instruments & Risk Management

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

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

	<b>December 31, 2023</b>	<b>June 30, 2023</b>
<b>Financial assets:</b>		
<i><b>Fair value through profit or loss</b></i>		
Cash and cash equivalents	\$ 3,027,842	\$ 5,231,692
<i><b>Amortized cost</b></i>		
Loan advanced to related party	16,500	34,375
GST receivable	25,477	7,766
<b>Financial liabilities:</b>		
<i><b>Amortized cost</b></i>		
Accounts payable and accrued liabilities	\$ 906,129	\$ 192,545

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, loan advanced to related party, GST receivable, 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 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 December 31, 2023 and June 30, 2023, the Company had the following US dollar denominated assets and liabilities:

	<b>December 31, 2023</b>	<b>June 30, 2023</b>
	US Dollars	US Dollars
Cash and cash equivalents	\$ 171	\$ 6,194
Prepays	307,131	117,827
Accounts payable	(589,329)	(71,389)
	<b>\$ (282,027)</b>	<b>\$ (52,632)</b>

As at December 31, 2023, a 10% change in exchange rates between US dollars and Canadian dollars would impact the Company's net loss by \$28,203 (June 30, 2023 -\$5,263).

### **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 54,357,091 shares outstanding. The following table summarizes the maximum number of common shares outstanding as at December 31, 2023 and as of the date of this MD&A if all outstanding options and warrants were exercised to purchase common shares:

	<b>December 31, 2023</b>	<b>As of the date of MD&amp;A</b>
Common shares	54,357,091	54,357,091
Options to purchase common shares	3,150,000	3,150,000
	<b>57,507,091</b>	<b>57,507,091</b>

### **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.sedarplus.ca](http://www.sedarplus.ca). 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.