

Kraken Energy Corp.

Management's Discussion & Analysis

For the Three Months Ended September 30, 2024 and 2023

General

This management discussion and analysis should be read in conjunction with the condensed consolidated interim financial statements and related notes thereto for the three months ended September 30, 2024 and 2023 (the "Financial Statements"), and the audited consolidated financial statements and related notes thereto for the year ended June 30, 2024 and 2023 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 consolidated financial statements and this discussion and analysis are presented in Canadian dollars, unless otherwise indicated. This Management Discussion and Analysis ("MD&A") is dated November 28, 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.sedar.com.

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 are listed on the Canadian Securities Exchange under the stock symbol "UUSA" and on the OTCQB under its U.S. ticker symbol, "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.

Exploration & Evaluation Assets

The following summarizes the cumulative costs capitalized as exploration and evaluation assets as at September 30, 2024:

	Apex Property	Garfield Property	Huber Hills Property	Harts Point Property	Total
Property Acquisition Costs					
Balance, June 30, 2023	\$ 21,079,896	\$ 110,153	\$ 80,503	\$ 108,161	\$ 21,378,713
Acquisitions – shares	-	13,750	-	-	13,750
Acquisitions – cash	-	40,669	-	-	40,669
Claims and bond fees	203,249	46,655	7,763	132,552	390,219
Currency translation adjustment	727,142	4809	2794	4929	739674
Balance, June 30, 2024	\$ 22,010,287	\$ 216,036	\$ 91,060	\$ 245,642	\$ 22,563,025
Acquisitions – shares	-	6,000	-	-	6,000
Acquisitions – cash	-	68,000	-	-	68,000
Claims and bond fees	232,337	44,510	11,821	89,049	377,717
Currency translation adjustment	(303,431)	(3,904)	(1,339)	(4,036)	(312,710)
Balance, September 30, 2024	\$ 21,939,193	\$ 330,642	\$ 101,542	\$ 330,655	\$ 22,702,032

The following summarizes exploration and evaluation expenses incurred during the period ended September 30, 2024 and 2023:

	Apex Property	Garfield Property	Huber Hills Property	Harts Point Property	Total
Exploration and evaluation costs					
Costs incurred during the period ended September 30, 2023:					
Assay and analysis	\$ -	\$ -	\$ 2,880	\$ -	\$ 2,880
Camp and crew costs	18,278	3,804	-	5,732	27,814
Equipment rental	-	-	-	47,428	47,428
General consulting	51,576	14,236	2,588	40,334	108,734
Geological consulting	24,304	-	1,276	3,189	28,769
Permits	18,365	-	2,938	-	21,303
Transportation	-	-	-	4,059	4,059
Drilling	-	-	-	182,436	182,436
Balance, September 30, 2023	\$ 112,523	\$ 18,040	\$ 9,682	\$ 283,178	\$ 423,423
Costs incurred during the period ended September 30, 2024:					
Equipment Rental	-	-	-	6,120	6,120
General consulting	-	-	-	2,251	2,251
Permits	-	-	-	21,048	21,048
Balance, September 30, 2024	\$ -	\$ -	\$ -	\$ 29,419	\$ 29,419

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”). 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.

During the year ended June 30, 2024 the Company completed its inaugural drill program commenced on November 15, 2023, which consisted of three holes and a total of 873 meters. The Company also completed additional radon sampling to identify new priority target areas for a subsequent drill program.

Harts Point Property

On May 19, 2023, and amended on November 29, 2023, the Company entered into a definitive option agreement with Atomic Minerals Corporation (“Atomic”) in order to acquire a 75% interest in the Harts Point 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 (completed) and 18 months (by May 29, 2025), respectively, 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 (by May 29, 2026) 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.

During the year ended June 30, 2024, the focus at the Harts Point Property was a drill program which targeted two priority targets and commenced on December 28, 2023. The drill program was completed in March 2024 and confirmed the presence of uranium mineralization, as both drill holes intersected elevated radioactivity.

During the three months ended September 30, 2024, the Company has been working on permitting a follow-up drill program, which was submitted on August 15, 2024.

Garfield Hills Property

On August 9, 2022, the Company entered into an option agreement to acquire 100% of certain mining claims, including those encompassing the 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 (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 on or before August 9, 2023, the end of the first year (paid);
 - US\$50,000 on or before August 9, 2024, the end of the second year (paid); and
 - US\$50,000 on or before August 9, 2025, the end of 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 on or before August 9, 2023, the end of the first year (issued at a fair value of \$13,750);
 - 75,000 on or before August 9, 2024, the end of the second year (issued at a fair value of \$6,750); and
 - 75,000 on or before August 9, 2025, the end of 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.

Huber Hills Property

In October 2022 the Company staked claims in the Huber Hills Property, located within Elko County, in Nevada, USA.

Results of Operations

Three months ended September 30, 2024 and 2023

The net loss for the three months ended September 30, 2024 was \$314,107 compared to \$857,250 for the three months ended September 30, 2023, a decrease in net loss of \$543,143. The decrease in net loss was primarily driven by:

- Exploration expenditures decreased by \$394,004. This is driven by decreased exploration activity as the Company is focused on obtaining its permits at the Apex and Harts Point properties.
- Marketing and shareholder relations decreased by \$94,940 in the current period, due to decreased advertising and promotional activity in the current period.
- Professional fees decreased by \$90,918 compared to the prior period, driven by decreased consulting, accounting, and legal activity in the period.
- Office and miscellaneous decreased by \$12,161 which is driven by a variety of factors, including decreased business-related travel costs and general office and administrative expenses.
- Management fees decreased by \$12,443 in the current period.

The decreases were partially offset by increases to:

- Write off of the related party loan of \$16,500 as the loan was forgiven during the period.
- Interest income decreased by \$44,566 as the Company had less cash on hand to invest in interest bearing alternatives.

Selected Quarterly Information

		Loss for the	Loss per	Total	Interest
	Quarter Ended	period	Share (Basic	Assets	Income
			& Diluted)		
Q1/25	September 30, 2024	\$ 314,107	\$ 0.01	\$ 23,474,903	\$ 12,561
Q4/24	June 30, 2024	\$ 464,918	\$ 0.01	\$ 24,168,466	\$ 14,940
Q3/24	March 31, 2024	\$ 1,274,642	\$ 0.02	\$ 24,180,031	\$ 25,457
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

The decreased loss for the quarter ended September 30, 2024 is a result of lower activity levels across the Company, primarily driven by less exploration expenditures being incurred.

The decreased loss for the quarter ended June 30, 2024 is a result of lower activity levels across the Company, including less exploration expenditures being incurred and less marketing and shareholder relations activity.

The increased loss for the quarter ended March 31, 2024 is driven by the drill program at the Harts Point Property which commenced on February 26, 2024.

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 for the quarters ended December 31, 2022 and March 31, 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 September 30, 2024, the Company had cash and cash equivalents of \$684,215 (June 30, 2024 - \$1,476,633) and its current assets exceeded its current liabilities by \$719,441 (June 30, 2024 - \$1,484,676). The Company does not generate revenue. It has incurred losses and negative cash flows from operations since inception and had an accumulated deficit of \$20,802,313 as of September 30, 2024 (June 30, 2024 - \$20,488,206).

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 period ended September 30, 2024 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 months ended September 30, 2024 the Company incurred \$71,307 (2023 - \$58,750) for CEO services provided by Matthew Schwab, former CEO; \$5,000 (2023 - \$Nil) for Interim CEO services provided by Brian Goss; \$Nil (2023 - \$30,000) for consulting services provided by Garrett Ainsworth, Chairman; \$15,000 (2023 - \$15,000) for CFO consulting services provided by Carson Halliday; \$Nil (2023 - \$79,430) for exploration consulting services provided by the Company's former VP of Exploration, Zachary Hibdon, as well as \$Nil (2023 - \$61,501) for other geological labour provided by Rock Solid Geology Inc., an entity owned by Zachary Hibdon.

As at September 30, 2024, the Company owed \$5,000 to related parties in respect of services provided to the Company and \$6,109 in respect of expenses incurred on behalf of the Company.

During the three months ended September 30, 2024, the Company incurred stock-based compensation expenses to related parties of \$Nil (2023 - \$Nil).

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 was unsecured, non-interest bearing and due on demand. During the year ended June 30, 2024, \$17,875 of the loan was repaid. During the three months ended September 30, 2024, the remaining \$16,500 was forgiven and written off in the statement of loss and comprehensive loss.

The Company does not have offices in British Columbia, but rather is a party to an Administrative Services Agreement, whereby it has contracted administrative, corporate and financial reporting services with Sentinel Corporate Services Inc. ("Sentinel"), a company controlled by a close family member of a director appointed in February 2024, which are included in professional fees. Sentinel has a continuing service agreement with the Company.

During the three months ended September 30, 2024, the Company incurred expenses with Sentinel for administration, corporate, and financial reporting services of \$26,250 (2023 - \$Nil).

Financial Instruments & Risk Management

Categories of financial instruments and fair value measurements

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

	September 30, 2024	June 30, 2024
Financial assets:		
<i>Fair value through profit or loss</i>		
Cash and cash equivalents	\$ 684,215	\$ 1,476,633
<i>Amortized cost</i>		
Loan advanced to related party	-	16,500
Financial liabilities:		
<i>Amortized cost</i>		
Accounts payable and accrued liabilities	\$ 53,430	\$ 120,765

The fair value of cash and cash equivalents are carried at fair value in accordance with level 1 of the fair value hierarchy. The fair value of the loan advanced to related party and accounts payables and accrued liabilities approximate 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 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 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 and cash equivalents. As at September 30, 2024, the Company had a cash and cash equivalents balance of \$684,215 (June 30, 2024 – \$1,476,633) to settle current liabilities of \$53,430 (June 30, 2024 – \$120,765). Management believes that the Company has sufficient liquidity to satisfy obligations as they come due and has assessed liquidity risk as moderate.

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 September 30, 2024 and June 30, 2024, the Company had the following US dollar denominated assets and liabilities:

	September 30, 2024		June 30, 2024	
	US Dollars		US Dollars	
Cash and cash equivalents	\$	-	\$	131
Prepays		3,895		3,934
Accounts payable		-		(1,442)
	\$	3,895	\$	2,623

As at September 30, 2024, a 10% change in exchange rates between US dollars and Canadian dollars would impact the Company's net loss by \$389 (June 30, 2024 – \$262).

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 59,690,981 shares outstanding. The following table summarizes the maximum number of common shares outstanding as at September 30, 2024 and as of the date of this MD&A if all outstanding options and warrants were exercised to purchase common shares:

	September 30, 2024	As of the date of MD&A
Common shares	59,690,981	59,690,981
Stock options	3,100,000	3,100,000
Warrants	2,868,478	2,868,478
	65,659,459	65,659,459

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. 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.