

KAPA GOLD INC. (formerly Kapa Capital Inc.)

Management's Discussion and Analysis

For the years ended December 31, 2023 and 2022

(Expressed in Canadian dollars)

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This Management's Discussion and Analysis ("MD&A") supplements, but does not form part of, the audited consolidated financial statements of Kapa Gold Inc. (the "Company" or "Kapa") (formerly Kapa Capital Inc.) and its subsidiaries as well as the notes thereto for the years ended December 31, 2023 and 2022 (collectively referred to hereafter as the "Financial Statements"). The Financial Statements are prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Standards Accounting Board.

The following MD&A of the financial condition and results of operations of the Company has been prepared by management and should be read in conjunction with Financial Statements of the Company. Additional information relating to the Company is available on the Company's website at <https://kapagold.com/> and on SEDAR+ at www.sedarplus.ca under Kapa Gold Inc.

This MD&A is current as of April 18, 2024 (the "MD&A Date") and was approved and authorized by the Company's Board of Directors.

The first, second, third, and fourth quarters of the Company's fiscal years are referred to as "Q1", "Q2", "Q3" and "Q4", respectively. All amounts are presented in Canadian dollars, the Company's presentation currency, unless otherwise stated. The functional currency of the Company and its subsidiaries is disclosed in the notes to the Financial Statements. The years ended December 31, 2023 and 2022 are referred to as "Fiscal 2023" and "Fiscal 2022", respectively.

Management is responsible for the preparation and integrity of the Company's Financial Statements, including the maintenance of appropriate information systems, procedures, and internal controls. Management is responsible for ensuring that information disclosed externally, including the information contained within the Company's Financial Statements and MD&A, is complete and reliable.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

Certain statements in this document constitute forward-looking information under applicable securities legislation. Forward-looking information typically contains statements with words such as "anticipate", "believe", "estimate", "will", "expect", "plan", "intend", or similar words suggesting future outcomes or an outlook. Forward-looking information in this document includes, but is not limited to:

- our business plan and investment strategy; and
- general business strategies and objectives.

Such forward-looking information is based on a number of assumptions which may prove to be incorrect. Assumptions have been made with respect to the following matters, in addition to any other assumptions identified in this document:

- taxes and capital, operating, general and administrative as well as other costs;
- general business, economic and market conditions;
- the ability of the Company to obtain the required capital to finance its investment strategy and meet its commitments and financial obligations;
- the ability of the Company to obtain services and personnel in a timely manner and at an acceptable cost to carry out activities;
- the timely receipt of required regulatory approvals; and
- that the regulatory framework for permitting of California mineral resource assets will remain relatively consistent.

Although the Company believes that the expectations reflected in such forward-looking information are reasonable, undue reliance should not be placed on them as there can be no assurance that such expectations will prove to be correct. Forward-looking information is based on expectations, estimates and projections that involve a number of risks and uncertainties which could cause actual results to differ materially than anticipated and described in the forward-looking information.

The material risks and uncertainties include, but are not limited to:

- meet current and future commitments and obligations;
- general business, economic and market conditions;
- the uncertainty of estimates and projections relating to future costs and expenses;
- changes in, or in the interpretation of, laws, regulations or policies;
- the ability to obtain required regulatory approvals in a timely manner;
- the outcome of existing and potential lawsuits, regulatory actions, audits and assessments; and
- other risks and uncertainties described elsewhere in this document.

The foregoing list of risks is not exhaustive. For more information relating to risks, see the section titled "Risk and Uncertainties" herein. The forward-looking information contained in this document is made as of the date hereof and, except as required by

applicable securities law, the Company undertakes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise.

DESCRIPTION OF BUSINESS

The Company was incorporated under the laws of British Columbia, Canada on January 29, 2018. On May 19, 2022, the Company formerly approved a name change from Kapa Capital Inc. to Kapa Gold Inc. The Company's head office and principal address is Suite 1400 - 1199 West Hastings Street, Vancouver, BC, V6E 3T5. The Company is listed on the TSX Venture Exchange ("Exchange") under the symbol "KAPA.V".

Reverse takeover

On September 22, 2020, Kapa Capital Inc. ("KCI") entered into binding acquisition and arrangement agreements (collectively, called the "Transaction") with Quantus Resources Corp. ("Quantus"), whereby KCI would acquire all of Quantus' issued and outstanding common shares via a one-to-one share exchange. Quantus is a mineral exploration company whose principal business activity is in the acquisition and exploration of mineral property interests in the United States. Quantus was incorporated on June 16, 2010, under the laws of British Columbia, Canada.

On May 19, 2022, KCI completed the Transaction with Quantus pursuant to which KCI acquired all of the outstanding shares of Quantus by issuing one common share of Kapa Capital Inc for each common share of Quantus held by the existing Quantus shareholders (the "Quantus Shareholders"). The Quantus Shareholders became shareholders of the combined entity, concurrently, and in conjunction with the Transaction, renamed Kapa Gold Inc. Upon completion of the Transaction, Kapa Gold Inc. continues to carry on the business of Quantus. The Transaction is an arm's length transaction and constitutes a reverse takeover ("RTO") of KCI by Quantus, pursuant to policies of the Exchange.

Prior to the closing of the Transaction, KCI had 5,113,271 common shares outstanding, and Quantus had 50,447,473 common shares outstanding. As a result of the Transaction, KCI issued 50,447,473 common shares to Quantus Shareholders, and the combined entity subsequently had 55,560,744 common shares outstanding, of which 5,613,187 common shares were held in escrow. After the Transaction, the Company had the following securities outstanding: 5,622,600 share purchase warrants, 84,000 agent warrants, and 2,700,000 incentive stock options.

Management determined that the Transaction constituted a reverse acquisition for accounting purposes, whereby Quantus acquired KCI. As a result, Quantus is treated as the accounting acquirer (legal subsidiary), and KCI is treated as the accounting acquiree (legal parent). As Quantus was deemed to be the acquirer for accounting purposes, the Financial Statements and this MD&A are presented as the continuation of operation of Quantus. The comparative figures are those of Quantus prior to the RTO.

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SUMMARY OF QUARTERLY RESULTS

Selected financial data during the last eight quarters are as follows:

	Q4 2023	Q3 2023	Q2 2023	Q1 2023
	\$	\$	\$	\$
Total assets	2,728,179	2,835,947	2,962,987	3,216,917
Total liabilities	257,356	199,829	136,597	181,176
Working capital surplus	320,440	528,025	888,096	1,233,935
Loss and comprehensive loss	153,872	218,802	214,851	183,407
Loss per share - basic and diluted	0.00	0.00	0.00	0.00

	Q4 2022	Q3 2022	Q2 2022	Q1 2022
	\$	\$	\$	\$
Total assets	3,410,914	3,540,231	3,716,005	3,033,109
Total liabilities	191,766	170,033	179,855	1,901,934
Working capital surplus (deficiency)	1,428,357	1,655,369	1,913,813	(269,620)
Loss and comprehensive loss	188,550	148,452	2,348,800	13,567
Loss per share - basic and diluted	0.00	0.00	0.05	0.00

During the last eight quarters, the Company's loss and comprehensive loss ranged between \$13,567 and \$2,348,800. The loss and comprehensive loss for Q2 2022 was mainly due to the Company closing the RTO on May 19, 2022 leading to the recognition of a non-cash listing expense of \$1,592,538, non-cash share-based compensation of \$414,751 and significant investor relations as well as legal and professional fees.

Loss and comprehensive throughout Q1 2022 to Q4 2023 mainly comprised of consulting fees, legal and professional fees, management fees and office expenses to support the exploration activities for the Blackhawk and Mastodon projects as well as to maintain the public listing of the Company.

Total assets increased in Q2 2022 due to funds received from financings completed concurrently with the RTO. These funds were then used to fund capitalized exploration expenditures as well as corporate costs.

SOURCES AND USES OF CASH

	Fiscal 2023	Fiscal 2022
	\$	\$
Net cash used in operating activities	(639,923)	(847,937)
Net cash used in investing activities	(381,241)	(228,476)
Net cash provided by financing activities	-	1,259,515
Net change in cash	(1,021,164)	183,102
Cash, beginning of period	1,548,615	1,365,513
Cash, end of period	527,451	1,548,615

Cash used in operating activities decreased to \$639,923 compared to \$847,937 in the prior year due to a reduction in cash spent on corporate overhead expenses.

Cash used in investing activities increased to \$381,241 compared to \$228,476 in the prior year. These amounts mainly represent the cash spent on the exploration of the Company's Blackhawk Property and Mastodon Nickel Project.

Cash provided by financing activities decreased to \$nil compared to \$1,259,515 in the prior year. During Fiscal 2022, the Company completed a unit financing, net of issuance costs, resulting in \$1,434,000 in cash and repaid \$176,456 in loans payable and convertible debt.

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SELECTED ANNUAL INFORMATION

The selected annual information below is derived from the Company's Annual Financial Statements.

	December 31, 2023	December 31, 2022	December 31, 2021
	\$	\$	\$
Net loss	770,932	2,699,369	123,855
Basic and diluted loss per share	0.01	0.06	0.00
Total assets	2,728,179	3,410,914	2,938,888

Net loss is primarily driven by the Company's level of exploration and evaluation activity in the year in addition to other corporate overhead expenses. During Fiscal 2022, net loss increased to \$2,699,369 due to the Company closing the RTO on May 19, 2022 and recognizing the listing expense of \$1,592,538.

RESULTS OF OPERATIONS

A summary of the Company's results of operations is as follows:

	Q4 2023	Q4 2022	Fiscal 2023	Fiscal 2022
	\$	\$	\$	\$
Operating expenses				
Consulting fees	25,751	21,525	95,605	41,604
Depreciation expense	725	733	2,900	975
Insurance expense	8,087	7,670	37,101	12,024
Interest expense	-	-	-	5,650
Investor relations	2,090	78,748	143,426	298,823
Legal and professional fees	30,405	53,611	212,370	197,469
Management fees	30,000	30,000	120,000	77,500
Office expense (recovery)	5,743	(35,937)	59,828	22,649
Repair and maintenance	-	18,644	-	18,644
Share-based compensation	(11,423)	-	17,107	414,751
Transfer agent and exchange fees	2,422	13,612	20,031	13,612
	93,800	188,606	708,368	1,103,701
Other expenses				
Foreign exchange loss (gain)	1,130	(56)	3,622	3,130
Listing expense	-	-	-	1,592,538
Impairment of exploration and evaluation assets	58,942	-	58,942	-
Loss and comprehensive loss	153,872	188,550	770,932	2,699,369

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Q4 2023 compared to Q4 2022

Loss and comprehensive loss decreased to \$153,872 from \$188,550 in the prior year comparable period. The primary drivers of this decrease were as follows:

- Investor relations decreased to \$2,090 from \$78,748 in the prior year comparable period due to the reduced expenditure on marketing activities (conferences, table sponsorships) related to the Company's efforts to engage with potential investors in the prior year comparable period.
- Legal and professional fees decreased to \$30,405 from \$53,611 in the prior year comparable period. Legal fees in the prior year comparable period were incurred to facilitate the Blackhawk property title transfer. Legal fees in the current period include legal counsel for general corporate matters, corporate secretary services, and professional fees in connection with financial reporting.
- Repair and maintenance decreased to \$nil from \$18,644 in the prior year comparable period due to required maintenance on trucks in the prior comparable period that was non-recurring.
- Transfer agent and exchange fees decreased to \$2,422 from \$13,612 in the prior year comparable period due to the reduced costs associated with the Exchange in the current period. The costs associated with prior year comparable period was pertaining to the closing of the RTO.
- Share-based compensation recovery of \$11,423 in the current period is a result of the revision of the fair value of certain stock options issued to consultants.

Partially offsetting the decrease in the net loss and comprehensive loss were increases to certain expenses as follows:

- Impairment of exploration and evaluation assets of \$58,942 is due to management cancelling the option agreement for the Mastodon Nickel Project.
- Office expense increased to \$5,743 from a recovery of \$35,937 due to the reclassification of certain marketing expenses from office expense to investor relations in the prior year comparable period.
- Consulting fees increased to \$25,751 from \$21,525 in the prior year comparable period mainly due to a logistics and planning consulting agreement with additional administrative duties required to support the Blackhawk project in the current period.

Fiscal 2023 compared to Fiscal 2022

Loss and comprehensive loss decreased to \$770,932 compared to \$2,699,369 in the prior year. The primary drivers of this decrease were as follows:

- Investor relations decreased to \$143,426 from \$298,823 in the prior year due to the reduced expenditure on marketing activities, which was higher during the prior year as a result of the unit issuance.
- Share-based compensation decreased to \$17,107 from \$414,751 in the prior year due to the immediate vesting of 2,200,000 stock options granted to officers, directors and consultants in May 2022, as compared to 175,000 options vested out of the 400,000 stock options granted to consultants of the Company in July 2023.
- Listing expenses decreased to \$nil from \$1,592,538 in the prior year. This non-cash expense is the difference between the consideration paid and the fair value of the assets acquired and liabilities assumed through the RTO completed in May 2022.

Partially offsetting the decrease in the net loss and comprehensive loss were increases to certain expenses as follows:

- Consulting fees increased to \$95,605 from \$41,604 in the prior year mainly due to a logistics and planning consulting agreement with additional administrative duties required to support the Blackhawk project that became effective in June 2022. Additionally, the use of services provided by NorthRock Technology to oversee operations related to the Blackhawk project contributed to the overall increase.
- Impairment of exploration and evaluation assets of \$58,942 is due to management cancelling the option agreement for the Mastodon Nickel Project.
- Insurance expense increased to \$37,101 from \$12,024 in the prior year due to full fiscal year amortization of the insurance policy as compared to three months in the prior year.
- Legal and professional fees increased to \$212,370 from \$197,469 in the prior year due to higher annual audit fees, financial reporting costs, and corporate secretary services which are required to maintain the Company's public listing.
- Management fees increased to \$120,000 from \$77,500 in the prior year. After the RTO was completed in May 2022, the monthly management fees paid to the Chief Executive Officer ("CEO") were increased to \$10,000 from \$1,500.
- Transfer agent and exchange fees increased to \$20,031 from \$13,612 in the prior year. These are costs for venture sustaining fees and filing fees related to issuance of stock option plan in July 2023.

BLACKHAWK PROPERTY TRANSACTION

On November 6, 2017, the Company entered into an option agreement to acquire a 100% interest in certain claims, patents and leases which comprise the Blackhawk Property located near the Lucerne Valley in San Bernardino County, California, a natural resource exploration project targeting gold and other metals and minerals.

The Company obtained this option to acquire a 100% interest in the Blackhawk Property from Blackcali Ventures Ltd ("Blackcali"), a related party, via assignment of Blackcali's rights and obligations under a pre-existing agreement that Blackcali had with the vendor of the Blackhawk Property (the "Letter of Intent").

During the year ended December 31, 2021, the Company entered into an amending agreement with Blackcali, originally dated February 21, 2020, which extends the date of the 750,000 shares to be issued on or before December 31, 2021 (previously September 30, 2021). On December 15, 2021, the Company entered into an amendment agreement to further extend the date of the 750,000 shares to be issued on or before February 28, 2022.

On February 25, 2022, the Company entered into an amendment agreement with Blackhawk Rising to further extend the date to issue the 750,000 share options from February 28, 2022 to April 30, 2022. On May 19, 2022, on the execution of the Transaction, the Company issued 750,000 common shares at \$0.25 per share to Blackcali for a fair value of \$187,500.

Title to mineral property interests involves certain inherent risks due to the difficulties of determining the validity of certain claims, as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristics of many mineral property interests. The Company has investigated title to its mineral property interests and remains in good standing.

EXPLORATION AND EVALUATION ASSETS

A summary of the Company's exploration and evaluation assets is as follows:

	Blackhawk Property	Mastodon Nickel Project	Total
	\$	\$	\$
Balance, December 31, 2021	1,393,949	-	1,393,949
Exploration and evaluation costs	195,817	-	195,817
Common shares issued	187,500	-	187,500
Balance, December 31, 2022	1,777,266	-	1,777,266
Exploration and evaluation costs	362,492	28,442	390,934
Common shares issued	-	5,500	5,500
Option payments	-	25,000	25,000
Impairment of exploration and evaluation assets	-	(58,942)	(58,942)
Balance, December 31, 2023	2,139,758	-	2,139,758

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A summary of the Company's exploration and evaluation costs is as follows:

	Blackhawk Property	Mastodon Nickel Project	Total
	\$	\$	\$
Balance, December 31, 2021	1,393,949	-	1,393,949
Exploration expenditures:			
Field costs	15,900	-	15,900
Legal and insurance	15,262	-	15,262
Mapping and reports	82,306	-	82,306
Mining claims	48,305	-	48,305
Property maintenance costs	13,532	-	13,532
Road rehabilitation deposit	20,512	-	20,512
Balance, December 31, 2022	1,589,766	-	1,589,766
Exploration expenditures:			
Field costs	151,789	21,169	172,958
IP Geophysics	61,780	-	61,780
Legal and insurance	31,158	-	31,158
Mapping and reports	6,040	6,756	12,796
Mining claims	86,767	-	86,767
Property maintenance costs	4,189	-	4,189
Road rehabilitation deposit	6,217	-	6,217
Rock sampling assays	14,552	517	15,069
Impairment of exploration and evaluation assets	-	(28,442)	(28,442)
Balance, December 31, 2023	1,952,258	-	1,952,258

Blackhawk property

Property Description and Location

The Property comprises of eight patented claims in three non-contiguous groups and an additional Bureau of Land Management claim, separate and to the east. The Property is located in Sections 7, 8, 15, 17, 18, 19, 20, 22, 23, 24, 25, 26, 27; Township 3 North; Range 2 East, in the historic Blackhawk Mining District, San Bernardino County, Big Bear City Quadrangle, State of California, U.S.A. The Property is in the south-eastern part of the State of California, approximately 60 km northwest of Palm Springs. The nearest community of size to the project is Lucerne Valley, California, 20 km to the northwest.

The center of the Property is located at approximately latitude 34° 21' North and longitude 116° 47' West (Universal Transverse Mercator Zone 11N; 519,500 E / 3,800,200 N; North American Datum of 1983). The property stretches roughly 5.3 km northwest to southeast by 2.6 to 3.3 km northeast to southwest, covering approximately 3,555.09 acres (1,438.7 hectares).

Accessibility, Climate, Local Resources, Infrastructure and Physiography

The Property is in the south-eastern part of the state of California approximately 60 km northwest of Palm Springs. The Property, which totals about 1438.7 hectares, can be easily accessed from the town of Lucerne Valley, California which is located about 75 km northwest of the city of Palm Springs. The Property is accessible from Lucerne Valley by traveling about 15 km to the east on State Highway 247, then southwards for 8 km via Santa Fe Fire Road. A network of narrow mountain roads and trails, many in disrepair, provides access throughout the property including the areas of historical drilling and underground development.

The Property has a typical dry desert climate with hot summers and cool winters and is best described as semi-arid to arid. The climate is generally amenable to year-round exploration work with adequate preparation.

Depending on the ultimate extent of mineralization identified on the Property, the current claim base seems sufficient to contain all the aspects of a large modern mining operation, including adequate areas for plant, waste and tailings disposal, and other recovery designs.

Water would need to be obtained from privately owned and operated wells in the vicinity; however, expanded operations will likely require purpose-built access to subsurface waters. A 75-gallon-per-minute water well is located on the Cliff claim but needs rehabilitation or re-drilling. An active power line runs along the junction of State Highway 247 and the Santa Fe Fire Road, approximately 8 km from the center of the area of known gold mineralization.

Property Geology

The Property is underlain by deformed basement gneisses which have been intruded by Mesozoic granitoids, Mississippian and Pennsylvanian carbonate strata and Miocene arkosic sediments. The deformed Mississippian and Pennsylvanian carbonates are the preferred host rocks for the gold-silver mineralization on the Property.

a) Cliff to Lookout Zones

The Cliff Zone is exposed along the north-northwest wall of a major north to northeast-trending canyon and along the adjacent steep-north facing slope of the Northern Frontal Thrust System. The contact of this basement unit with the overlying supracrustal breccias is a zone of intense cataclasis, a chlorite schist up to 2-3 METRES thick. The supracrustal section structurally above the schistose detachment plane was mapped along a north-south section through the Cliff Zone thrust for approximately 1.0 km and through a vertical distance of ~100 metres. Breccias assigned to the Monte Cristo limestone comprise >90% of the Cliff Zone structural section. The southern and structurally highest level of the Cliff Zone is comprised of gray white carbonate breccia and massive beds of the Bird Spring Formation.

The Lookout Zone which is approximately 240 METRES south of the Cliff Zone is comprised of white, gray and black carbonate breccias of the Bird Springs Formation and is equated with similar breccias at the southern exposed area of the Cliff Zone.

b) Gully Prospect

High runoff from the winter snow melt, coupled with anomalous amounts of spring rainfall lead to erosional incising of the alluvial gravels in the ephemeral creeks that drain northward off Blackhawk Mountain. A major erosion of the alluvial gravels in a canyon immediately north of the Cliff Zone exposed an east-facing wall of Hematized Monte Cristo brecciated limestone. The vertical height of Hematization in the creek wall is approximately 3 METRES at its eastern end and extends southward, for about 30 METRES. The Hematized zone extends southward, upslope along the creek wall for approximately 30 METRES and has been disrupted by a series of normal faults with north side down. Breccia clasts from the Hematized breccia are locally coated with malachite, minor azurite and relict sulphide with limonite.

Thinning of the newly exposed hematite zone southward along the east-facing creek wall is due to alluvial gravels and its position upstream from the thickest exposed segment. This newly exposed Hematized zone is positioned at an elevation of about 1,316 METRES. The significance of this Hematized zone is that it is the structurally lowest alteration zone identified on the property. Consequently, altered Hematized breccia have been identified through a vertical distance of approximately 550 METRES, this vertical distance is the cumulative vertical distance of separate carbonate-hosted mineralized zones through the imbricated thrust stack.

The Santa Fe thrust is exposed along a sub vertical north-facing wall having a strike length of approximately 750 METRES. The deformed Santa Fe supracrustal rocks are in tectonic contact with basement biotite quartzfeldspathic augen gneiss with subordinate monzonitic to granitic dykes. The contact is characterized by a 3-6 meter-thick chlorite schist which is comparable mineralogically and in style of deformation to the schist below the deformed supracrustal rocks in the Cliff Zone.

c) Round Mountain Prospect

The Round Mountain prospect is an isolated dome-shaped hill at the base of the Northern Frontal Thrust System. Five adits inclined at 20-30 degrees to the south in carbonate breccia are located along the north- eastern and northern edge of the erosional break away, interpreted carbonate-basement tectonic contact. The east striking south dipping Hematitized carbonate breccia and schist define a prospective zone along the carbonate-basement contact.

This style of mineralization and the structural position near or at the base of the deformed carbonate sequence with basement is directly comparable to mineralization in the Cliff and Santa Fe zones.

d) Hill Top Prospect

The Hilltop prospect is well exposed due to recent artisanal mining and is located in a structural panel above and south of the structural panel that hosts mineralization at Round Mountain. The Hill Top prospect is a silicified fault breccia hosted in brecciated blue-gray Monte Cristo carbonate strata. This mineralized fault breccia dips north at moderate attitude and is atypical when compared to the willowly south-dipping mineralization in carbonate breccias near and adjacent to basement in each thrust panel.

The opposing dip direction of this mineralized fault may be interpreted as a syn-mineralization back thrust.

Mineralization

The Blackhawk alteration and mineralization is visually dramatic because the varying amounts of hydrothermal red-pink to brick red to purple-red hematite impregnated through deformed carbonate strata is in sharp contrast to the gray, blue-gray, black and white hues in deformed and weakly deformed Mississippian and Pennsylvanian carbonate rocks.

The distribution of mineralization related hematite has two geometrical forms. The first style of hematization occurs as sub horizontal bands parallel to sub parallel to the regional south-dip of the Northern Frontal imbricate thrust fan. Hematization is concentrated along and near the deformed carbonate basement detachment contact. Hematite altered zones vary from wispy discontinuous bands of hematite-cemented breccia, hematite impregnated mylonite and fractured carbonate with thickness to one metre to hematite-cemented breccias up to several metres in thickness.

The second geometrical style of hematization within the carbonate breccia is concentrated along moderate south-dipping faults that are inferred to be ramps that crosscut panels of carbonate breccia. These ramps provided the structural release to tectonically thicken individual thrust slices and provided the structural pathways for hydrothermal fluids to migrate to higher structural levels within a thickened thrust slice.

Hematized, structurally-linked, flat-ramp structures which are well exposed in walls of the past-producing Bessemer limestone quarry in the area of the Lester Dale gold mine area illustrate the structural control of hydrothermal fluid and the migration pathway through the imbricate thrust fan. The quarry face is located about 2.0 km east of the Santa Fe mine portal and at the approximate same tectonic level. Flat faults are outlined by hematite and significantly the volume of hematite metasomatized rock increases markedly on both sides of the ramp that connects flat faults. This increased volume of altered rock implies pooling or damming of the hydrothermal fluid during transmission to a higher structural level.

These same structural-alteration attributes are present in the imbricate panels that host the Santa Fe and Cliff prospects. The Santa Fe thrust is a composite of numerous parallel to sub-parallel anastomosing willow to sub-horizontal faults comprised of hematized mylonite, crushed carbonate and related fracture band with interconnecting hematized ramps. The multi-level Calle d'Or Zone, which was developed over a vertical distance of about 90 METRES within the Santa Fe mine, reportedly exploited a ramp-flat complex within the Santa Fe thrust (Ely, 1982). Similar hematized flat-ramp complexes are present in the Cliff Zone. Consequently, the same structural style with alteration and gold mineralization is present in separate thrust slices and extends vertically through the imbricate thrust fan from the Santa Fe mine area near the top of Blackhawk Mountain to Round Mountain near the base of the Northern Frontal Thrust System.

Exploration

A rock chip sampling program was conducted from November 3-7, 2016, and April 2017 by B. Game, P.Geo. and J. Walther, P.Geo. A total of 96 samples were collected along accessible road cut exposures, benches and outcrops covering portions of the Cliff, Lookout and Santa Fe zones.

The purpose of the sampling program was to map the distribution of surface gold values associated with various geometries of mineralization, fracture densities, hematite concentration and alteration and to confirm the tenor of historical gold values. Gold values ranged from <0.05 ppm to highs of 2.10 ppm in the Lookout Zone, 41.3 ppm in the Cliff Zone and 4.66 ppm in the Santa Fe Zone. In general, samples containing higher gold values occur in discrete, stacked parallel zones with increased fracture/fault density and accompanying strong to intense brick-red to purple-red hematization. Higher gold values are associated with elevated Ag, As, Cd, Cu, Mo, Pb, Sb and Zn values, trace elements commonly associated with epithermal gold mineralization. During October 2016, a test geophysical interpretation utilizing lightning strike data was conducted by Dynamic Measurements LLC of Cedar City, Utah.

This work was to determine if this method would aid in defining faults and improve the understanding of the subsurface geology.

During the year ended December 31, 2023, the Company incurred \$362,492 (2022 - \$383,317) in costs related to Blackhawk Property.

Mastodon nickel project

On February 13, 2023, the Company entered into an option agreement with Mr. Guy Delorme (the "Optionor") to acquire 100% interest in mineral claims located in British Columbia, Canada (the "Mastodon Nickel Project"). The option agreement requires a series of cash payments, exploration expenditures and share consideration as follows:

- An initial deposit of \$25,000 (paid on April 13, 2023)
- 10% of exploration expenditures, capped at \$975,000, payable within ninety days of the completion of the exploration activities.
- Incurring a minimum of \$150,000 of exploration expenditure within twelve months the effective date of the option agreement.
- Preparation and delivery of the technical report to the Optionor within twelve months the effective date of the option agreement.
- Issuance of a 1,200,000 common shares of the Company issued as follows: 50,000 common shares to be issued (issued on April 13, 2023), 150,000 common shares to be issued on the first anniversary of the option agreement, and 200,000 common shares to be issued on each anniversary of the option agreement for five years thereafter.

The claims are subject to a 1.5% Net Smelter Royalty ("NSR") to the Optionor and 1.5% to Carlium Developments Inc. ("Carlium"). The NSR is subject to a buyback right whereby the Company is entitled to purchase 0.5% of the NSR for a cash payment of \$1,000,000 to each or either of the Optionor or Carlium. There is a further buyback right available within twelve months of the commencement of commercial production whereby the Company is entitled to purchase an additional 0.5% of the NSR for \$1,500,000 to each or either of the Optionor or Carlium. An advance royalty of \$25,000 each per year will be payable to the Optionor and Carlium on the seventh anniversary of the effective date of this option agreement.

During the year ended December 31, 2023, the Company incurred \$58,942 (2022 - \$nil) in costs related to Mastodon Nickel Project.

Subsequent to December 31, 2023, management terminated the Mastodon Option Agreement, and the Mastodon Nickel Project was fully impaired. As a result, the Company recorded an amount of \$58,942 as an impairment of exploration and evaluation assets.

TECHNICAL DISCLOSURE

The technical disclosure included in this MD&A have been reviewed and approved by Allan Miller, PhD, P. Geo, a Qualified Person under National Instrument 43-101 *Standards of Disclosure for Mineral Projects*.

SHARE CAPITAL HIGHLIGHTS

During the year ended December 31, 2023, the Company issued 50,000 common shares at \$0.11 per common share with a total fair value of \$5,500 to the Optionor pursuant to the Mastodon Nickel Project option agreement.

During the year ended December 31, 2022, the Company completed the following transactions:

- On May 19, 2022, pursuant to the closing of the Transaction, the Company issued 5,113,271 common shares of the Company to the shareholders of KCI with a fair value of \$0.25 per share for total fair value of \$1,278,318.
- On May 19, 2022, concurrent with the closing of the Transaction, the Company issued 298,699 common shares of the Company in relation to the special warrants exercised for no further consideration and reclassified \$29,870 from reserves to share capital.
- On May 19, 2022, the Company issued 750,000 common shares of the Company to Blackcali at the fair value of \$0.25 per share for consideration of \$187,500 related to the option agreement for the Blackhawk Property.
- On May 19, 2022, concurrent with the closing of the Transaction, the Company issued 11,245,200 private placement units at \$0.25 per unit for gross proceeds of \$2,811,300. Each unit is comprised of one common share and one-half warrant. Each warrant is exercisable into one common share of the Company until May 19, 2024, with an exercise price of \$0.40 per warrant. On initial recognition, the warrants had a fair value of \$nil. The funding was used for exploration activities and general working capital.
- In connection with the private placement, the Company incurred \$30,645 in issuance costs, of which \$21,000 was in cash, and \$9,645 was the fair value of the 84,000 agent warrants issued.
- On July 6, 2022, in connection with the options granted to former directors of KCI and acquired in the RTO, 200,000 stock options were exercised at an exercise price of \$0.10 for cash proceeds of \$20,000, resulting in the issuance of 200,000 common shares. Upon exercise, the \$33,163 fair value attributed to the options exercised was transferred from reserves to share capital.

LIQUIDITY, CAPITAL RESOURCES AND GOING CONCERN

The Company has financed its operations primarily through the issuance of common shares. The Company continues to seek capital through various means including the issuance of equity and debt. The Company's Financial Statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

As at December 31, 2023, the Company has an accumulated deficit of \$9,068,390 (December 31, 2022 - \$8,297,458), a cash balance of \$527,451 (December 31, 2022 - \$1,548,615), and accounts payable and accrued liabilities balance of \$257,356 (December 31, 2022 - \$191,766).

As at December 31, 2023, the Company had a working capital surplus of \$320,440 (December 31, 2022 - \$1,428,357).

In addition to the Company's accumulated deficit and historic working capital position, the Company has not generated revenues and does not anticipate generating revenues in the near future to fund its operating and administrative expenses. These circumstances cast significant doubt on the validity of the going concern assumption.

In order to continue as a going concern and to meet its corporate objectives, which primarily consist of investigating new potential properties and exploration work on those potential properties, the Company will require additional financing through debt or equity issuances. Although the Company has previously been successful in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. Factors that could affect the availability of financing include the progress and exploration results of the mineral properties, the state of international debt, equity and metals markets, and investor perceptions and expectations.

The Company's Financial Statements do not include adjustments that would be necessary should the Company be unable to continue as a going concern. These adjustments could be material.

RELATED PARTY TRANSACTIONS

Key management personnel comprise the Chief Executive Officer ("CEO"), Chief Financial Officer ("CFO"), and Directors of the Company and its subsidiaries.

A summary of the Company's transactions with key management personnel is as follows:

	Fiscal 2023	Fiscal 2022
	\$	\$
Consulting fees	39,812	-
Interest expense	-	2,258
Legal and professional fees	119,526	89,093
Management fees	120,000	77,500
Share-based compensation	-	377,046
	279,338	545,897

Consulting fees include fees paid to Northrock Technology, a company owned by Kapa Gold Limited USA's VP, Dennis Parker. Legal and professional fees include fees paid to Invictus Accounting Group LLP, a company which the Company's CFO, Darren Prins, is a partner. Management fees are paid to Adit Investment, a company owned by the Company's CEO, David Paxton.

Included in accounts payable and accrued liabilities as at December 31, 2023 is \$72,806 (December 31, 2022 - \$12,691) due to officers, directors, and companies controlled by directors of the Company and its subsidiaries. The amount due to the related parties is payable on demand and is unsecured and non-interest bearing.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The fair values of cash and accounts payable and accrued liabilities, approximate their carrying values due to their short-term nature.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty fails to meet an obligation under contract.

The Company's cash is exposed to credit risk. The Company reduces its credit risk on cash by placing these instruments with institutions of high creditworthiness.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities.

As the Company's operations do not generate cash, financial liabilities are discharged using funding through the issuance of common shares or debt as required. As at December 31, 2023, the Company had sufficient cash on hand to discharge its financial liabilities as they become due.

Foreign currency risk

Foreign currency risk is the risk that the future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company is exposed to foreign currency risk to the extent that it has monetary assets and liabilities denominated in foreign currencies (US\$).

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A summary of the Company's financial assets and liabilities that are denominated in US dollars is as follows:

	December 31, 2023	December 31, 2022
Financial assets		
Cash	5,526	-
Financial liabilities		
Accounts payable and accrued liabilities	11,701	16,076
Net financial liabilities	(6,175)	(16,076)

Interest rate risk

Interest rate risk is the risk that the fair value or 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 as at December 31, 2023.

HIGHLIGHTS SUBSEQUENT TO DECEMBER 31, 2023

On April 4, 2024, management terminated the Mastodon Option Agreement, consequently, the Mastodon Nickel Project was fully impaired.

On April 8, 2024, the Company received approval from TSXV to amend the exercise price of 5,622,600 warrants that were issued on May 19, 2022, from \$0.40 to \$0.20 and to extend their expiry date from May 19, 2024, to May 19, 2026.

OUTSTANDING SHARE DATA

As of December 31, 2023 and the date of this MD&A, the Company has the following securities issued and outstanding:

	MD&A Date	December 31, 2023
Common shares	55,810,744	55,810,744
Common shares held in escrow	2,525,934	2,525,934
Warrants	5,706,600	5,706,600
Stock options	2,600,000	2,600,000

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements as at December 31, 2023 or at the MD&A Date.

CAPITAL MANAGEMENT

The Company defines capital that it manages as shareholders' equity. The Company manages its capital structure based on the funds available to the Company, in order to support the acquisition and exploration of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management but rather relies on the expertise of the Company's management to sustain future development of the business. The Company may invest its capital in liquid investments to obtain adequate returns. The investment decision is based on cash management to ensure working capital is available to meet the Company's short-term obligations while maximizing liquidity and returns on unused capital. The Company does not pay dividends and is not subject to any externally imposed capital restrictions.

The property in which the Company currently has an interest is in the exploration stage. As such, the Company has historically relied on the equity capital markets to fund its activities. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it concludes there is sufficient geologic or economic potential and if it has adequate financial resources to do so. Although the Company has previously been successful in financing its activities, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There have not been changes to the Company's capital management policy during the year.

PROPOSED TRANSACTIONS

As at December 31, 2023 and the MD&A Date, the Company has no proposed transactions.

SIGNIFICANT ACCOUNTING JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported expenses during the reporting period. Actual results could differ from these estimates.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

Going concern

In assessing its ability to continue as a going concern for the next twelve months, the Company estimates future cash outflows based off prevailing market prices for goods and services, foreign exchange rates, and number of days to complete field programs with weather constraints.

Valuation of shares issued in non-cash transactions

Generally, the valuation of non-cash transactions is based on the value of the goods or services received. When this cannot be determined, it is based on the fair value of the non-cash consideration. When non-cash transactions are entered into with employees and those providing similar services, the non-cash transactions are measured at the fair value of the consideration given up using market prices.

Recognition of deferred tax

The Company considers whether the realization of deferred tax assets is probable in determining whether or not to recognize these deferred tax assets.

Economic recoverability and probability of future economic benefits of exploration and evaluation assets

The impairment of exploration and evaluation assets is influenced by judgment in defining a cash-generating unit and determining the indicators of impairment and estimates used to measure impairment losses. The Company is required to measure the recoverable amount of exploration and evaluation assets when there are indicators that their carrying value may be impaired. The assessment of any impairment of exploration and evaluation assets is dependent upon estimates of recoverable amounts that take into account factors such as economic and market conditions and useful lives of the assets.

RISKS AND UNCERTAINTIES

Resource exploration is a speculative business and involves a high degree of risk. There is a significant probability that the expenditures made by the Company in exploring its properties will not result in discoveries of commercial quantities of minerals. A high level of ongoing expenditures is required to locate and estimate ore reserves, which are the basis for further development of a property. Capital expenditures to attain commercial production stage are very substantial. The following sets out the principal risks faced by the Company.

Exploration

The Company is seeking mineral deposits on exploration projects where there are not yet established commercial quantities. There can be no assurance that economic concentrations of minerals will be determined to exist on the Company's property holdings within existing investors' investment horizons or at all. The failure to establish such economic concentrations could have a material adverse outcome on the Company and its securities. The Company's planned programs and budgets for exploration work are subject to revision at any time to take into account results to date. The revision, reduction or curtailment of exploration programs and budgets could have a material adverse outcome on the Company and its securities.

Market

The Company's securities trade on public markets and the trading value thereof is determined by the evaluations, perceptions and sentiments of both individual investors and the investment community taken as a whole. Such evaluations, perceptions and sentiments are subject to change, both in short term time horizons and longer-term time horizons. An adverse change in investor evaluations, perceptions and sentiments could have a material adverse outcome on the Company and its securities.

Title

Although the Company has exercised the usual due diligence with respect to title to properties in which it has interests, there is no guarantee that title to the properties will not be challenged or impugned. The Company's mineral property interests may be subject to prior unregistered agreements or transfers or land claims, and title may be affected by undetected defects. In addition, certain of the mining claims in which the Company has an interest are not recorded in the name of the Company and cannot be recorded until certain steps are taken by other parties. Before a number of claims under option can be recorded in the Company's name, the underlying title holder must assign title to the Company once the Company satisfies its option agreement obligations. There are no assurances that the underlying title holder will assign title.

Financing

Exploration and development of mineral deposits is an expensive process, and frequently the greater the level of interim stage success the more expensive it can become. The Company has no producing properties and generates no operating revenues; therefore, for the foreseeable future, it will be dependent upon selling equity in the capital markets to provide financing for its continuing substantial exploration budgets. While the Company has been successful in obtaining financing from the capital markets for its projects in recent years, there can be no assurance that the capital markets will remain favorable in the future, and/or that the Company will be able to raise the financing needed to continue its exploration programs on favorable terms, or at all. Restrictions on the Company's ability to finance could have a material adverse outcome on the Company and its securities.

Key personnel

The Company's exploration efforts are dependent to a large degree on the skills and experience of certain of its key personnel. The Company does not maintain "key man" insurance policies on these individuals. Should the availability of these persons' skills and experience be in any way reduced or curtailed, this could have a material adverse outcome on the Company and its securities.

Competition

Significant and increasing competition exists for the limited number of mineral property acquisition opportunities available. As a result of this competition, some of which is with large established mining companies with substantial capabilities and greater financial and technical resources than the Company, the Company may be unable to acquire additional attractive mineral properties on terms it considers acceptable.

Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or production costs or reduction in levels of production at producing properties or abandonment or delays in development of new mineral exploration properties. To the best of the Company's knowledge, it is currently operating in compliance with all applicable environmental regulations.

History of net losses; accumulated deficit; lack of revenue from operations

The Company has incurred net losses to date. The Company has not yet had any revenue from the exploration activities on its properties, nor has the Company yet determined that commercial development is warranted on any of its properties. Even if the Company commences development of certain of its properties, the Company may continue to incur losses. There is no certainty that the Company will produce revenue, operate profitably or provide a return on investment in the future.

Uninsurable

The Company and its subsidiaries may become subject to liability for pollution, fire, explosion and other risks against which it cannot insure or against which it may elect not to insure. Such events could result in substantial damage to property and personal injury. The payment of any such liabilities may have a material, adverse effect on the Company's financial position.

Legal proceedings

As at the date of this MD&A, there were no legal proceedings against or by the Company.