

# **KAPA GOLD INC.**

## **Management's Discussion and Analysis**

**For the three and nine months ended September 30, 2025 and 2024**

(Expressed in Canadian dollars)

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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This Management's Discussion and Analysis ("MD&A") supplements, but does not form part of, the condensed interim consolidated financial statements of Kapa Gold Inc. (the "Company" or "Kapa") and its subsidiaries as well as the notes thereto for the three and nine months ended September 30, 2025 and 2024 (collectively referred to hereafter as the "Financial Statements"). These financial statements have been prepared in accordance with IFRS® Accounting Standards ("IFRS Accounting Standards") as issued by the International Accounting Standards Board including International Accounting Standards 34 *Interim Financial Reporting*.

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 the Financial Statements of the Company. In addition, the MD&A should be read in conjunction with the audited consolidated financial statements for the years ended December 31, 2024 and 2023 (the "Annual Financial Statements"), as some disclosures from the Annual Financial Statements have been condensed or omitted. In this MD&A, unless the context otherwise dictates, a reference to "us", "we", "our", or similar terms refers to 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](http://www.sedarplus.ca) under Kapa Gold Inc.

This MD&A is current as of November 18, 2025 (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. The nine months ended September 30, 2025 and 2024 are referred to as "YTD 2025" and "YTD 2024", 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. References to "\$" are to Canadian dollars and references to "US\$" are to United States dollars.

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.

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## **CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION**

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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.

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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 "Risks 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. 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 under the symbol "KAPA.V". The Company's principal business activities include the acquisition and exploration of mineral property assets.

**EXPLORATION AND EVALUATION ASSETS**

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

	<b>Blackhawk Property</b>	<b>Mastodon Nickel Project</b>	<b>Total</b>
	\$	\$	\$
Balance, December 31, 2023	2,139,758	-	2,139,758
Exploration and evaluation expenditures:			
Field costs	19,812	1,539	21,351
Mapping and reports	-	280	280
Mining claims	8,100	-	8,100
Property maintenance costs	9,788	-	9,788
Rock sampling assays	2,496	650	3,146
Other costs relating to Mastodon	-	(6,738)	(6,738)
Impairment of exploration and evaluation assets	-	4,269	4,269
Balance, December 31, 2024	2,179,954	-	2,179,954
Exploration and evaluation expenditures:			
Field costs	135,185	-	135,185
Property maintenance costs	17,809	-	17,809
Rock samplings assays	1,615	-	1,615
<b>Balance, September 30, 2025</b>	<b>2,334,563</b>	<b>-</b>	<b>2,334,563</b>

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 that is characteristic of many mineral property interests. The Company has investigated title to all of its exploration and evaluation assets and to the best of its knowledge, title to the properties is in good standing.

**Blackhawk Property**

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 (the "Property") located near the Lucerne Valley in San Bernardino County, California, a natural resource exploration project targeting gold and other metals and minerals.

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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 Property initially staked 179 claims, with an additional 19 claims added in 2023 following additional areas of interest identified by geophysics.

On May 19, 2022, the Company issued 750,000 common shares at \$0.25 per share to Blackcali for a fair value of \$187,500 in consideration for a 100% interest in the Property.

On September 24, 2024, the Company entered into an option agreement (the "Option Agreement") with MFD Investment Holdings S.A. ("MFD"), pursuant to which the Company granted MFD the option to acquire 10% interest in the 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 Property 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, 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.

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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 quartzofeldspathic augen gneiss with subordinate monzonitic to granitic dykes. The contact is characterized by a 3-6 meterthick 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 Hematized 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 willowy 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.

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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

An initial 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.

Two major exploration initiatives were completed across the Blackhawk Property in 2023. In early 2023, a detailed airborne drone magnetometer survey was completed over the entire Blackhawk Property which includes the BLM and patented claims. That detailed survey was flown with a terrain clearance of 35 meters and a line separation of 50 meters. The total magnetic intensity map outlined four highly magnetic anomalies that have a close spatial association with known precious and base metal-bearing prospects. In mid-2023 a lithological-structural mapping program with sampling was completed. Having the newly acquired magnetic database, this program focused on upgrading the relationship between intrusive rocks and the older carbonate strata. Aerially extensive skarn domains were identified. 32 samples were collected from nine precious- and base metal-bearing prospects distributed across the Blackhawk Property. Samples from these 9 prospects, excluding the historic Santa Fe and Lookout zones on patented claims, returned ore grade concentrations of gold, silver copper, lead and zinc.

MFD Holdings, project associates undertook two further rock chip sample programs, the first in December 2023, and a second in December 2024 sampling flat lying areas near round mountain and hilltop, plus Santa Fe, Cliff and Lookout related to historical mining operations for follow-up investigation.

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 the three and nine months ended September 30, 2025, the Company incurred \$60,601 and \$154,609, respectively (2024 - \$5,285 and \$23,099, respectively) in costs related to Blackhawk Property.

During the nine months ended September 30, 2025, the Company received a refund of \$51,188 (US\$36,984) (2024 - \$nil (US\$nil)) related to a rehabilitation bond payment previously made for the Blackhawk project long before the Company entered into the option agreement with Blackcali.

#### Option Agreement

Effective September 24, 2024, the Company entered into the Option Agreement with MFD, whereby the Company granted MFD the option, but not the obligation, to complete certain requirements in return for the acquisition of a 10% interest in the Blackhawk Property (the "Earned Interest").

In order to exercise the option, MFD is required to incur expenditures of US\$1,000,000 before August 1, 2027. These expenditures must include at least 600 metres of exploration drilling on the Blackhawk Property and cover engineering and technical studies, advisory services, and other related costs. Expenditures will include all ancillary costs such as overhead, travel, and third-party consultant fees and will be subject to the Company's approval.

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Furthermore, the Company grants MFD an exclusive, unconditional, and irrevocable right to exercise the Company's right to buy 50% of the existing net smelter returns and gross rock royalty on the project. This right may be exercised by MFD at any time.

Upon the exercise of these two conditions, MFD will become irrevocably entitled to the Earned Interest. In the event that MFD earns the Earned Interest and the Blackhawk Property has not been sold or joint ventured to a third party, a joint venture will be formed and a formal joint venture agreement will be prepared and executed which will include the following terms:

	<b>Interest</b>	<b>Deemed expenditures</b>
	%	\$
The Company	90	9,000,000
MFD	10	1,000,000

In addition, subject to approval of the Exchange, the Company will issue common shares to MFD based on permitting milestones and resource-based achievements as follows:

**Permitting Milestones:**

- 500,000 common shares upon obtaining the drilling permit; and
- 5,000,000 common shares upon developing a Permitting Framework, obtaining the Environmental Impact Assessment, and Mine Operations Permit. The bonus for the collective Mine Permits will be contingent on specific, detailed milestones to be defined by the parties at a later date.

**Resource-Based Bonuses:**

Common shares will be awarded for the successful definition and confirmation of mineral resources as defined using *National Instruments 43-101* requirements as follows:

- 1 million ounces of resource: 500,000 common shares;
- 2 million ounces of resource: additional 500,000 common shares for a cumulative total of 1,000,000 common shares;
- 3 million ounces of resource: additional 1,000,000 common shares for a cumulative total of 2,000,000 common shares;
- 4 million ounces of resource: additional 1,500,000 common shares for a cumulative total of 3,500,000 common shares;
- 5 million ounces of resource: additional 2,000,000 common shares for a cumulative total of 5,500,000 common shares; and
- For each additional 1 million ounces of resources beyond 5 million, but not more than 10 million: additional 1,000,000 common shares per million.

During the three and nine months ended September 30, 2025, MFD incurred expenditures of \$112,622 (US\$81,772) and \$301,590 (US\$216,644), respectively (2024 - \$nil and \$nil). As at September 30, 2025, MFD incurred total expenditures of \$599,712 (US\$423,832) (December 31, 2024 - \$298,122 (US\$207,188)) and none of the milestones above had been met.

**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").

On April 4, 2024, management terminated the Mastodon Option Agreement. As a result, the Mastodon Nickel Project was fully impaired at December 31, 2023, resulting in an impairment charge of \$58,942 recorded during the year ended December 31, 2023. During the nine months ended September 30, 2024, the Company incurred \$6,738 in expenses resulting in an impairment charge of \$6,738. Subsequent to the termination of the Mastodon Nickel Project, \$4,269 of accruals were reversed, resulting in a net impairment charge of \$2,469 for the nine months ended September 30, 2024.

**TECHNICAL DISCLOSURE**

The technical disclosures 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*.

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**SUMMARY OF QUARTERLY RESULTS**

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

	Q3 2025	Q2 2025	Q1 2025	Q4 2024
	\$	\$	\$	\$
Total assets	3,559,334	2,971,447	3,032,622	3,175,112
Total liabilities	235,109	285,057	239,216	246,565
Working capital surplus	984,112	406,153	564,252	740,868
Loss and comprehensive loss	(112,655)	(107,016)	(135,141)	(233,547)
Loss per share - basic and diluted	(0.00)	(0.00)	(0.00)	(0.00)

  

	Q3 2024	Q2 2024	Q1 2024	Q4 2023
	\$	\$	\$	\$
Total assets	2,448,576	2,501,984	2,565,637	2,728,179
Total liabilities	331,958	303,372	256,304	257,356
Working capital surplus (deficiency)	(54,689)	31,865	143,562	320,440
Loss and comprehensive loss	(108,338)	(111,764)	(163,852)	(153,872)
Loss per share - basic and diluted	(0.00)	(0.00)	(0.00)	(0.00)

During the last eight quarters, the Company's loss and comprehensive loss ranged between \$107,016 and \$233,547. Loss and comprehensive loss throughout Q4 2023 to Q3 2025 mainly comprised of consulting fees, legal and professional fees and management fees. In Q4 2023 loss and comprehensive loss included impairment of the Mastodon Nickel Project due to management's decision to no longer pursue exploration of this project. During Q4 2024, loss and comprehensive loss was higher compared to prior quarters mainly due to share-based compensation in the period for options granted, primarily to directors, as well as marketing expenses for presentations aimed towards raising capital.

Working capital is calculated as current assets less current liabilities and is a surplus when current assets exceed current liabilities and a deficit when current liabilities exceed current assets. Total assets and working capital surplus increased in Q3 2025 as a result of net proceeds of \$750,490 from the exercise of warrants, and in Q4 2024 due to net proceeds of \$994,115 from a private placement.

**RESULTS OF OPERATIONS**

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

	Q3 2025	Q3 2024	YTD 2025	YTD 2024
	\$	\$	\$	\$
<b>Operating expenses</b>				
Consulting fees	13,195	13,562	55,451	44,538
Depreciation expense	725	725	2,175	2,175
Insurance expense	11,414	8,669	34,088	24,843
Investor relations	9,713	14,671	41,817	52,847
Legal and professional fees (recovery)	12,457	(10,380)	62,918	38,824
Management fees	45,375	47,937	141,045	156,625
Office expense	1,542	3,150	12,130	9,368
Share-based compensation	-	26,344	-	29,749
Transfer agent and exchange fees	11,493	5,801	35,798	18,890
Travel	4,722	-	12,739	-
	110,636	110,479	398,161	377,859
<b>Other income (expenses)</b>				
Foreign exchange loss	(3,870)	(2,128)	(10,629)	(3,626)
Recovery of impairment (impairment) of exploration and evaluation assets	-	4,269	-	(2,469)
Interest income	1,851	-	2,790	-
Other income	-	-	51,188	-
<b>Loss and comprehensive loss</b>	<b>(112,655)</b>	<b>(108,338)</b>	<b>(354,812)</b>	<b>(383,954)</b>

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**Q3 2025 compared to Q3 2024**

Loss and comprehensive loss was \$112,655 compared to \$108,338 in the prior year comparable period. The primary driver of this increase was as follows:

- Legal and professional fees increased to \$12,457 from a recovery of \$10,380 in the prior year comparable period mainly due to higher accrued audit fees and increased legal fees related to general corporate matters and an option agreement with project associates. In the prior year comparable period, the Company reversed an over-accrual of audit fees of \$23,515.
- Transfer agent and exchange fees increased to \$11,493 from \$5,801 in the prior year comparable period, due to additional costs incurred in connection with the warrant exercises in the current period.

Partially offsetting the increase in loss and comprehensive loss was a decrease to share-based compensation from \$26,344 in the prior year comparable period to \$nil in the current period due to the completion of vesting for all outstanding stock options in Q4 2024.

**YTD 2025 compared to YTD 2024**

Loss and comprehensive loss decreased to \$354,812 from \$383,954 in the prior year comparable period. The primary drivers of this decrease were as follows:

- Management fees decreased to \$141,045 from \$156,625 in the prior year comparable period mainly due to reduced costs for the Company's accounting and financial services.
- Other income increased to \$51,188 from \$nil in the prior year comparable period. In the current period, the Company received a refund of \$51,188 (US\$36,984) related to a rehabilitation bond payment previously made for the Blackhawk project before the Company entered into the option agreement with Blackcali.

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

- Consulting fees increased to \$55,451 from \$44,538 in the prior year comparable period due to an increase in consulting services relating to mineral property examinations in the current year period.
- Transfer agent and exchange fees increased to \$35,798 from \$18,890 in the prior year comparable period due to additional costs incurred in connection with the warrant exercises in the current period.

**SOURCES AND USES OF CASH AND CASH EQUIVALENTS**

	YTD 2025	YTD 2024
	\$	\$
Cash used in operating activities	(299,905)	(330,164)
Cash used in investing activities	(155,980)	(13,385)
Cash provided by financing activities	750,490	-
Change in cash and cash equivalents	294,605	(343,549)
Cash and cash equivalents, beginning of period	870,545	527,451
Cash and cash equivalents, end of period	1,165,150	183,902

Cash used in operating activities was \$299,905 compared to \$330,164 in the prior year comparable period. Cash used was consistent during both periods, and it includes expenditures on consulting, insurance, investor relations, legal and professional fees, management fees and others. These expenditures were offset by the receipt of a refund of \$51,188 (US\$36,984) in the current period, which relates to a rehabilitation bond payment previously made for the Blackhawk project before the Company entered into the option agreement with Blackcali.

Cash used in investing activities was \$155,980 compared to \$13,385 in the prior year comparable period due to higher expenditures on the Blackhawk Property in the current period.

Cash provided by financing activities was \$750,490 compared to \$nil in the prior year comparable period, primarily due to cash proceeds received from the exercise of warrants during the current period.

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(Expressed in Canadian dollars, except where noted)

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**LIQUIDITY, CAPITAL RESOURCES AND GOING CONCERN**

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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 September 30, 2025, the Company had an accumulated deficit of \$10,040,703 (December 31, 2024 - \$9,685,891), a cash and cash equivalents balance of \$1,165,150 (December 31, 2024 - \$870,545), accounts payable and accrued liabilities balance of \$235,109 (December 31, 2024 - \$246,565) and a working capital of \$984,112 (December 31, 2024 - \$740,868).

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 together present a material uncertainty which casts significant doubt over the Company's ability to continue as a going concern.

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 current and 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.

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**RELATED PARTY TRANSACTIONS**

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Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Key management personnel comprise the Chief Executive Officer ("CEO"), Chief Financial Officer ("CFO"), and Directors of the Company. Other related parties are close relatives of key management personnel.

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

	<b>Q3 2025</b>	<b>Q3 2024</b>	<b>YTD 2025</b>	<b>YTD 2024</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Field costs capitalized in exploration and evaluation asset <sup>(1)</sup>	<b>(1,250)</b>	-	<b>34,683</b>	-
Consulting fees	<b>12,969</b>	9,939	<b>54,224</b>	37,315
Investor relations	<b>7,536</b>	6,000	<b>19,536</b>	18,000
Management services	<b>45,375</b>	45,375	<b>141,045</b>	154,063
Share-based compensation	-	24,592	-	27,997
	<b>64,630</b>	85,906	<b>249,488</b>	237,375

(1) The field costs capitalized under exploration and evaluation assets are negative due to supplier credits received during the period.

Field costs capitalized in exploration and evaluation asset include fees paid to GN Rocks Ltd., a company owned by a Kapa Gold director, George Nicholson. Consulting fees include fees paid to Northrock Technology, a company owned by Kapa Gold Limited USA's VP, Dennis Parker. Management fees are paid to Adit Investment, a company owned by the Company's CEO, David Paxton and to Invictus Accounting Group LLP, a company which the Company's CFO, Darren Prins, is a partner. Investor relations include payments to KPT Ventures Inc., a company owned by a relative of a former director of the Company, Alex Tsakumis.

Included in accounts payable and accrued liabilities as at September 30, 2025 is \$75,381 (December 31, 2024 - \$80,505) due to officers, directors and companies controlled by directors and officers of the Company. The amount due to related parties is payable on demand, unsecured and non-interest bearing.

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**FINANCIAL INSTRUMENTS AND RISK MANAGERMENTS**

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**Fair value information**

As at September 30, 2025, the Company's financial instruments consist of cash and cash equivalents, deposits and accounts payable and accrued liabilities, which are classified as and measured at amortized cost.

The fair values of cash and cash equivalents, deposits and accounts payable and accrued liabilities approximate their carrying values due to their short term to maturity.

**Financial risk factors**

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 customer or counterparty to a financial instrument fails to fulfill its contractual obligations and arises principally from the Company's holdings of cash and cash equivalents and deposits. The Company reduces its credit risk on cash by placing these instruments with financial institutions of high credit worthiness. As at September 30, 2025, the Company is not exposed to significant credit risk.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying its financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. As the Company's operations do not generate cash, financial liabilities are discharged using funding obtained through the issuance of common shares or debt as required.

As at September 30, 2025, the Company had cash and cash equivalent balance of \$1,165,150 (December 31, 2024 - \$870,545) in order to meet its current liabilities. As at September 30, 2025, the Company had accounts payable and accrued liabilities of \$235,109 (December 31, 2024 - \$246,565), which have contractual maturities of 90 days or less. As at September 30, 2025, management has assessed the liquidity risk as low. However, the Company will need to raise cash in the form of debt or equity in order to fund planned operating activities and future business development beyond the short-term period.

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 US\$.

A summary of the Company's financial instruments held in US\$, expressed in Canadian dollars is as follows:

	<b>September 30, 2025</b>	December 31, 2024
	\$	\$
Cash and cash equivalents	<b>32,587</b>	13,172
Accounts payable and accrued liabilities	<b>13,094</b>	4,977
	<b>19,493</b>	8,195

As at September 30, 2025, a 10% change in the foreign exchange rate would result in an impact of approximately \$1,949 (December 31, 2024 - \$820) to the Company's loss and comprehensive loss.

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 does not hold any financial instruments with variable interest rates other than cash and, therefore, is not exposed to significant interest rate risk as at September 30, 2025.

**KAPA GOLD INC.**  
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**OUTSTANDING SHARE DATA**

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A summary of the Company's issued and outstanding securities is as follows:

	September 30, 2025	MD&A Date
	#	#
Common shares	79,763,344	79,763,344
Warrants	19,600,000	19,600,000
Stock options	4,750,000	4,750,000

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**OFF-BALANCE SHEET ARRANGEMENTS**

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As at September 30, 2025 and the MD&A Date, the Company has no off-balance sheet arrangements.

**CAPITAL MANAGEMENT**

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The Company defines the 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 market 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.

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 nine months ended September 30, 2025.

**PROPOSED TRANSACTIONS**

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As at September 30, 2025 and the MD&A Date, the Company has no proposed transactions.

**SIGNIFICANT ACCOUNTING JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY**

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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.

All significant accounting judgements and sources of estimation uncertainty are fully disclosed in the Annual Financial Statements.

**RISKS AND UNCERTAINTIES**

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For a detailed listing of the risks and uncertainties faced by the Company, please refer to the Company's MD&A for the years ended December 31, 2024 and 2023.