

KAPA GOLD INC.

Management's Discussion and Analysis

For the years ended December 31, 2024 and 2023

(Expressed in Canadian dollars)

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis ("MD&A") of the results of operations and financial condition of Kapa Gold Inc. (the "Company" or "Kapa") and its subsidiaries should be read in conjunction with the Company's audited consolidated financial statements for the years ended December 31, 2024 and 2023 (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 Accounting Standards Board.

In this MD&A, unless the context otherwise dictates, a reference to "us", "we", "our", or similar terms refers to the Company. The first, second, third and fourth quarters of the Company's fiscal years are referred to as "Q1", "Q2", "Q3" and "Q4", respectively. The years ended December 31, 2024 and 2023 are referred to as "Fiscal 2024" and "Fiscal 2023", 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. 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 28, 2025 (the "MD&A Date") and was approved and authorized by the Company's Board of Directors.

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.

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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:

	Blackhawk Property	Mastodon Nickel Project	Total
	\$	\$	\$
Balance, December 31, 2022	1,777,266	-	1,777,266
Common shares issued	-	5,500	5,500
Option payments	-	25,000	25,000
Exploration and evaluation 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	-	(58,942)	(58,942)
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 samplings assays	2,496	650	3,146
Impairment of exploration and evaluation assets	-	(2,469)	(2,469)
Balance, December 31, 2024	2,179,954	-	2,179,954

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

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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.

Pursuant to an option agreement dated September 24, 2024, the Company granted MFD Investment Holdings S.A. ("MFD") the option to purchase a 10% interest in the Blackhawk Property (the "Option Agreement").

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.

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.

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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 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 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 have undertaken 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 year ended December 31, 2024, the Company incurred \$40,196 (2023 - \$362,492) in costs related to Blackhawk Property.

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, before August 1, 2027, MFD must incur US\$1,000,000 in expenditures, which must include a minimum of 600 metres of exploration drilling on the Blackhawk Property, and be related, but not limited to engineering, technical studies, and advisory services for the Blackhawk Property, and will cover all ancillary costs including overhead, travel, and third-party consultant fees and will be subject to approval by the Company.

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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 shall be formed and a formal joint venture agreement will be prepared and executed which shall include the following terms:

	Interest	Deemed expenditures
	%	\$
The Company	90	9,000,000
MFD	10	1,000,000

In addition, subject to approval of the TSXV, 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 Environment Impact Assessment, and Mine Operations Permit. The bonus for the collective Mine Permits shall 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.

As at December 31, 2024, MFD incurred total expenditures of \$298,122 (US\$207,188) (December 31, 2023 - \$nil) 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 period from January 1, 2024 to the date of terminating the Mastodon Option Agreement, had a net impairment charge of \$2,469.

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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SELECTED ANNUAL INFORMATION

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

	December 31, 2024	December 31, 2023	December 31, 2022
	\$	\$	\$
Loss and comprehensive loss	617,501	770,932	2,699,369
Basic and diluted loss per share	(0.01)	(0.01)	(0.06)
Total assets	3,175,112	2,728,179	3,410,914
Total non-current liabilities	\$nil	\$nil	\$nil

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. The net loss during the year ended December 31, 2024, was less than the previous two years primarily due to cost reduction measures implemented by management to reduce exploration costs and the discontinuance of the Mastodon Nickel project.

The increase in total assets is primarily driven by financing from the Company's November 2024 private placement.

SUMMARY OF QUARTERLY RESULTS

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

	Q4 2024	Q3 2024	Q2 2024	Q1 2024
	\$	\$	\$	\$
Total assets	3,175,112	2,448,576	2,501,984	2,565,637
Total liabilities	246,565	331,958	303,372	256,304
Working capital surplus (deficit)	740,868	(54,689)	31,865	143,562
Loss and comprehensive loss	(233,547)	(108,338)	(111,764)	(163,852)
Loss per share - basic and diluted	(0.00)	(0.00)	(0.00)	(0.00)

	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)

During the last eight quarters, the Company's loss and comprehensive loss ranged between \$108,338 and \$233,547. Loss and comprehensive loss throughout Q1 2023 to Q4 2024 mainly comprised of consulting fees, legal and professional fees, management fees and consulting to support the exploration activities for the Blackhawk Property and the Mastodon Nickel Project as well as to maintain the public listing of the Company. 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, net loss was higher compared to prior quarters mainly due share-based compensation in the period for options granted, primarily to directors, as well as marketing expenses for presentations aimed towards raising capital.

Total assets and working capital surplus increased in Q4 2024 due to net proceeds of \$994,115 received from a private placement.

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RESULTS OF OPERATIONS

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

	Q4 2024	Q4 2023	Fiscal 2024	Fiscal 2023
	\$	\$	\$	\$
Operating expenses				
Consulting fees	18,664	25,751	63,202	95,605
Depreciation expense	725	725	2,900	2,900
Insurance expense	11,391	8,087	36,234	37,101
Investor relations	85,243	2,090	138,090	143,426
Legal and professional fees	45,940	5,805	87,326	114,944
Management fees	4,251	54,600	158,314	217,426
Office expense	7,700	5,743	17,068	59,828
Share-based compensation (recovery)	51,361	(11,423)	81,110	17,107
Transfer agent and exchange fees	1,999	2,422	20,889	20,031
General expenses	7,454	-	7,454	-
	(234,728)	(93,800)	(612,587)	(708,368)
Other expenses				
Foreign exchange gain (loss)	1,181	(1,130)	(2,445)	(3,622)
Impairment of exploration and evaluation assets	-	(58,942)	(2,469)	(58,942)
Loss and comprehensive loss	(233,547)	(153,872)	(617,501)	(770,932)

Q4 2024 compared to Q4 2023

Loss and comprehensive loss increased to \$233,547 compared to \$153,872 in the prior year comparable period. The primary drivers of this increase were as follows:

- Investor relations increased to \$85,243 from \$2,090 in the prior year comparable period mainly due to a new marketing agreement for presentations in the current period aimed towards raising capital.
- Legal and professional fees increased to \$45,940 from \$5,805 in the prior year comparable period mainly due to higher accrued audit fees as well as higher legal fees in the period regarding general corporate matters and an option agreement with project associates.
- Share-based compensation increased to \$51,361 from a recovery of \$11,423 in the prior year period due to the vesting of options granted in 2024 and a revision of the fair value of certain stock options granted to consultants in Q4 2023.

Partially offsetting the increase in net loss and comprehensive loss was a decrease in management fees to \$4,251 compared to \$54,600 in the prior year comparable period mainly due to the CEO's decision to forgo payment for his services from August 2024 to December 2024.

Fiscal 2024 compared to Fiscal 2023

Loss and comprehensive loss decreased to \$617,501 compared to \$770,932 in the prior year. The primary drivers of this decrease were as follows:

- Consulting fees decreased to \$63,202 from \$95,605 in the prior year mainly due to the decision to not renew an agreement that terminated in September 2023 for consulting services regarding the Blackhawk Property.
- Legal and professional fees decreased to \$87,326 from \$114,944 in the prior year due to higher legal fees incurred as part of the Blackhawk Property's permitting process and title reviews in the prior year which did not occur in the current year.
- Office expense decreased to \$17,068 from \$59,828 in the prior year mainly due to the completion of a rent agreement that was in place in the prior year for a storage unit for the Blackhawk Property.
- Management fees decreased to \$158,314 from \$217,426 in the prior year mainly due to the CEO's decision to forgo payment for his services from August 2024 to December 2024 in order to manage the Company's spending
- Impairment of exploration and evaluation assets of \$58,942 in Fiscal 2023 was due to management cancelling the option agreement for the Mastodon Nickel Project.

Partially offsetting the decrease in net loss and comprehensive loss was an increase to share-based compensation of \$81,110 from \$17,107 in the prior year due to the vesting of options granted in 2024 and a revision of the fair value of certain stock options issued to consultants in 2023.

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SOURCES AND USES OF CASH

	Fiscal 2024	Fiscal 2023
	\$	\$
Net cash used in operating activities	(609,542)	(639,923)
Net cash used in investing activities	(41,479)	(381,241)
Net cash provided by financing activities	994,115	-
Change in cash	343,094	(1,021,164)
Cash, beginning of year	527,451	1,548,615
Cash, end of year	870,545	527,451

Cash used in operating activities was \$609,542 compared to \$639,923 in the prior year due to cost reduction measures implemented by management which reduced the cash spent on corporate overhead and other expenses.

Cash used in investing activities was \$41,479 compared to \$381,241 in the prior year comparable period due to cost-cutting measures implemented by management to reduce exploration costs and the discontinuance of the Mastodon Nickel Project.

Cash provided by financing activities includes \$994,115 in net proceeds from a private placement which closed on November 7, 2024. The Company intends to use the proceeds from the private placement for exploration and development of the BlackHawk Property and for general working capital purposes.

SHARE CAPITAL HIGHLIGHTS

During the year ended December 31, 2024, the Company had the following transactions:

- On November 7, 2024, the Company completed a private placement of 20,000,000 units at \$0.05 per unit for gross proceeds of \$1,000,000. Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one common share of the Company at a price of \$0.10 per share until November 7, 2027. No finder's commissions were paid in connection with this private placement.
- The Company released a fifth and sixth tranche of 841,978 escrow shares each from the reverse takeover, for a total of 1,683,956 shares. As at the MD&A Date there were 841,978 common shares held in escrow.

On April 13, 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.

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, 2024, the Company had an accumulated deficit of \$9,685,891 (December 31, 2023 - \$9,068,390), a cash balance of \$870,545 (December 31, 2023 - \$527,451), accounts payable and accrued liabilities balance of \$246,565 (December 31, 2023 - \$257,356) and working capital surplus of \$740,868 (December 31, 2023 - \$320,440).

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.

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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

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:

	Fiscal 2024	Fiscal 2023
	\$	\$
Consulting fees	59,602	39,812
Investor relations	24,000	-
Legal and professional fees	-	22,100
Management services	158,314	217,426
Share-based compensation	60,211	-
	302,127	279,338

Consulting fees include fees paid to Northrock Technology, a company owned by Kapa Gold Limited USA's VP, Dennis Parker. Legal and professional fees are paid to GN Rocks Ltd., a company owned by a director, George Nicholson. 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 one of the Company's directors, Alex Tsakumis. Share-based compensation includes payments made to key management personnel of the Company and to KPT Ventures Inc. in the form of stock options.

Included in accounts payable and accrued liabilities as at December 31, 2024 is \$80,505 (December 31, 2023 - \$72,806) 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.

FINANCIAL INSTRUMENTS AND RISK MANAGERMENTS

Fair value information

As at December 31, 2024 the Company's financial instruments consist of cash, deposits and accounts payable and accrued liabilities, and are classified as and measured at amortized cost.

The fair values of cash, 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 counterparty fails to meet an obligation under contract.

The Company is exposed to credit risk through its cash and deposits. The Company reduces its credit risk on cash by placing these instruments with financial institutions of high credit worthiness. As at December 31, 2024, the Company had sufficient cash on hand to discharge its financial liabilities as they become due but will require additional funding to continue operations and, therefore, the Company has assessed its liquidity risk as minimal.

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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 obtained through the issuance of common shares or debt as required. As at December 31, 2024, the company has assessed its liquidity risk as minimal.

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 assets and liabilities that are denominated in US dollars is as follows:

	December 31, 2024	December 31, 2023
	US\$	US\$
Financial assets		
Cash	9,154	5,526
Financial liabilities		
Accounts payable and accrued liabilities	3,459	11,701
	5,695	(6,175)

As at December 31, 2024, a 5% change in the foreign exchange rate would result in an impact of approximately \$410 (December 31, 2023 - \$408) to the Company's net 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 December 31, 2024.

OUTSTANDING SHARE DATA

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

	December 31, 2024	MD&A Date
	#	#
Common shares	75,810,744	75,810,744
Common shares held in escrow	841,978	841,978
Warrants	25,622,600	25,622,600
Stock options	4,750,000	4,750,000

OFF-BALANCE SHEET ARRANGEMENTS

As at December 31, 2024 and the MD&A Date, the Company has no off-balance sheet arrangements.

CAPITAL MANAGEMENT

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 year ended December 31, 2024.

PROPOSED TRANSACTIONS

As at December 31, 2024 and the MD&A Date, the Company has no proposed transactions

SIGNIFICANT ACCOUNTING JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements under IFRS requires management to make judgements in applying its accounting policies and estimates that affect the reported amounts of assets and liabilities at the period end date and reported amounts of expenses during the reporting period. Such judgements and estimates are, by their nature, uncertain. Actual outcomes could differ from these estimates.

The impact of such judgements and estimates are pervasive throughout these financial statements and may require accounting adjustments based on future occurrences. These judgements and estimates are continuously evaluated and are based on management's experience and knowledge of the relevant facts and circumstances. Revisions to accounting estimates are recognized in the period in which the estimate is revised and are accounted for prospectively.

All material accounting policies are disclosed in Note 3 of the Financial Statements. Significant accounting judgements and sources of estimation uncertainty are fully disclosed in Note 4 of the Financial Statements.

CHANGES IN ACCOUNTING POLICIES

New accounting standards and interpretations adopted

The Company adopted the following amendment to accounting standards, which is effective for annual periods beginning on or after January 1, 2024:

Classification of liabilities as current or non-current - amendments to IAS 1

The amendments to IAS 1 specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

In addition, an entity is required to disclose when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months. The amendments have not had an impact on the classification of the Company's liabilities.

Pronouncements issued but not yet effective

IFRS 18 Presentation and Disclosure in Financial Statements ("IFRS 18")

On April 9, 2024, the IASB issued *IFRS 18 Presentation and Disclosure in Financial Statements*. IFRS 18 will apply for reporting periods beginning on or after January 1, 2027, and also applies to comparative information. IFRS 18 will replace IAS 1; many of the other existing principles in IAS 1 are retained, with limited changes. IFRS 18 will not impact the recognition or measurement of items in the financial statements, but it may change what an entity reports as its 'operating profit or loss'. Key new concepts introduced in IFRS 18 relate to: (i) the structure of the statement of profit or loss; (ii) required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and (iii) enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general. The Company is currently assessing the effects of IFRS 18 on the financial statements.

IFRS 9 Financial Instruments ("IFRS 9") and IFRS 7 Financial Instruments: Disclosures ("IFRS 7")

In May 2024, the IASB issued *Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)*. These amendments updated classification and measurement requirements in IFRS 9 *Financial Instruments* and related disclosure requirements in IFRS 7 *Financial Instruments: Disclosures*. The IASB clarified the recognition and derecognition date of certain financial assets and liabilities, and amended the requirements related to settling financial liabilities using an electronic payment system. It also clarified how to assess the contractual cash flow characteristics of financial assets in determining whether they meet the 'solely payments of principal and interest' criterion, including financial assets that have environmental, social and corporate governance (ESG)-linked features and other similar contingent features. The IASB added disclosure requirements for financial instruments with contingent features that do not relate directly to basic lending risks and costs and amended disclosures relating to equity instruments designated at fair value through other comprehensive income. The amendments are effective for annual periods beginning on or after January 1, 2026 with early application permitted. The Company is currently assessing the effect of these amendments on the financial statements.

The Company has not early adopted any other new accounting standard, interpretation or amendment that has been issued but is not yet effective.

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.

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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.

Legal proceedings

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