

**K2 Gold Corporation (“K2 Gold” or “K2” or the “Company”)  
Management’s Discussion and Analysis**

Containing information up to and including April 29, 2022.

The following Management’s Discussion and Analysis (“MD&A”) should be read in conjunction with the Company’s audited consolidated financial statements for the year ended December 31, 2021 and the audited consolidated financial statements for the year ended December 31, 2020 together with the notes thereto, which can be found along with other information of the Company on SEDAR at [www.sedar.com](http://www.sedar.com). All financial information in this MD&A and all dollar amounts are in Canadian dollars unless otherwise noted.

## **FORWARD LOOKING STATEMENTS**

This MD&A provides management’s analysis of K2 Gold’s historical financial and operating results and provides estimates of K2 Gold’s future financial and operating performance based on information currently available. Actual results will vary from estimates and the variances may be significant. Readers should be aware that historical results are not necessarily indicative of future performance.

Certain information set forth in this MD&A, including management’s assessments of the Company’s future plans and operations, contains forward-looking statements. By their nature, forward-looking statements are subject to numerous risks and uncertainties, some of which are beyond the Company’s control, including the impact of general economic conditions, industry conditions, volatility of commodity prices, currency fluctuations, imprecision of resource and reserve estimates, environmental risks, competition from other industry participants, the lack of availability of qualified personnel or management, stock market volatility and ability to access sufficient capital from internal and external sources. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be inaccurate and, as such, undue reliance should not be placed on forward-looking statements. The Company’s actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking statements will transpire or occur or, if any of them do so, what benefits the Company will derive therefrom. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable law.

## **OVERVIEW**

K2 Gold Corporation is a junior mineral exploration company focused on building a portfolio of gold exploration projects in North America with particular emphasis in California on the Mojave property. In addition to the Mojave (“Mojave”) property, the Company is conducting exploration at the Wels Property (“Wels”) located approximately 185 km south of Dawson City, Yukon. The Company has assembled an experienced management team and board of directors with a track record of discovery success. The Company is actively pursuing other gold exploration projects in North America.

The Company is a reporting issuer in British Columbia, Alberta, and Ontario. The Company trades on the TSX Venture Exchange under the symbol KTO.

Mojave Property is the Company’s flagship project. The Mojave Project is located 230km northwest of Las Vegas and 100km west of the Nevada California border. It covers an area of approximately 5,780 hectares of land under the jurisdiction of the Bureau of Land Management (BLM).

For further details on the Mineral Properties, see *Highlights and Recent Developments and Mineral Properties* sections below for exploration program update for the year ended December 31, 2021.

## HIGHLIGHTS AND RECENT DEVELOPMENTS

For more details on the following highlights, please refer to news releases available on SEDAR: [www.sedar.com](http://www.sedar.com).

On January 25, 2021 the Company announced additional drill results from the Dragonfly target on the Mojave property. Highlights included hole DF20-004, from site DF-1, which returned 30.5m of 7.2 g/t gold from surface; including 15.2m of 11.1 g/t gold.

On February 4, 2021 the Company announced the remainder of drilling results on the Mojave project. The result consisted of 9 holes from two sites, NM-1 and NM02, on the Newmont Zone and highlights include:

- NM20-011 – 41.15m of 1.64 g/t gold from 44.20m depth; including 16.76m of 2.03 g/t gold
- NM20-016 – 22.86m of 1.00 g/t gold from 42.67m depth; including 10.67m of 2.01 g/t gold

On March 23, 2021 the Company announced its wholly owned subsidiary, Mojave Precious Metals Inc. ("MPM"), has received a positive decision letter from the United States Department of the Interior, Bureau of Land Management ("BLM") at its 100% owned Mojave Project located in Inyo County, California. The BLM decision on the update to the Plan of Operations ("PO") is an important milestone in the process for expanded Phase II exploration drilling at key zones where Phase I drilling yielded significant gold intercepts. Although this BLM decision does not constitute authorization for MPM to start its Phase II exploration drilling plans, the BLM decision allows for commencement of the formal initiation of the National Environmental Policy Act ("NEPA") environmental review process. At a time specified by the BLM, MPM will update its reclamation cost estimate and post reclamation financial assurance for the additional exploration work.

On April 1, 2021 the Company announced the results of 482 rock grab and chip samples from multiple targets on the Mojave property. Highlights include:

- Upland: Reconnaissance sampling outline two new target areas of gold and pathfinder element anomalies.
- Newmont: Extended strike extent of the Newmont zone over 230m to northeast. The current strike extent of the target now stands at 950m and is open on trend.
- Broken Hill: Confirmation of mineralization at surface over 320m trend, open in all directions.
- Gold Valley: Reconnaissance sampling outline consistent anomalous Au mineralization with similar alteration and structural controls as the Dragonfly, 750m to the SE.

In addition, the Company announced the launch of a 2021 exploration program on Mojave including geologic mapping, rock grab/chip sampling, soil sampling, in-situ leach sampling, and a heliborne VTEM survey.

On May 13, 2021 the Company announced the results of initial prospecting and rock sampling on the Eastern Target Area on the Mojave Property. Highlights included:

- Dragonfly: Discovery of new, subparallel, zone of mineralization with rock samples up to 14.5 g/t Au.
- Newmont: Extended strike extent of Newmont fault by additional 350m. The strike extent of the Newmont zone is now over 1.1km.
- Flores: Discovery of two EW and one NW oriented zone of mineralization with assays up to 23.4 g/t Au, 5.34 g/t Au, and 11.1 g/t Au; respectively.

In addition, the Company provided an update on ongoing drill permitting; announced the initiation of a heliborne VTEM survey; and announced the grant of 1.38 million stock options to certain directors, officers, and consultants of the Company. The stock options are exercisable at a price of \$0.32 per share, for a period of five years from the date of grant and will vest 25% on the date of grant and thereafter 25% every 3 months until fully vested.

On May 20, 2021 the Company announced the discovery of a new sediment-hosted copper zone from the Stega target on the western side of the Mojave property, Highlights include samples up to 14.2% copper with locally

anomalous gold and silver. The Stega copper zone is up to 250m in width, 1.8km in length, and is open to the N-NW.

In addition, the Company announced the completion of a 1036 line-km heliborne VTEM (+ magnetic and radiometric) covering all known target areas on the Mojave property.

On June 14, 2021 the Company announced additional rock chip sampling results from the Stega gold zone on the western side of the Mojave property. Highlights included 21-MOT-003: 1.7 g/t Au over 15m; 21-MOT-003: 2.25 g/t Au over 20m; and 21-MOT-005: 0.95 g/t Au over 48m. The Stega gold zone is up to 600m in width, over 1.8km along strike, and is open to the NW and SE.

On August 11, 2021 the Company announced that it had signed an option agreement to acquire a 100% interest in the Cerro Gordo Gold Project located adjacent to the Company's Mojave Project in Inyo Co., California.

K2 can earn a 100% interest in the Cerro Gordo Project by paying an aggregate of US\$625,000 over a period of five years as follows: (i) US\$10,000 on signing, (ii) US\$40,000 after a 60-day due diligence period (the "Closing Date"), (iii) US\$25,000 on or before the six-month anniversary of the Closing Date, (iv) US\$75,000 on or before the first anniversary of the Closing Date, (v) US\$75,000 on or before the third anniversary of the Closing Date, (vi) US\$75,000 on or before the fourth anniversary of the Closing Date, (vii) US\$250,000 on or before the fifth anniversary of the Closing Date. In addition, a bonus payment of US\$500,000 is payable following the completion of a Bankable Feasibility Study.

K2 has agreed to expend a minimum of US\$25,000 annually on exploration, development, and mining work on the Cerro Gordo claims, for an aggregate amount of at least US\$100,000 over a four-year period. In addition, K2 has granted the vendor a 3% net smelter returns royalty ("NSR") with respect to all mineral produced from the Cerro Gordo Project. K2 can repurchase half of the NSR for US\$1,000,000.

On November 15<sup>th</sup>, 2021 the Company announced the results of soil and ionic leach geochemical sampling on the Mojave property. Highlights included:

- Stega: Defined a new 1.7km gold in soil anomaly on the Stega target that is open in both directions along strike. Includes samples up to 15,787 ppb Au (15.79 g/t Au) and five samples >1,000 ppb Au.
- Soda Canyon: Defined a new 1.2km gold in soil anomaly on the Soda Canyon target; including samples up to 2,473 ppb Au (2.47 g/t Au). Also defined an adjacent copper in soil anomaly over 1.5km of strike length; includes samples up to 2,427 ppm Cu.
- Upland Valley: Defined a new NW trending, gold (+Hg, Sb, & Mo) in soil and ionic leach anomaly extending over 1km and indicating the potential for a previously unrecognized trend of gold mineralization.
- Gold Valley: Gold Valley gold in soil anomaly has been extended a further 450m to the north; includes samples up to 2,561 ppb Au (2.56 g/t)

On December 8, 2021, the Company announced the results of the heliborne VTEM (+ magnetic and radiometric) geophysical survey on the Mojave and Morning Star (Cerro Gordo) properties, which collected a total of 1,054 line-kilometres of geophysical data from lines spaced 100m E-W. The survey was designed to aid in the interpretation of the lithological and structural setting of the properties, while aiding in targeting for gold, silver, copper, and base metal mineralization. Highlights of the survey included:

- Indications of a large, buried intrusion beneath the Eastern Target area interpreted as the centralized magmatic source and heat engine which drove hydrothermal activity and mineralization.
- Identification of multiple, discrete, near-surface EM conductors along known structural trends across the properties.
- Results allow for the development of a comprehensive geological model to guide continued exploration and targeting at the property, and indicate strong potential for the discovery of new zones of mineralization both at surface and at depth.

On January 18, 2022, the Company provided a 2021 Year in Review, which identified two significant advancements at the Mojave project: a 50% increase in the gold footprint, and the discovery of large zones of copper and base

metals on the western margins of the project. In addition, the Company noted that it is actively pursuing prospecting gold properties in Nevada and other states in the southwestern USA.

On January 19, 2022, the Company announced that it has signed an option agreement with Orogen Royalties Inc. to earn a 100% interest in the Si2 Gold Project, located in Esmerelda County, Nevada, approximately 60km northwest of Tonopah, Nevada. The Si2 Gold Project is road accessible and consists of 65 BLM lode claims covering 543 Ha.

K2 can earn a 100% interest in the Si2 Gold Project by making cash payments totaling US\$2.5 million, and spending a minimum of US\$2.5 million over a five-year period subject to the following schedule: (i) US\$50,000 cash on the date of signing the Agreement; (ii) US\$100,000 cash and \$150,000 cumulative incurred expenditures on or before the first anniversary (iii) US\$100,000 cash and \$650,000 cumulative incurred expenditures on or before the second anniversary; (iv) US\$250,000 cash and \$1,250,000 cumulative incurred expenditures on or before the third anniversary; (v) US\$500,000 cash and \$1,750,000 cumulative incurred expenditures on or before the fourth anniversary; and (vi) US\$1,500,000 cash and \$2,500,000 cumulative incurred expenditures on or before the fifth anniversary. Orogen will retain a 2% NSR royalty once K2 has exercised the option.

On January 20, 2022, the Company announced the appointment of Anthony Margarit as President and Director, with Steve Swatton remaining the CEO of the Company. Mr. Margarit holds a BSc. Geology from Lakehead University and has over twenty-five years of management and exploration experience working with both major mining, and junior exploration companies. Over the course of his career, he has explored for a variety of commodities, and deposit types, on projects ranging from greenfields prospecting and project generation to managing multi-drill programs, and advanced development projects. This experience has given him exposure to a variety of exploration methods, as well as business management styles and techniques.

On March 17, 2022, the Company announced the indefinite suspension of activities at the Mojave Project, significant changes to the management team, and a shift in the immediate attention of the Company to the Si2 Project in Nevada.

The Company received formal notice from the Bureau of Land Management (BLM) that an Environmental Impact Statement (EIS) must be prepared for K2's proposed Phase 2 drill program at Mojave. The notice is in direct contradiction to the fact that the BLM had already accepted K2's amended submission under the rules of a federal government's Environmental Assessment (EA) Plan of Operation (PO) procedure as completed in March 2021.

In addition, the company announced changes to the Board of Directors and management, effective March 16, 2022. John Robins assumed the role of Executive Chairman and Steve Swatton stepped down as CEO, remaining on the board as a director. As part of the same resolution, Anthony Margarit previously the President of the Company, was appointed as CEO. Eric Buitenhuis was appointed Vice President Exploration, while Jodie Gibson moved on to other opportunities while remaining a Technical Advisor to the Company.

On April 5, 2022, the Company announced the appointment of Jim Paterson as a director of the Company, and Rob Carpenter as a Technical Advisor. Jim Paterson is a principal of the Discovery Group and brings a wealth of experience to the Company's board of directors as well as a to the Company's marketing and corporate development activities. Jim is currently the Chairman and CEO of ValOre Metals Corp. Rob Carpenter, Ph.D., P.Geo., has over 30 years of corporate and technical mineral exploration experience for junior and major mining companies, and was Co-Founder, President, and CEO of Kaminak Gold Corporation from 2005-2013.

## **MINERAL PROPERTIES**

### **Mojave Gold Project**

On July 12, 2019, K2 signed an option agreement to acquire a 100% interest in the Mojave Gold Project ("Mojave Project").

The Mojave Project is located 230km northwest of Las Vegas and 100km west of the Nevada-California border. It covers an area of approximately 5,780 hectares of land under the jurisdiction of the Bureau of Land Management (BLM). Exxon Mobil Corp. (formerly Mobil Exploration & Producing U.S.) first discovered mineralization in the district in 1984. Since the mid 1980's, Mojave has been worked by several senior, mid-tier and junior companies including BHP, Newmont and more recently SSR. Each subsequent company that has explored the property since discovery has endorsed the geological model and improved the overall potential by finding further distinct locations of gold bearing rocks at surface over a 7km by 5km area. Newmont, BHP and Asamara Minerals have drilled the project, and each program was successful in discovering mineralization from different locations several kilometers apart. Approximately 150 historic drill holes were drilled covering an area of 7km by 5km and testing 8 targets (Dragonfly, Remi, Newmont, South, Flores, Soda Ridge, Soda Canyon, and Stega)..

The Company acquired the project in 2019 and completed database compilation and surficial work on the project including geologic mapping, soil and rock sampling, ground magnetics, LiDAR, and a World View 3 remote sensing survey. In the fall of 2020, the Company completed an initial drill program on Mojave focused on the Dragonfly and Newmont targets. A total of 2,540m was drill over 17 holes from four drill sites. The program intercepted broad zones of alteration and gold mineralization on both targets with highlights including:

- DF20-001 – 51.8 meters of 1.2 g/t gold from surface, including 18.3 meters of 3.1 g/t gold
- DF20-002 – 86.9 meters of 4.0 g/t gold from surface, including 45.7 meters of 6.7 g/t gold
- DF20-003 – 62.5 meters of 1.4 g/t gold from 3.1 meters, including 18.3 meters for 3.2 g/t gold
- DF20-004 - 30.5m of 7.2 g/t gold from surface; including 15.2m of 11.1 g/t gold.
- NM20-011 – 41.15m of 1.64 g/t gold from 44.20m depth; including 16.76m of 2.03 g/t gold
- NM20-016 – 22.86m of 1.00 g/t gold from 42.67m depth; including 10.67m of 2.01 g/t gold

All mineralization at Mojave is interpreted to be part of an intrusion related polymetallic system(s). The gold mineralization in the Eastern Area (Dragonfly, Newmont, Flores) is sediment-hosted and structurally controlled with similarities to both low sulfidation epithermal and Carlin type systems, and may represent the distal expression of a much larger intrusion-related hydrothermal system. Whereas targets on the Western target area including Stega, Boland, Belshaw, Soda Canyon/Soda Ridge, and, potentially, Owens are likely proximal to causative intrusions and demonstrate the potential for sediment-hosted, polymetallic, skarn, epithermal, and, potentially, porphyry styles of mineralization. To date 14 distinct target areas are recognized on the property.

To earn 100% of the Mojave project, the Company must make staged cash and share payments as listed below:

		<b>Cash option payments</b>		<b>Common shares issuance</b>	
July 12 2019 (Effective date)	US\$	112,500	paid	480,000	issued
6-months from the effective date		112,500	paid		
12-months from the effective date		125,000	paid	480,000	issued
18-months from the effective date		125,000	paid		
24-months from the effective date		150,000	paid	480,000	issued
30-months from the effective date		150,000*	paid		
36-months from the effective date		175,000		480,000	
42-months from the effective date		175,000			
48-months from the effective date		275,000		480,000	
<b>Total</b>	<b>US\$</b>	<b>1,400,000</b>		<b>2,400,000</b>	

\*Paid subsequent to December 31, 2021.

In addition, following the exercise of its option, K2 has agreed to make an annual pre-production payment of US\$275,000 per year until the achievement of commercial production and to grant a 3% net smelter returns royalty with respect to all mineral produced from the Mojave Project, subject to a minimum annual royalty payment following commercial production of US\$300,000. The royalty will be subject to certain buy-down rights in K2's favour. K2 may terminate the Agreement at any time during the option period.

**Cerro Gordo Gold Project**

On August 11, 2021 the Company announced that it had signed an option agreement to acquire a 100% interest in the Cerro Gordo Gold Project ("Cerro Gordo") located adjacent to the Company's Mojave Project in Inyo Co., California.

The Cerro Gordo property consists of 59 lode claims and 5 patented claims covering approximately 360 Ha. The property is road accessible and is located on the NW corner of the Mojave Property, covering numerous historic workings for gold and silver-base metals over a 750m wide x 3km trend extending from the Company's Soda Ridge target on the southeast to the Sunset-Copper Penny mines on the northwest. Mineralization along the trend consists of skarn, replacement, and structurally controlled zones adjacent to a quartz monzonite intrusive (Ignacio stock).

The property has seen exploration and mining activity from the mid 1800's to present and forms a portion of the Cerro Gordo district which produced an estimated 4.4 million ounces of silver, 37 tons of lead, and 12,000 tons of zinc with lesser amounts of gold and copper (Merriam 1963). Modern exploration on the property dates to the 1960's and was performed by multiple operators including Asamera Minerals, Coeur Exploration, and Phelps Dodge among others. The work to date has included various geologic, geochemical, and geophysical surveys; over 15,000m of drilling; preliminary metallurgical test work; and historical gold resource estimates. This resulted in the discovery of the "H" and "B" zones; zones of gold skarn and stockwork mineralization on the eastern and western margins of the Ignacio stock; respectively. In addition, several other gold and silver-base metal prospects are known along the trend and warrant follow up exploration.

To earn 100% of the Cerro Gordo project the Company must make staged cash payments as listed below:

		<b>Cash option payments</b>		<b>Work commitment</b>
July 30 2021 (Effective date)	US\$	10,000	(paid)	-
60 days from the effective date (Closing date)		40,000	(paid)	-
6-months from the effective date		25,000		-
12-months from the effective date		75,000		-
24-months from the effective date		75,000	US\$	25,000
36-months from the effective date		75,000		25,000
48-months from the effective date		75,000		25,000
60-months from the effective date		250,000		25,000
<b>Total</b>	<b>US\$</b>	<b>625,000</b>	<b>US\$</b>	<b>100,000</b>

In addition, the Company has agreed to a bonus payment of US\$500,000 following the completion of a Bankable Feasibility Study ("BFS").

Commencing in the year following the first anniversary of the Closing date and continuing for four years thereafter, the Company has agreed to expend a minimum of US\$25,000 annually on exploration, development, and mining work on the Cerro Gordo claims, for an aggregate amount of at least US\$100,000 over the four-year period. In addition, K2 has granted the vendor a 3% net smelter returns royalty ("NSR") with respect to all mineral produced from the Cerro Gordo Project. The Company can repurchase half of the NSR for US\$1,000,000.

The Company may terminate the Agreement at any time during the option period.

## **Wels Property**

The Wels property is located in the southwestern Yukon, approximately 50km east of Beaver Creek, YT, and consists of 350 contiguous quartz claims covering 7200 hectares. The Wels was identified by regional geochemical surveys in 2002 and initially staked in 2011. The project was subsequently optioned to Gorilla Minerals in 2011 and this led to the discovery of mineralization within a granitic stock at the Saddle Zone with results including grabs up to 149 g/t Au and trench samples of 8.8 g/t Au over 45m. Subsequent drilling on the Saddle by Gorilla include results of 3.53 g/t Au over 19.5m. The Company acquired the project from Gorilla in 2016 and conducted additional drilling on Saddle returning highlights of 2.37 g/t Au over 28.5m and 10.38 g/t Au over 6m. To date, the Saddle has 1674m of drilling over 15 holes and has been defined over 135m along strike and to 150m depth; and is open in both directions along strike and at depth.

The style of alteration, mineralization, and granitic host rock at Saddle led previous operators to interpret the mineralization as an intrusion-related gold system (IRGD). However, more recent work by the company has identified mineralization extending into surrounding metavolcanic, metasedimentary, and gabbroic rocks on the property forming a series of WNW trending zones including:

**Pekoe Trend:** Gabbro host, rock samples up to 4.1 g/t Au, & 2.15 g/t Au over 8m in trenching.

**Saddle Trend:** Intrusive host, rock samples up to 149 g/t Au, defined by drilling over 135m strike length and to 150m depth. Open along strike and at depth. Potential for subparallel zones of mineralization.

**Chai Trends:** Gabbro, intrusive, & metasedimentary host, rock samples up to 28.2 g/t Au, and 1.15 g/t Au over 15m in trenching.

All zones are associated with quartz veining, brecciation, quartz-sericite alteration, and anomalous As-Sb along WNW trending structural zones.

The Company signed a definitive option agreement with Go Metals Corp. ("Go Metals") on August 11, 2016, subsequently amended October 21, 2016 option, to acquire a 90% joint venture interest (subject an existing 3% net smelter return) in certain mineral property interests located in the Yukon Territory, known as the "Wels Property". According to the agreement, to earn its interest, the Company made cash payments aggregating \$350,000 staged over 24 months and issued 3 million common shares staged over a 30-month period.

Upon completion of the payments and share issuances, the Company and Go Metals will proceed under the terms of a joint venture agreement (the "Joint Venture"). Under the Joint Venture, the Company will fund the project fully through completion of a preliminary economic assessment, following which project expenditures will be funded on a 90/10 proportionate basis between the Company and Go Metals, respectively, with the Company acting as project manager and holding voting control of the Joint Venture project committee. If, at any time, either party's Joint Venture interest is diluted to less than 1.0% that diluted party's interest will be cancelled, and the Joint Venture will terminate.

The Wels property is subject to 3% net smelter return ("NSR") governed by a 2011 agreement between Go Metals and two arm's length holders. The royalty agreement provides that 2% of the 3% NSR may be purchased from the royalty holders for cash payment of \$1,500,000. Pursuant to the Option Agreement, the Company will pay the \$20,000 annual advance royalty due under the 2011 agreement.

## **Si2 Property**

On January 19, 2022, the Company announced that it had signed an option agreement with Orogen Royalties Inc. to acquire a 100% interest in the Si2 Gold Project ("Si2") located in Esmeralda County, Nevada.

The Si2 Gold Project is located in Esmeralda County, Nevada, approximately 60km northwest of Tonopah, Nevada, and 20km northwest of Allegiant Gold's Eastside deposit (1.4Moz Au, 8.8 Moz Ag). The project is road accessible

and consists of 65 BLM lode claims covering 543 Ha. The claims cover an 8 km<sup>2</sup> area of steam heated alunite-kaolinite-budingtonite alteration within a sequence of felsic to intermediate volcanic rocks with brecciation and strongly anomalous mercury. The alteration appears to be focused along an arcuate set of structures within a series of strongly altered rhyolitic domes and is interpreted to represent a high-level setting within a low-sulfidation epithermal gold-silver system. In this type of geologic setting there is typically minimal anomalous gold mineralization at surface, however, gold grades may increase at depth along controlling structures at critical locations in the hydrothermal system (i.e. boiling zones). Si2 was initially identified by the same exploration team that identified AngloGold Ashanti's Silicon project near Beatty, Nevada, and was staked based on its strong geological similarities to Silicon. The property is currently surrounded by claims held by AngloGold Ashanti, with exception to a small block of claims held by Hecla Mining immediately southwest of the Project.

There is limited historic exploration in the project area including minor geologic mapping, rock sampling, alteration studies, and 22 historic RC holes drilled in 1988-89. The bulk of the drilling was focused to the southwest of the Si2 Gold Project on claims currently held by Hecla Mining and targeted silicified ribs cutting andesite. Only three of the historic holes are located on the Si2 Gold Project and reach a maximum depth of 115.82m (380 ft) and reportedly encountered narrow intervals of anomalous mercury and gold (up to 0.3 g/t Au); supporting the current geologic interpretation.

To earn 100% of the Si2 project the Company must make staged cash payments and incur exploration expenditures as listed below:

	<b>Cash</b>	<b>Work Commitment (Cumulative)</b>
Signing Date (January 18, 2022) Paid	US\$ \$ 50,000	\$
12 months from Signing Date	\$ 100,000	\$ 150,000
24 months from Signing Date	\$ 100,000	\$ 650,000
36 months from Signing Date	\$ 250,000	\$ 1,250,000
48 months from Signing Date	\$ 500,000	\$ 1,750,000
60 months from Signing Date	\$ 1,500,000	\$ 2,500,000
<b>Total</b>	<b>US\$ \$ 2,500,000</b>	<b>\$ \$2,500,000</b>

Orogen will retain a 2% NSR royalty once the Company has exercised the option. The Company has agreed to make \$50,000 annual payments, commencing on the first anniversary of the exercise of the option.

### **Ladue Property**

In April 2017, the Company staked and filed 208 claims in the eastern Moosehorn Range area of Central West Yukon. The claim area totals 4,350 Ha in 208 quartz claims and are referred to as Ladue Property. The Company did not renew the majority of the claims and portions of the claims were allowed to lapse in April of 2021 and April of 2022. As of April 2022, the Ladue Property consists of 32 quartz claims covering 673 Ha. The Company no longer holds the claims to this property and during the year ended December 31, 2021 wrote the property down to a value of \$Nil.

### **McArthur Property**

In May 2018 the Company announced that it had completed staking of 123 State of Alaska mining claims known as the McArthur Property ("McArthur") located in east-central Alaska, USA, 30 km northeast of Northway, Alaska and 130 km southwest of Dawson City, Yukon. The project is located on the Alaska-Yukon border, proximal to K2's Ladue Property and covers approximately 7400 ha.

In September 2020, the McArthur claims were not renewed and allowed to lapse due to minimal exploration potential based on previous reconnaissance sampling. Therefore during the year ended December 31, 2020 the Company wrote the property down to a value of \$Nil.

### **GDR Property**

In December 2018, the Company entered into an earn in agreement with Cazador Resources Ltd., Michael Cathro and North Track Exploration, (the "Vendor Syndicate") to acquire up to a 100% interest in the GDR property located in the Yukon Territory.

The Company chose to terminate the GDR Property Option on December 29, 2020. The Company paid the three vendors \$9,000 in total to cover claims costs. The Company also granted the three vendors 50,000 shares each for a total of 150,000 shares at a price of \$0.71 with a fair value of \$106,500. The GDR property was written down to zero as at December 31, 2020. The \$9,000 payment was paid in Q1 2021 and a was written down to zero in Q1.

## **RESULTS OF OPERATIONS**

### **For the three months ended December 31, 2021**

During the three months ended December 31, 2021, the Company's net loss was \$520,305 (2020 - \$663,524). The main contributors were:

- Personnel fees of \$140,324 (2020 - \$140,171) which includes management, accounting and corporate compliance fees.
- Advertising, marketing and promotion fees of \$63,024 (2020 - \$221,553), which includes marketing and promotional fees.
- Professional fees of \$31,173 (2020 - \$23,242), which includes legal and audit fees.
- Corporate listing and filing fees of \$19,312 (2020 – \$42,356), which includes listing and filing fees.

### **For the year ended December 31, 2021**

During the year ended December 31, 2021, the Company's net loss was \$1,816,111 (2020 - \$1,796,508). The main contributors were:

- Personnel fees of \$566,691 (2020 - \$374,501) which includes management, accounting and corporate compliance fees.
- Travel and conferences of \$52,713 (2020 - \$43,080) which includes conference fees and various travel expenses.
- Advertising, marketing and promotion fees of \$325,881 (2020 - \$503,246), which includes marketing and promotional fees.
- Office and administration fees of \$154,857 (2020 - \$57,882), which includes insurance and administration expenses.
- Share-based compensation of \$326,591 (2020 - \$351,808), which includes options granted to management, directors and consultants of the Company.

## **SELECTED ANNUAL INFORMATION**

The following table summarizes selected financial data for the three recent fiscal years, ended December 31, 2021, 2020 and 2019, and should be read in conjunction with such financial statements, prepared in accordance with International Financial Reporting Standards ("IFRS") and the related notes thereon:

**K2 GOLD CORPORATION**  
**MANAGEMENT'S DISCUSSION & ANALYSIS**  
For the year ended December 31, 2021

	As at and year ended December 31, 2021	As at and year ended December 31, 2020	As at and year ended December 31, 2019
Revenue	Nil	Nil	Nil
Loss for the year	\$(1,816,111)	\$ (1,796,508)	\$ (1,031,919)
Comprehensive loss for the year	\$(1,816,111)	\$ (1,784,200)	\$ (1,023,529)
Loss per common share, basic and diluted	\$ (0.03)	\$ (0.04)	\$ (0.03)
Weighted Average number of common shares outstanding	64,595,319	47,179,476	31,974,284
Working capital	\$2,577,711	\$ 7,270,453	\$ 2,709,982
Total assets	\$14,123,055	\$ 15,423,936	\$ 7,106,457

## SUMMARY OF QUARTERLY RESULTS

Quarterly results fluctuate depending on the timing of the granting and vesting of stock options and the incurrence of project evaluation expenses and write-off of exploration and evaluation assets.

The following table summarizes selected financial data reported by the Company for the quarter ended December 31, 2021 and the previous seven quarters.

	December 31, 2021	September 30, 2021	June 30, 2021	March 31, 2021	Dec 31, 2020	Sept 30, 2020	June 30, 2020	March 31, 2020
Current assets	\$2,916,062	\$3,844,943	\$4,724,716	\$ 6,288,436	\$ 7,588,163	\$ 3,304,322	\$ 1,712,623	\$ 2,011,806
Exploration and evaluation assets	\$11,143,603	\$10,522,322	\$9,397,508	\$ 8,854,513	\$ 7,772,113	\$ 6,408,859	\$ 5,168,502	\$ 4,786,621
Total assets	\$14,123,055	\$14,430,970	\$14,184,194	\$ 15,205,824	\$ 15,423,936	\$ 9,713,181	\$ 6,881,125	\$ 6,798,427
Current liabilities	\$338,351	\$282,648	\$139,661	\$ 585,315	\$ 317,712	\$ 588,516	\$ 118,017	\$ 177,210
Share capital	\$26,761,673	\$26,761,673	\$26,593,673	\$ 26,593,673	\$ 26,487,173	\$ 21,736,055	\$ 18,388,480	\$ 18,063,244
Net Income (loss)	\$520,305	\$(139,471)	\$(660,927)	\$ (485,717)	\$ (666,790)	\$ (751,033)	\$ (215,003)	\$ (163,682)
Comprehensive Income (loss)	\$520,305	\$(139,471)	\$(660,927)	\$ (485,717)	\$ (666,790)	\$ (751,033)	\$ (215,003)	\$ (163,682)
Basic Income (loss) per share	\$0.01	\$(0.002)	\$(0.01)	\$( 0.01)	\$ (0.038)	\$ (0.015)	\$ (0.005)	\$ (0.004)

## LIQUIDITY AND CAPITAL RESOURCES

At present, the Company's operations do not generate cash inflows and its financial success is dependent on management's ability to discover economically viable mineral deposits. The mineral exploration process can take many years and is subject to factors that are beyond the Company's control. See "Risks and Uncertainties".

In order to finance the Company's future exploration programs and to cover administrative and overhead expenses, the Company intends to raise money through the sale of equity instruments and may consider the optioning of its mineral property interests. Many factors influence the Company's ability to raise funds, including the health of the resource market, the climate for mineral exploration investment, and the experience and caliber of its management. Actual funding requirements may vary from those planned due to a number of factors, including the progress of exploration activities. Management believes it will be able to raise equity capital as required in the long term, but recognizes there will be risks involved that may be beyond their control.

### Working Capital

As at December 31, 2021, the Company had positive working capital of \$2,577,711 (December 31, 2020 - \$7,270,453).

### **Cash and cash equivalents**

Cash and cash equivalents decreased by \$4,553,817 during the year ended December 31, 2021, from \$7,404,497 at December 31, 2020 to \$2,850,680 at December 31, 2021.

### **Cash used in operating activities**

Net cash used in operating activities during the year ended December 31, 2021 was \$1,256,033 (2020 - \$1,245,638). Cash was mostly spent on personnel fees, advertising, marketing and promotion, corporate listing and filing fees, and office and administration.

### **Cash used in investing activities**

Total cash used in investing activities during the year ended December 31, 2021 was \$3,297,784 (2020 - \$3,278,743). The investing activities were for exploration and evaluation expenditures.

### **Cash generated by financing activities**

Total cash generated by financing activities during the year ended December 31, 2021 was \$Nil (2020 - \$9,498,067) due to the sale of marketable securities and warrant and option exercises.

## **FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS**

### **Overview**

The Company has exposure to credit risk, liquidity risk and market risk from its use of financial instruments.

The following presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

### **Credit risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash and cash equivalents, GST recoverable, and reclamation bond. Cash is held with a major Canadian financial institution, a US bank, GST recoverable are from Government entities, and the reclamation bond is held with a US government organization. Management is of the view that all amounts are fully collectible.

### **Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations and commitments as they become due. The Company ensures that there is sufficient capital in order to meet short term business requirements, after taking into account cash flows from operations and the Company's holdings of cash and cash equivalents. All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. December 31, 2021, the Company has cash and cash equivalents of \$2,850,680 to cover current liabilities of \$338,351.

## Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Investments in equity instruments which are classified as fair value through other comprehensive income and are measured at fair value, are listed on public stock exchanges, including TSX-V and OTCQB. All equity instruments were sold during 2020.

## Foreign currency risk

In the normal course of business, the Company enters into transactions for the purchase of supplies and services and acquisition of mineral properties, denominated in a currency other than the functional currency of the Company. As a result, the Company is subject to foreign exchange risk from fluctuations in foreign exchange rates, however the Management estimates the risk to be insignificant. The Company has not entered into any derivative or other financial instruments to mitigate this foreign exchange risk. The Company does not have any significant currency risks associated with its financial instruments at December 31, 2021.

## FINANCIAL INSTRUMENTS

Financial assets are classified at initial recognition as either: measured at amortized cost, Fair value through profit or loss ("FVTPL"), or fair value through other comprehensive income ("FVTOCI"). The classification depends on the Company's business model for managing the financial assets and the contractual cash flow characteristics. For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI.

Fair value through profit or loss ("FVTPL") – Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the income statement. Realized and unrealized gains and losses arising from changes in the fair value of the financial asset held at FVTPL are included in the income statement in the period in which they arise. Derivatives are also categorized as FVTPL unless they are designated as hedges.

Fair value through other comprehensive income ("FVTOCI") – Investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently, they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income. There is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.

Financial assets at amortized cost – A financial asset is measured at amortized cost if the objective of the business model is to hold the financial asset for the collection of contractual cash flows, and the asset's contractual cash flows are comprised solely of payments of principal and interest. They are classified as current assets or non-current assets based on their maturity date and are initially recognized at fair value and subsequently carried at amortized cost less any impairment.

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL or the Company has opted to measure at FVTPL.

Under IFRS 9, the Company classifies its financial instruments as follows:

Cash and cash equivalents	Amortized cost
Amounts receivable	Amortized cost
Marketable securities	Fair value through other comprehensive income
Reclamation bond	Amortized cost
CEBA loan	Amortized cost
Accounts payable, Accrued liabilities	Amortized cost

## **NEW ACCOUNTING STANDARDS ISSUED BUT NOT YET ADOPTED**

The accounting policies in preparation of these consolidated financial statements are consistent with those applied and disclosed in the Company's audited consolidated financial statements for the year ended December 31, 2021.

### **IAS 16, Property, Plant and Equipment - Proceeds before Intended Use**

Effective for annual periods beginning on or after January 1, 2022, the amendment to IAS 16 prohibits deducting from the cost of property, plant and equipment amounts received from selling items produced while preparing the asset for its intended use. Instead, a company will recognize such sale proceeds and related cost in profit or loss. The Company does not expect the adoption of this new amendment to have a significant impact on the consolidated financial statements.

IAS 37 – Provisions, Contingent Liabilities, and Contingent Assets ("IAS 37") was amended. The amendments clarify that when assessing if a contract is onerous, the cost of fulfilling the contract includes all costs that relate directly to the contract – i.e. a full-cost approach. Such costs include both the incremental costs of the contract (i.e., costs a company would avoid if it did not have the contract) and an allocation of other direct costs incurred on activities required to fulfil the contract – e.g. contract management and supervision, or depreciation of equipment used in fulfilling the contract. The amendments are effective for annual periods beginning on January 1, 2022.

## **CRITICAL ACCOUNTING ESTIMATES**

Our significant accounting policies are presented in Note 3 of the audited financial statements for the year ended December 31, 2021. Note 3 provides that the preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These financial statements include estimates that, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Information about significant areas of estimation uncertainty in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are noted below.

## **KEY SOURCES OF ESTIMATION UNCERTAINTY**

### **Exploration and evaluation assets**

Exploration and evaluation costs are initially capitalized as intangible exploration assets with the intent to establish commercially viable reserves. The Company is required to make estimates and judgments about the future events and circumstances regarding whether the carrying amount of intangible exploration assets exceeds its recoverable amount. Recoverability is dependent on various factors, including the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development, and upon future profitable production or proceeds from the disposition of the exploration and evaluation assets themselves. Additionally, there are numerous geological, economic, environmental and regulatory factors and uncertainties that could impact management's assessment as to the overall viability of its properties or the ability to generate future cash flows necessary to cover or exceed the carrying value of the Company's exploration and evaluation assets.

### **Deferred tax assets and liabilities**

The measurement of a deferred tax provision is subject to uncertainty associated with the timing of future events and changes in legislation, tax rates and interpretations by tax authorities. The estimation of taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income, which in turn is dependent upon the successful discovery, extraction, development and commercialization of mineral reserves. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets, and future tax provisions or recoveries could be affected.

### **Share-based compensation**

The Company measures share-based payments expense by reference to the fair value of the stock options at the date at which they are granted. Estimating fair value for granted stock options requires determining the most appropriate valuation model which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the option, volatility, dividend yield, and rate of forfeitures.

## **RISKS AND UNCERTAINTIES**

### **Exploration Stage Company**

K2 Gold is engaged in the business of acquiring and exploring mineral properties with the desire of locating and developing economic deposits of minerals. Development of any future properties will only follow upon obtaining satisfactory exploration results. There can be no assurance that K2 Gold's existing or future exploration programs will result in the discovery of commercially viable mineral deposits. Further, there can be no assurance that even if an economic deposit of minerals is located, it can be commercially mined.

### **Mineral Exploration and Development**

The exploration and development of minerals is highly speculative in nature and involves a high degree of financial and other risks over a significant period of time which even a combination of careful evaluation, experience and knowledge may not eliminate. While discovery of a mineral deposit or ore body may result in significant rewards, few properties which are explored are ultimately developed into producing mines. Substantial expenses are required to establish ore reserves by drilling, sampling and other techniques and to design and construct mining and processing facilities. Whether a mineral deposit will be commercially viable depends on a number of factors, including the particular attributes of the deposit (i.e. size, grade, access and proximity to infrastructure), financing costs, the cyclical nature of commodity prices and government regulations (including those relating to prices, taxes, currency controls, royalties, land tenure, land use, importing and exporting of minerals, and environmental protection). The effect of these factors or a combination thereof cannot be accurately predicted but could have an adverse impact on K2 Gold.

### **No Operating History and Financial Resources**

K2 Gold has not achieved profitable operations and has no operating revenues and is unlikely to generate any in the foreseeable future. The Company has sufficient financing to cover its projected funding requirements for the ensuing year. Additional funds will be required for K2 Gold to acquire and explore new mineral interests. K2 Gold has limited financial resources and there is no assurance that sufficient additional funding will be available to fulfill its future obligations or for further exploration and development, on acceptable terms or at all. Failure to obtain additional funding on a timely basis could result in delay or indefinite postponement of further exploration and

development and could cause K2 Gold to forfeit its interests in some or all of its properties or to reduce or terminate its operations.

### **Government Regulation**

The current or future operations of K2 Gold, including exploration and development activities and the commencement and continuation of commercial production, require licenses, permits or other approvals from various foreign federal, provincial and local governmental authorities and such operations are or will be governed by laws and regulations relating to prospecting, development, mining, production, exports, taxes, labour standards, occupational health and safety, waste disposal, toxic substances, land use, water use, environmental protection, land claims of indigenous people and other matters. There can be no assurance, however, that K2 Gold will obtain on reasonable terms, or at all, the permits and approvals, and the renewals thereof, which it may require for the conduct of its current or future operations or that compliance with applicable laws, regulations, permits and approvals will not have an adverse effect on any mining project which K2 Gold may undertake. Possible future environmental and mineral tax legislation, regulations and actions could cause additional expense, capital expenditures, restrictions and delays to K2 Gold's planned exploration and operations, the extent of which cannot be predicted.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions there under, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

### **Competition**

The mineral exploration and mining business is competitive in all of its phases. K2 Gold will compete with numerous other companies and individuals, including competitors with greater financial, technical and other resources, in the search for and the acquisition of attractive mineral properties. K2 Gold's ability to acquire properties in the future will depend not only on its ability to develop its present properties, but also on its ability to select and acquire suitable prospects for mineral exploration or development. There is no assurance that K2 Gold will be able to compete successfully with others in acquiring such prospects.

### **Environmental Risks and Hazards**

All phases of K2 Gold's operations will be subject to environmental regulation in the jurisdictions in which it intends to operate. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation, provide for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry activities and operations. They also set forth limitations on the generation, transportation, storage and disposal of hazardous waste. A breach of such regulation may result in the imposition of fines and penalties. In addition, certain types of mining operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the viability or profitability of operations. Environmental hazards may exist on the properties in which K2 Gold holds interests or on properties that will be acquired which are unknown to K2 Gold at present and which have been caused by previous or existing owners or operators of the properties.

### **Commodity Prices**

The price of K2 Gold's securities, its financial results and exploration, development and mining activities may in the future be significantly adversely affected by declines in the price of gold and base metals. Gold and base metals

prices fluctuate widely and are affected by numerous factors beyond K2 Gold's control such as the sale or purchase of precious or base metals by various dealers, central banks and financial institutions, interest rates, exchange rates, inflation or deflation, currency exchange fluctuation, global and regional supply and demand; production and consumption patterns, speculative activities, increased production due to improved mining and production methods, government regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals, environmental protection and international political and economic trends, conditions and events. The price of gold and base metals has fluctuated widely in recent years, and future serious price declines could cause continued development of K2 Gold's properties to be impracticable.

Further, reserve calculations and life-of-mine plans using significantly lower gold or base minerals prices could result in material write-downs of K2 Gold's investment in mining properties and increased amortization, reclamation and closure charges.

In addition to adversely affecting reserve estimates and its financial condition, declining commodity prices can impact operations by requiring a reassessment of the feasibility of a particular project. Such a reassessment may be the result of a management decision or may be required under financing arrangements related to a particular project. Even if the project is ultimately determined to be economically viable, the need to conduct such a reassessment may cause substantial delays or may interrupt operations until the reassessment can be completed.

#### **Price Volatility and Lack of Active Market**

In recent years, the securities markets in Canada and elsewhere have experienced a high level of price and volume volatility, and the market prices of securities of many public companies have experienced significant fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. It may be anticipated that any quoted market for K2 Gold's securities will be subject to such market trends and that the value of such securities may be affected accordingly.

#### **Key Executives**

K2 Gold will be dependent on the services of key executives and a small number of highly skilled and experienced consultants and personnel, whose contributions to the immediate future operations of K2 Gold are likely to be of importance. Locating mineral deposits depends on a number of factors, not the least of which is the technical skill of the exploration personnel involved. Due to the relatively small size of K2 Gold, the loss of these persons or K2 Gold's inability to attract and retain additional highly skilled employees or consultants may adversely affect its business and future operations. K2 Gold does not currently carry any key man life insurance on any of its executives. The directors and certain officers of K2 Gold will devote part of their time to the affairs of K2 Gold.

#### **Potential Conflicts of Interest**

Certain directors and officers of the Company are, and may continue to be, involved in the mining and mineral exploration industry through their direct and indirect participation in corporations, partnerships or joint ventures which are potential competitors of the Company. Situations may arise in connection with potential acquisitions in investments where the other interests of these directors and officers may conflict with the interests of the Company. Directors and officers of the Company with conflicts of interest will be subject to and will follow the procedures set out in applicable corporate and securities legislation, regulation, rules and policies.

#### **Dividends**

K2 Gold has no earnings or dividend record and is unlikely to pay any dividends in the foreseeable future as it intends to employ available funds for mineral exploration and development. Any future determination to pay dividends will be at the discretion of the Board of Directors of K2 Gold and will depend on K2 Gold's financial condition, results of operations, capital requirements and such other factors as the Board of Directors of K2 Gold deem relevant.

**Nature of the Securities**

The purchase of the Company's securities involves a high degree of risk and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks. The Company's securities should not be purchased by persons who cannot afford the possibility of the loss of their entire investment. Furthermore, an investment in the Company's securities should not constitute a major portion of an investor's portfolio.

**PROPOSED TRANSACTIONS**

There are no proposed transactions that should be disclosed.

**ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE**

Additional disclosure concerning the Company's general and administrative expenses is provided in the Company's statement of loss and comprehensive loss contained in its consolidated financial statements for the year ended December 31, 2021, which are available on SEDAR: [www.sedar.com](http://www.sedar.com).

**OUTSTANDING SHARE DATA**

As at December 31, 2021, the Company had \$26,761,673 in share capital representing 64,848,634 common shares outstanding.

K2 Gold's authorized capital is unlimited common shares without par value. As at April 29, 2022, the following common shares and share purchase warrants were outstanding:

	<b># of Shares</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
Issued and Outstanding Common Shares	64,848,634		
Share Purchase Warrants *	6,250,000	\$ 0.75	December 30, 2022
Share Purchase Options	935,000	\$ 0.30	May 1, 2022
	50,000	\$ 0.36	June 12, 2022
	150,000	\$ 0.22	June 3, 2024
	2,200,000	\$ 0.27	October 30, 2024
	200,000	\$ 0.23	February 20, 2025
	150,000	\$ 0.42	July 2, 2025
	450,000	\$ 0.71	September 28, 2025
	<b>**1,380,000</b>	<b>\$0.32</b>	<b>May 13, 2026</b>
Broker Compensation Options	728,565	\$ 0.56	December 30, 2022
<b>Fully Diluted at April 29, 2022</b>	<b>77,342,199</b>		

\* On July 23<sup>rd</sup>, 2020 the Company announced that it was accelerating the expiry date of the warrants issued by the Company in the August 27, 2019 private placement. Under the terms of the form of warrant, the Company is permitted to accelerate the expiry date if the common shares of the Company have traded on a stock exchange at a volume weighted average price of \$0.50 or higher for a period of 10 consecutive trading days. The acceleration event occurred as of July 23, 2020. Accordingly the Company chose to accelerate the expiry date of the warrants to August 22, 2020. Holders of the warrants had until 4.00pm (Vancouver time) on August 22, 2020 to exercise the warrants in accordance with their terms. Warrants not exercised by such time and date, expired.

\*\* Of the 1,380,000 options granted on May 13, 2021. 25% vested immediately and the remainder vest 25% every three months until fully vested.

## OFF BALANCE SHEET ARRANGEMENTS

The Company does not utilize off balance sheet arrangements.

## TRANSACTIONS WITH RELATED PARTIES

### Key management compensation

Key management consist of the Company's directors and officers. In addition to management and consulting fees paid to these individuals, or companies controlled by these individuals, the Company provides non-cash benefits. Total key management compensation are as follows:

Related Party	Nature of Relationship
Lundy Management Ltd.	Company, controlled by CEO
GSBC Financial Management Inc.	Company, controlled by CFO
FT Management Ltd.	Company related to CFO

Payee	Nature of the transaction	Year ended December 31, 2021	Year ended December 31, 2020
CEO	Management fees	\$ 206,367	\$ 200,000
CEO	Deferred exploration costs	50,000	-
CFO	Management fees	12,000	12,000
Company related to CFO*	Consulting fees	72,000	61,200
VP of Exploration	Management and consulting fees	84,683	8,100
	Deferred exploration costs	211,471	171,900
Director (Carolyn Loder)	Deferred exploration costs	97,245	38,317
	Consulting fees	-	7,506
CEO	Share-based compensation	43,783	-
CFO	Share-based compensation	11,833	-
VP Exploration	Share-based compensation	35,499	-
Director (John Robins)	Share-based compensation	47,333	-
Director (Fred Leigh)	Share-based compensation	23,666	-
Director (Carolyn Loder)	Share-based compensation	47,333	235,566
Director (Craig Roberts)	Share-based compensation	23,666	-
<b>Total</b>		<b>\$ 966,878</b>	<b>\$ 734,589</b>

(\*) Related to accounting and compliance services.

Related party transactions and balances not disclosed elsewhere in the Company's consolidated financial statements are as follows:

Payee	Nature of the transaction	Year ended December 31, 2021	Year ended December 31, 2020
Company related to CFO	Reimburse office rent	\$ 43,887	\$ 28,257
Company related to CFO	Reimburse marketing & design costs	21,000	23,405
<b>Total</b>		<b>\$ 64,887</b>	<b>\$ 51,662</b>

The balance payable to related parties at December 31, 2021 was \$12,441 (December 31, 2020 - \$1,479). These payables are generally unsecured, non-interest bearing and are expected to be repaid under normal trade terms.

The amounts charged to the Company for the services provided have been determined by negotiation among the parties and, in certain cases, are covered by signed agreements. These transactions were in the normal course of operations and were measured at the exchange value, which represented the amount of consideration established and agreed to by the related parties.

## **RECENT DEVELOPMENTS AND OUTLOOK**

The Company expects to obtain financing in the future primarily through further equity financing, as well as through joint venturing and/or the optioning of the Company's properties to qualified mineral exploration companies. There can be no assurance that the Company will succeed in obtaining additional financing, now or in the future. Failure to raise additional financing on a timely basis could cause the Company to suspend its operations.

The Company's business objectives are to secure financing, fund its general and administrative expenses for the ensuing year, to search for a new property, and fund its working capital requirements.

## **APPROVAL**

The Board of Directors of K2 Gold has approved the disclosure contained in this MD&A. A copy of this MD&A will be provided to anyone upon request.

## **ADDITIONAL INFORMATION**

Additional Information relating to K2 Gold is on SEDAR at [www.sedar.com](http://www.sedar.com) or by contacting:

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Vancouver, BC CANADA  
V6C 2V6  
Tel: (604) 331-5090  
Fax: (604) 682-4809  
[www.k2gold.com](http://www.k2gold.com)  
Email: [info@k2gold.com](mailto:info@k2gold.com)

/s/ "Stephen Swatton"

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Stephen Swatton  
**Director**

/s/ "Robert Scott"

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Robert Scott  
**Chief Financial Officer**