

K2 Gold Corporation

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022

(Unaudited- Prepared by Management-Expressed in Canadian Dollars)

Notice of Non-review of Condensed Interim Consolidated Financial Statements

In accordance with National Instrument 51-102, the Company discloses that the accompanying condensed interim consolidated financial statements have been prepared by and are the responsibility of the Company's management. They have been reviewed and approved by the Company's Audit Committee and the Board of Directors.

The attached condensed interim consolidated financial statements for the nine months ended September 30, 2023 have not been reviewed by the Company's auditors.

K2 Gold Corporation
Condensed Interim Consolidated Statements of Financial Position
For the Nine Months Ended September 30, 2023 and 2022
(Unaudited-Prepared by Management-Expressed in Canadian Dollars)

	Note	September 30, 2023	December 31, 2022
Assets			
Current Assets			
Cash and cash equivalents		\$ 863,079	\$ 313,217
Amounts receivable		136,569	6,266
Prepaid expenses		100,488	53,898
		1,100,136	373,381
Exploration and evaluation assets	4,9	16,012,860	12,586,251
Reclamation Bond		67,600	67,720
		16,080,460	12,653,971
TOTAL ASSETS		\$ 17,180,596	\$ 13,027,352
Liabilities and Shareholders' Equity			
Current Liabilities			
Accounts payable and accrued liabilities	9	\$ 372,608	\$ 176,535
Flow through premium liability		161,030	-
CEBA Loan	8	40,000	40,000
		573,638	216,535
Shareholders' Equity			
Share capital	5	30,450,588	26,761,673
Reserves	5	7,358,520	6,404,454
Deficit		21,202,150	(20,355,310)
		16,606,958	12,810,817
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		\$ 17,180,596	\$ 13,027,352

Nature of operations and going concern (Note 1)
 Commitments (Note 10)
 Subsequent Events (Note 13)

Approved on behalf of the Board of Directors on November 29, 2023

"Jim Paterson", Director

"Carolyn Loder", Director

The accompanying notes are an integral part of these consolidated financial statements.

K2 Gold Corporation

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss For the Nine Months Ended September 30, 2023 and 2022

(Unaudited-Prepared by Management-Expressed in Canadian Dollars)

	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
Expenses				
Advertising, marketing and promotion	\$ 31,249	\$ 22,805	\$ 148,432	\$ 92,645
Corporate listing and filing fees	18,545	15,793	43,416	43,139
Office and administration	34,043	21,715	106,500	83,114
Personnel	76,934	81,779	256,986	295,725
Professional fees	17,625	20,456	40,310	87,429
Property investigation	-	5,015	13,515	5,015
Rent	16,853	15,053	50,558	37,958
Share-based compensation	88,929	99,212	265,360	259,996
Travel and conferences	79,059	50,569	169,060	97,184
Loss Before the Undernoted	(363,237)	(332,397)	(1,094,137)	(1,002,205)
Other Income (Expenses)				
Interest income	14,229	7,364	66,653	17,983
Amortization of flow through premium	189,237	-	189,237	-
Foreign Exchange Adjustment	(4,702)	(683)	(8,594)	759
Loss for the Period	(164,473)	(325,716)	(846,841)	(983,463)
Comprehensive Loss for the Period	\$ (164,473)	\$ (325,716)	(846,841)	(983,463)
Loss per share – basic and diluted	\$ (0.002)	\$ (0.005)	(0.010)	(0.015)
Weighted average number of common shares outstanding	92,537,199	64,848,634	87,265,654	64,848,634

The accompanying notes are an integral part of these consolidated financial statements.

K2 Gold Corporation
Condensed Interim Consolidated Statements of Cash Flows
For the Nine Months Ended September 30, 2023 and 2022
(Unaudited-Prepared by Management-Expressed in Canadian Dollars)

Cash Provided By (Used In):	Nine months ended September 30, 2023	Nine months ended September 30, 2022
Operating activities:		
Net loss for the period	\$ (846,841)	\$ (983,463)
Items not involving cash:		
Amortization of flow through premium liability	(189,237)	-
Share based compensation	265,360	259,996
Foreign exchange	120	(5,145)
Change in non-cash working capital items:		
Accounts receivable	(130,303)	4,563
Prepaid expenses	(46,590)	949
Accounts payable and accrued liabilities	17,329	21,964
	(930,161)	(701,136)
Investing activities:		
Government grant	7,500	-
Exploration and evaluation expenditures	(3,255,365)	(1,379,926)
	(3,247,865)	(1,379,926)
Financing activities:		
Proceeds of issuance of shares	4,997,542	-
Share issue costs	(269,654)	-
	4,727,888	-
Net increase in cash and cash equivalents	549,862	(2,081,062)
Cash and cash equivalents, beginning of year	313,217	2,850,680
Cash and cash equivalents, end of the period	\$ 863,079	\$ 769,618

The accompanying notes are an integral part of these consolidated financial statements.

K2 Gold Corporation
Condensed Interim Consolidated Statement of Changes in Shareholders' Equity
For the Nine Months Ended September 30, 2023 and 2022
(Unaudited-Prepared by Management-Expressed in Canadian Dollars)

	Share Capital				Total
	Number of Shares	Amount	Reserves	Deficit	
Balance December 31, 2021	64,848,634	\$ 26,761,673	\$ 6,100,992	\$ (19,117,961)	\$ 13,774,704
Share based compensation	-	-	259,996	-	259,996
Loss for the period	-	-	-	(983,463)	(983,463)
Balance, September 30, 2022	64,848,634	\$ 26,761,673	\$ 6,360,988	\$ (20,101,424)	\$ 13,021,237
Balance December 31, 2022	64,848,634	\$ 26,761,673	\$ 6,404,454	\$ (20,355,310)	\$ 12,810,817
Private placement – non flow through	23,976,500	\$ 3,018,248	\$ 578,227	-	\$ 3,596,475
Private placement – flow through	8,756,666	1,401,067	-	-	1,401,067
Private placement – flow through premium	-	(350,267)	-	-	(350,267)
Share issuance costs – non-cash	-	(110,479)	110,479	-	-
Share issuance costs – cash	-	(269,653)	-	-	(269,653)
Share based compensation	-	-	265,360	-	265,360
Loss for the period	-	-	-	(846,841)	(846,841)
Balance, September 30, 2023	97,581,800	\$ 30,450,588	\$ 7,358,520	\$ (21,202,150)	\$ 16,606,958

The accompanying notes are an integral part of these consolidated financial statements.

K2 Gold Corporation

(An Exploration Stage Company)

Notes to the Condensed Interim Consolidated Financial Statements

For the Nine Months Ended September 30, 2023 and 2022

(Unaudited-Prepared by Management-Expressed in Canadian Dollars)

1. Nature of Operations and Going Concern

K2 Gold Corporation (“K2 Gold”, “K2” or the “Company”) was incorporated on May 3, 2011, pursuant to the Business Corporations Act of British Columbia, Canada. The Company’s head office is located at Suite 1020 – 800 West Pender St., Vancouver, BC, V6C 2V6. The Company’s common shares are publicly listed on the Toronto Stock Exchange’s Venture Exchange (the “Exchange”) under the symbol “KTO”.

K2 Gold is an exploration stage company with its primary focus being the exploration of mineral properties in California, the Yukon Territory, and Alaska.

The recoverability of amounts shown as mineral property interests is dependent upon the discovery of economically recoverable reserves, the Company’s ability to obtain financing to develop its property and the ultimate realization of profits through future production or sale of its property. Realized values may be substantially different than carrying values as recorded in these consolidated financial statements.

These consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able to continue its operation as a going concern for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. At September 30, 2023, the Company had not achieved profitable operations and had an accumulated deficit. These material uncertainties may cast significant doubt about the Company’s ability to continue as a going concern. These consolidated financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern.

Although the Company has been successful in the past in obtaining financing, there can be no assurances that the Company will continue to obtain the additional financial resources necessary and/or achieve profitability or positive cash flows from its future operations. If the Company is unable to obtain adequate additional financing, the Company would be required to curtail its planned operations, exploration and development activities.

2. Basis of Presentation

a) Statement of Compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). In addition, these condensed interim consolidated financial statements have been prepared using interpretations issued by the International Financial Reporting Interpretation Committee (“IFRIC”) in effect at September 30, 2023 and the same accounting policies and methods of their application as the most recent annual financial statements of the Company, except the newly adopted standards and interpretations described below (Note 3).

b) Approval of the consolidated financial statements

These consolidated financial statements were approved and authorized for issue by the Board of Directors on November 29, 2023.

c) Functional and Presentation Currency

The functional currency of a company is the currency of the primary economic environment in which the company operates. The presentation currency for a company is the currency in which the company chooses to present its consolidated financial statements.

These consolidated financial statements are presented in Canadian dollars, which is the Company’s presentation and functional currency.

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Notes to the Condensed Interim Consolidated Financial Statements

For the Nine Months Ended September 30, 2023 and 2022

(Unaudited-Prepared by Management-Expressed in Canadian Dollars)

2. Basis of Presentation (continued)

c) Functional and Presentation Currency (continued)

Transactions in foreign currencies are translated into the functional currency at exchange rates as at the date of the transaction. Foreign currency monetary assets and liabilities are translated at the functional currency exchange rate at the date of the statement of financial position. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using exchange rates as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates as at the date of acquisition. All gains and losses on translation of these foreign currency transactions are included in profit or loss.

d) Basis of consolidation:

These condensed interim consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries K2 Gold Alaska, Inc. ("K2 Gold Alaska") and Mojave Precious Metals Inc. ("Mojave Precious Metals"). The financial statements of K2 Gold Alaska and Mojave Precious Metals are included in the condensed interim consolidated financial statements from the date on which control was transferred to the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. All significant intercompany accounts and transactions have been eliminated on consolidation.

3. Significant Accounting Policies

Critical accounting judgments, estimates and assumptions

The preparation of these condensed interim consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amount 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 with further details of the assumptions contained in the relevant note.

The preparation of these condensed interim consolidated financial statements requires management to make judgments regarding the going concern of the Company as discussed in Note 1.

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.

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3. Significant Accounting Policies (continued)

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

Share-based compensation expense is measured 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 and making assumptions about them.

New and revised standards and interpretations

The accounting policies in preparation of these condensed interim consolidated financial statements are consistent with those applied and disclosed in the Company's audited consolidated financial statements for the year ended December 31, 2022.

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Notes to the Condensed Interim Consolidated Financial Statements

For the Nine Months Ended September 30, 2023 and 2022

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4. Exploration and Evaluation Assets

Mojave Property:		Acquisition Costs	Deferred Exploration	Total
Balance, December 31, 2021	\$	1,815,387	6,331,902	8,147,289
Cash Payment		270,283	-	270,283
Staking		37,490	-	37,490
Geology		-	184,421	184,421
Aviation		-	1,023	1,023
Land use & Licenses		-	282,062	282,062
Community Relations		-	21,638	21,638
Legal Permitting		-	118,241	118,241
Permitting		-	43,185	43,185
Travel		-	30,102	30,102
Monitoring		-	7,715	7,715
Balance, December 31, 2022	\$	2,123,160	7,020,288	9,143,448
Cash Payment		-	-	-
Staking		-	-	-
Shares issued		-	-	-
Geology		-	40,908	40,908
Aviation		-	-	-
Land use & Licenses		-	391,966	391,966
Community Relations		-	-	-
Permitting		-	4,858	4,858
Legal Permitting		-	9,442	9,442
Travel		-	4,478	4,478
Balance, September 30, 2023	\$	2,123,160	7,471,941	9,595,101

Cerro Gordo Property:		Acquisition Costs	Deferred Exploration	Total
Balance, December 31, 2021	\$	62,344	-	62,344
Land use & licenses		-	12,911	12,911
Travel		-	331	331
Balance, December 31, 2022	\$	62,344	13,242	75,586
Balance, September 30, 2023	\$	62,344	13,242	75,586

Si2 Gold Project:		Acquisition Costs	Deferred Exploration	Total
Balance, December 31, 2021	\$	-	-	-
Cash payment		62,370	-	62,370
Geology		-	147,841	147,841
Aviation		-	762	762
Land use & licenses		-	3,728	3,728
Travel		-	14,831	14,831
Permitting		-	14,282	14,282
Balance, December 31, 2022	\$	62,370	181,443	243,813
Geology		-	1,796,676	1,796,676
Aviation		-	274	274
Land use & licenses		-	133,210	133,210
Travel		-	254,774	254,774
Balance, September 30, 2023	\$	62,370	2,366,377	2,428,747

K2 Gold Corporation

(An Exploration Stage Company)

Notes to the Condensed Interim Consolidated Financial Statements

For the Nine Months Ended September 30, 2023 and 2022

(Unaudited-Prepared by Management-Expressed in Canadian Dollars)

4. Exploration and Evaluation Assets (continued)

Wels Property:	Acquisition Costs	Deferred Exploration	Total
Balance, December 31, 2021	\$ 1,497,557	1,436,413	2,933,970
Advanced royalty payment	20,000	-	20,000
Geology	-	131,346	131,346
Aviation	-	76,865	76,865
Travel	-	3,722	3,722
Government grant recovery	-	(42,500)	(42,500)
Balance, December 31, 2022	\$ 1,517,557	1,605,846	3,123,403
Geology	-	465,128	465,128
Aviation	-	221,043	221,043
Land use & licenses	-	5,985	5,985
Travel	-	105,368	105,368
Government grant recovery	-	(7,500)	(7,500)
Balance, September 30, 2023	\$ 1,517,557	2,395,870	3,913,427
Total Exploration and Evaluation:	Acquisition Costs	Deferred Exploration	Total
Balance, December 31, 2022	\$ 3,765,431	8,820,820	12,586,251
Balance, September 30, 2023	\$ 3,765,431	12,247,429	16,012,860

Mojave Project

On July 12, 2019, K2 signed an option agreement to acquire a 100% interest in the Mojave Gold Project ("Mojave Project"), with the option agreement subsequently amended on June 14, 2022.

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

	Cash option payments	Common shares issuance
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)	
August 31, 2023*	**175,000	480,000 (issued)
February 29, 2024*	**175,000	
August 31, 2024*	**275,000	480,000
Total	US\$ 1,400,000	2,400,000

* On June 14, 2022 the option terms were amended to adjust the final three payment dates from 36, 42, and 48 months from the effective date to the revised dates shown in the table.

** On August 18, 2023 the vendor agreed to defer the remaining three cash option payments until certain milestones are achieved.

In addition, following the exercise of its option, K2 has agreed to make an annual pre-production payment of US\$275,000 per year beginning on August 31, 2025, and continuing annually until the achievement of

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Notes to the Condensed Interim Consolidated Financial Statements

For the Nine Months Ended September 30, 2023 and 2022

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4. Exploration and Evaluation Assets (continued)

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.

In August 2020, the Company was required to post a bond in the amount of \$67,600 (\$50,000 USD), (2022 - \$67,720-(\$50,000 USD)) with the Bureau of Land Management ("BLM") for reclamation work associated with the Mojave Property.

Cerro Gordo Project

On August 11, 2021 the Company signed an option agreement to acquire a 100% interest in the Cerro Gordo Gold Project ("Cerro Gordo Project"), located adjacent to the Company's Mojave Project in Inyo County, California. The option agreement was subsequently amended, with an effective date of May 27, 2022. Subsequent to the May 27, 2022 amendment the option agreement was amended again with an effective date of May 25, 2023. All outstanding payments from the May 27, 2022 amendment were extended by one year. The next payment is now due by January 30, 2024 as per the updated table below.

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

		Cash option payments			Work commitment
July 30 2021 (Effective date)	US\$	10,000	(paid)		-
60 days from the effective date (Closing date)		40,000	(paid)		-
January 30, 2024		25,000			-
July 30, 2024		75,000		US\$	25,000
July 30, 2025		75,000			25,000
July 30, 2026		75,000			25,000
July 30, 2027		75,000			25,000
July 30, 2028		250,000			
Total	US\$	625,000		US\$	100,000

* On May 25, 2023 the terms of the amended option agreement were amended to extend all remaining payment dates by 12 months which is currently reflected in the table above.

In addition, a bonus payment of US\$500,000 is payable following the completion of a Bankable Feasibility Study.

Commencing in the year following the second 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% NSR royalty 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.

Si2 Gold Project

On January 19, 2022 the Company announced that it has signed an option agreement (the "Agreement") with Orogen Royalties Inc. ("Orogen"), to earn a 100% interest, subject to a 2% NSR, in Orogen's Si2 gold project, formerly known as the Elba project, in Nevada, USA (the "Si2 Gold Project" or "Si2").

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

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For the Nine Months Ended September 30, 2023 and 2022

(Unaudited-Prepared by Management-Expressed in Canadian Dollars)

4. Exploration and Evaluation Assets (continued)

	Cash		Work Commitment (Cumulative)
Signing Date (January 18, 2022)	US\$	\$ 50,000 (paid)	\$
January 18, 2023	\$	100,000 (paid)	\$ 150,000 (incurred)
January 18, 2024	\$	100,000	\$ 650,000
January 18, 2025	\$	250,000	\$ 1,250,000
January 18, 2026	\$	500,000	\$ 1,750,000
January 18, 2027	\$	1,500,000	\$ 2,500,000
Total	US\$	\$ 2,500,000	\$ 2,500,000

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.

Wels Property

The Company signed a definitive option agreement with Go Metals Corp. "Go Metals" (formerly "Go Cobalt Mining Corp.") 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". To earn its 90% interest, the Company made cash payments aggregating \$350,000 staged over 24 months and issued 3,000,000 common shares staged over a 30-month period as follows:

	Cash option payments		Common shares issuance	
Within 5 days after date of October 16, 2016	\$	50,000 (paid)	500,000	(issued)
On or before September 30, 2016		100,000 (paid)	-	
On or before February 11, 2017		-	500,000	(issued)
On or before August 11, 2017		100,000 (paid)	500,000	(issued)
On or before February 11, 2018		-	500,000	(issued)
On or before August 11, 2018		50,000 (paid)	500,000	(issued)
On or before November 11, 2018		50,000 (paid)	-	
On or before February 11, 2019		-	500,000	(issued)
Total	\$	350,000	3,000,000	*

* The Company and Go Metals are proceeding 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% 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. Pursuant to the option agreement a \$20,000 annual advance royalty was paid in 2022 (2021- \$20,000).

During the year ended December 31, 2019, the Company issued 500,000 common shares at a price of \$0.255 to Go Metals pursuant to the Wels option agreement. The fair value of these common shares was \$127,500 as at the time of their issuance (Note 6). The Company has now satisfied all of the terms of its option agreement with Go Metals and earned a 90% interest in the Wels property.

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5. Share Capital

a) Authorized Share Capital

At September 30, 2023 and 2022, the authorized share capital comprised an unlimited number of common shares without par value.

b) Issued Share Capital

Transactions for the nine months ended September 30, 2023

On August 22, 2023 the Company announced the closing of a non-brokered private placement. Total gross proceeds raised was \$1,401,067 consisting of 8,756,666 charity flow through shares offered at a price of \$0.16 per charity flow through share.

The Company paid finders fees to arm's length finders totalling \$49,032. In addition, \$9,196 was paid for cash share issuance costs. Total cash share issuance costs was \$58,228.

On February 1, 2023 the Company completed a non-brokered private placement financing by issuing a total of 23,976,500 units at a price of \$0.15 per unit, for aggregate gross proceeds of \$3,596,475.

Each unit consisted of one common share and one-half of one non-transferable common share purchase warrant. Each warrant is exercisable to acquire one share at a price of \$0.30 per share for a period until February 1, 2025.

The Company paid finders fees to arm's length finders totaling \$188,479 and issued 1,256,530 broker warrants exercisable for 24 months from the date of issuance to acquire common shares of the Company at an exercise price of \$0.30 per share. In addition, \$22,947 was paid for cash share issuance costs Total cash share issuance costs was \$211,426

Transactions for the year ended December 31, 2022

There were no shares issued during the year ended December 31, 2022.

c) Warrants

The warrants activity are summarized below:

Details of outstanding warrants are as follows:	Number of Warrants	Weighted Average Exercise Price
Outstanding warrants, December 31, 2021	6,250,000	\$ 0.75
Expired	(6,250,000)	\$ 0.75
Outstanding warrants, December 31, 2022	-	\$ -
Issued	13,244,780	\$ 0.30
Outstanding warrants, September 30, 2023	13,244,780	\$ 0.30

At September 30, 2023, the Company had outstanding warrants enabling the holders to acquire common shares as follows:

Expiry Date	Weighted Average Exercise Price	Number of Warrants	Weighted Remaining Contractual Life(in Years)
February 01, 2025	\$0.30	13,244,780	1.34
Weighted average exercise price and remaining contractual life	\$0.30	13,244,780	1.34

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5. Share Capital (continued)

d) Stock Options

Under the Company's stock option plan, the board of directors may grant options for the purchase of up to 10% of the total number of issued and outstanding common shares of the Company. Options granted under the plan vest over time at the discretion of the board of directors and expire no later than ten years from the date of issuance. Exercise prices on options granted under the plan cannot be lower than the market price of one common share on the last trading day immediately preceding the day on which the option is granted, less the maximum applicable discount permitted by the Exchange.

On May 01, 2023 the Company announced that it had granted incentive stock options to certain directors, officers, employees and advisors of the Company to purchase up to an aggregate 2,775,000 common shares in the capital stock of the Company. The stock options are exercisable at a price of \$0.15 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 three months until fully vested.

During the period ended December 31, 2022, the Company granted a total of 2,850,000 stock options exercisable at \$0.15 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 three months until fully vested.

The changes in stock options issued are as follows:

	Number of stock options	Weighted Average Exercise Price
Outstanding, December 31, 2021	6,243,565	\$0.35
Granted	2,850,000	\$0.15
Expired	(1,663,565)	\$0.41
Cancelled	(1,585,000)	\$0.31
Outstanding December 31, 2022	5,845,000	\$0.25
Granted	2,775,000	\$0.15
Outstanding September 30, 2023	8,620,000	\$0.22

Share-based compensation relating to options vested during the nine months ended September 30, 2023 using the Black-Scholes option pricing model was \$265,360 (2022: \$259,996), which was recorded as reserves on the statements of financial position and as share-based compensation expense on the statement of loss and comprehensive loss.

The estimated grant date fair value of the options granted during 2022 and 2023 was calculated using the Black-Scholes option pricing model with the following weighted average assumptions:

	September 30, 2023 Stock Options	December 31, 2022 Stock Options
Number of options granted	2,775,000	2,850,000
Risk-free interest rate	3.10%	2.75%
Expected annual volatility	106%	103%
Expected life	5 years	5 years
Expected dividend yield	0%	0%
Grant date fair value per option	\$0.11	\$0.11
Share price at grant date	\$0.14	\$0.14

As at September 30, 2023, the Company had outstanding options enabling the holders to acquire common shares as follows:

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5. Share Capital (continued)

d) Stock Options (continued)

Expiry Date	Options outstanding	Options exercisable	Exercise price	Weighted Remaining Contractual Life (in Years)
June 3, 2024	150,000	150,000	\$0.22	0.68
October 30, 2024	2,200,000	2,200,000	\$0.27	1.08
February 20, 2025	200,000	200,000	\$0.23	1.39
September 28, 2025	450,000	450,000	\$0.71	2.00
May 13, 2026	945,000	945,000	\$0.32	2.62
May 13, 2027	2,850,000	2,850,000	\$0.15	3.63
May 1, 2028	2,775,000	1,387,500	\$0.15	4.59
	8,620,000	7,232,500	\$0.22	3.26

6. Financial Instruments

a) Fair values

The Company has classified fair value measurements of its financial instruments using a fair value hierarchy that reflects the significance of inputs used in making the measurements as follows:

- Level 1: Valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Valuations based on directly or indirectly observable inputs in active markets for similar assets or liabilities, other than Level 1 prices, such as quoted interest or currency exchange rates; and
- Level 3: Valuations based on significant inputs that are not derived from observable market data, such as discounted cash flow methodologies based on internal cash flow forecasts.

The fair value of cash and cash equivalents, amounts receivable and accounts payables and accrued liabilities approximates their carrying value due to their short-term maturity. Marketable securities are measured using level one of the fair value hierarchy.

b) 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 and amounts receivable.

Cash and cash equivalents are held with major Canadian financial institutions and amounts receivable primarily consist of GST recoverable are from Government entities. Management is of the view that all amounts are fully collectible.

c) 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. All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. Management believes that the Company has sufficient funds to meet its obligations as they become due or will be able to obtain financing as required to meet its obligations and commitments (see also Note 1).

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6. Financial Instruments (continued)

d) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and commodity 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 OTC-QB.. All equity instruments were sold during the year.

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 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.

e) Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on profit or loss and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of resources, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

7. Capital Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern so that it can provide returns and benefits for shareholders and advance the exploration of its mineral properties.

The Company's policy is to maintain a strong capital base to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of equity, comprising share capital and reserves, net of accumulated deficit.

The Company depends on external financing to fund its activities and may issue new equity instruments to maintain its capital structure. The Company manages its capital structure through the preparation of operating budgets, which are approved by the Board of Directors.

There were no changes in the Company's approach to capital management during the nine months ended September 30, 2023. The Company is not subject to any externally imposed capital requirements.

8. CEBA loan

In June 2020, the Company secured a \$40,000 interest-free operating line of credit after applying for the government-sponsored Canada Emergency Business Account ("CEBA") under the Government of Canada COVID-19 relief program.

Terms of the CEBA agreement:

- i. The CEBA funds are intended for non-deferrable operating expenses, including but not limited to payroll, rent and insurance,

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8. CEBA loan (continued)

- ii. If there is a balance outstanding after December 31, 2020, the remaining outstanding amount will be converted into a 3-year interest-free term loan effective January 1st, 2021,
- iii. If \$30,000 is repaid by December 31, 2023, \$10,000 of the operating line will be forgiven,
- iv. On December 31, 2023, the Company may choose to exercise an option to extend the term loan for another 2 years at the rate of 5% per annum on any balance remaining.

The balance at September 30, 2023 was \$40,000 (2022: \$40,000).

9. Related Parties

Key management compensation

Key management consists 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:

	Nine months ended September 30, 2023	Nine months ended September 30, 2022
Exploration and evaluation assets	\$ 106,092	\$ 85,432
Personnel	232,907	226,790
Share-based compensation	206,546	173,969
Total	\$ 545,545	\$ 486,191

Related party transactions and balances not disclosed elsewhere in these consolidated financial statements are as follows:

	Nine months ended September 30, 2023	Nine months ended September 30, 2022
Office rent ¹	\$ 34,358	\$ 34,358
Marketing and design ¹	-	5,250
Office rent (Squamish, BC) ²	16,200	-
Total	\$ 50,558	\$ 39,608

(¹) Cost recovery payments made to a company related to key management.

(²) Rental payments made to a Company owned by a key management person.

The balance payable to related parties at September 30, 2023 was \$Nil (December 31, 2022 - \$2,709). 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.

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10. Flow Through Share Premium Liability

On August 22, 2023, the Company completed a non-brokered private placement financing by issuing a total of 8,756,666 charity flow-through shares at a price of \$0.16 per charity flow-through share, for aggregate gross proceeds of \$1,401,067

A flow-through share premium liability of \$350,267 was recorded to include the liability portion of the flow through shares issued. As eligible exploration expenditures are incurred the liability will be amortized to income (loss). During the three months ended September 30, 2023 the Company recognized \$189,237 (2022 - \$Nil) as income on renunciation of the flow-through premium liability.

11. Commitments

a) Lease

The Company entered into a lease agreement with a company related to key management to rent an office space commencing May 1, 2021 to April 29, 2024 for \$3,817.50 per month. In addition to the monthly rental payments, the Company is charged for the applicable GST costs.

The future rental payments are required as follows:

2023	\$45,810
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2024	\$15,270
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12. Segment Information

The Company operates in one reportable segment, being the acquisition, exploration and evaluation of mineral resources.

13. Subsequent Events

On the 18th October, 2023 the Company issued 480,000 K2 Gold Corp. shares as part of Mojave project option agreement.