K92
MINING INC.

("K92" or "the Company")

FORM 51-102F1

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2020

Introduction

This Management's Discussion and Analysis ("**MD&A**") of K92 Mining Inc. (including its wholly owned subsidiaries, K92 Holdings International Limited (incorporated in British Virgin Islands), K92 Mining (Australia) Pty Ltd. (incorporated in Australia), and K92 Mining Ltd. (incorporated in Papua New Guinea)) is the responsibility of management and covers the nine months ended September 30, 2020. The MD&A takes into account information available up to and including November 12, 2020 and should be read together with the condensed consolidated interim financial statements for the three and nine months ended September 30, 2020 and the audited consolidated financial statements for the year ended December 31, 2019, which are available on the SEDAR website at www.sedar.com.

Throughout this document the terms *we, us, our, the Company* and *K92* refer to K92 Mining Inc. Unless otherwise noted, all financial information in this document is derived from the financial statements of the Company, which have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board applicable to the preparation of interim financial statements, including IAS 34, *Interim Financial Reporting*, and is presented in thousands of United States dollars, except share and per share amounts, or unless otherwise indicated.

Additional information related to the Company is available for view on SEDAR and on the Company's website at www.k92mining.com.

This document contains forward-looking statements. Please refer to "Note Regarding Forward-Looking Statements." Forward-looking statements are necessarily based on estimates and assumptions that are inherently subject to known and unknown risks, uncertainties and other factors, many of which are beyond our ability to control, that may cause our actual results, level of activity, performance or achievements to be materially different from those expressed or implied by such forward-looking information. Please refer to "Risk Factors" below.

Description of Business

K92 Mining Inc. (the "**Company**") was incorporated pursuant to the provisions of the Business Corporations Act (British Columbia) on March 22, 2010. The Company's shares are listed on Tier 1 of the TSX Venture Exchange ("**TSX-V**") under the symbol KNT and quoted on the OTCQX under the symbol KNTNF. The Company is currently engaged in the production of gold, copper and silver at the Kainantu Gold Mine as well as exploration and development of mineral deposits in the immediate vicinity of the mine, including Blue Lake, in Papua New Guinea.

Summary of Key Operating and Financial Results

(in thousands of United States Dollars, except per share amounts)		Three months ended September 30, 2020	Three months ended September 30, 2019	Nine months ended September 30, 2020	Nine months ended September 30, 2019
Operating data					
Ore mined	t	73,861	30,006	166,515	95,040
Ore processed	t	64,702	32,094	161,434	96,853
Feed grade	g/t	11.3	19.2	13.9	19.5
Gold produced	Oz	21,298	18,636	66,300	56,741
Gold equivalent produced[1]	Oz	22,261	19,170	68,972	58,610
Gold sold	Oz	19,265	15,652	65,161	52,893
Cash costs per gold ounce sold[2]	$/Oz	695	649	657	532
All-in sustaining costs per gold ounce sold[2]	$/Oz	834	800	770	684
Financial data					
Revenue	$	35,605	20,989	111,095	68,277
Cost of sales	$	15,883	12,239	49,477	34,070
Net income (loss)	$	9,371	(389)	31,117	10,000
Cash flow from operating activities	$	12,836	(2,640)	43,498	12,911
Cash, ending balance	$	41,217	17,546	41,217	17,546
Basic earnings per share	$/sh	0.04	-	0.14	0.05
Diluted earnings per share	$/sh	0.04	-	0.14	0.05

Performance Summary

Operational – Nine Months Ended September 30, 2020 ("YTD Q3 2020")

- **Gold production growth of 17%** totaling 66,300 gold ounces or 68,972 AuEq ounces in YTD Q3 2020, compared to production of 56,741 gold ounces or 58,610 AuEq ounces during the nine months ended September 30, 2019 ("**YTD Q3 2019**").[1] The increase in gold production is despite deliberately lower grades to minimize potential gold losses during commissioning of the Stage 2 Plant Expansion.

- **Ore mined increased by 75%** to 166,515 tonnes in YTD Q3 2020, compared to ore mined of 95,040 tonnes in YTD Q3 2019. The Company also achieved record ore mined of 73,861 tonnes in in the three months ended September 30, 2020 ("**Q3 2020**").

- **Mill throughput increased by 67%** to 161,434 tonnes in YTD Q3 2020, compared to 96,853 tonnes in YTD Q3 2019. The Company also achieved record quarterly mill throughput of 64,702 tonnes in Q3 2020.

- **Cash costs** averaged $657 ($695 in Q3 2020) per gold ounce in YTD Q3 2020 versus $532 ($649 in Q3 2019) per gold ounce in YTD Q3 2019.[2] The increase in cash costs per ounce is partially due to a decrease in feed grades of 13.9 g/t Au in YTD Q3 2020 compared to 19.5 g/t Au in YTD Q3 2019. Feed grades were deliberately lowered during Q3 2020 to minimize potential gold losses during the commissioning of the Stage 2 Plant Expansion. In addition, the Company incurred costs related to the COVID-19 pandemic, including additional pay for employees completing longer rosters at site, additional costs related to the movement of personnel and supplies, and additional safety and medical related costs. The Company also incurred higher labour costs associated with increasing the labour compliment necessary to build up production to the higher levels planned for the Stage 2 Expansion.

[1] Gold equivalent calculated based on gold $1,500 per ounce (2019 - $1,300), silver $17.75 per ounce (2019 - $16.50) and copper $2.70 per pound (2019 - $2.90).

[2] Non-IFRS – the definition and reconciliation of these measures are included in the non-IFRS performance measures section of this MD&A.

- **All-in sustaining costs** averaged $770 ($834 in Q3 2020) per gold ounce in YTD Q3 2020 versus $684 ($800 in Q3 2019) per gold ounce in YTD Q3 2019 as a result of the higher cash costs noted above.[2]

- The Kainantu mine continues to operate during the COVID-19 pandemic, with a significant focus on health, safety and risk mitigation.

Financial – YTD Q3 2020

- **Revenue growth of 63%** totaling $111.1 million in YTD Q3 2020 compared to $68.3 million in YTD Q3 2019. Sales of gold in concentrate increased by 23% to 65,161 oz in YTD Q3 2020 from 52,893 in YTD Q3 2019 resulting in $20.2 million in higher revenues and payable gold prices increased by 27% to $1,649/oz in YTD Q3 2020 from $1,299/oz in YTD Q3 2019 resulting in $22.8 million in higher revenues.

- **Record cash position of $41.2 million** at September 30, 2020 compared to $21.6 million at December 31, 2019. During the nine months ended September 30, 2020, the Company paid $6.4 million in principal loan payments and spent $15.3 million in expansion capital.

- **Operating cash flow growth of 237%** totaling $43.5 million in YTD Q3 2020 compared to $12.9 million in YTD Q3 2019.

- **Gross margins improved to 55%** in YTD Q3 2020 compared to 50% in YTD Q3 2019.

- **EBITDA growth of 88%** totaling $56.8 million in YTD Q3 2020 compared to $30.2 million in YTD Q3 2019.[2]

- Announced the COVID-19 Assistance Fund to support the Papua New Guinea National Government, the Eastern Highlands and Morobe Provincial Governments and local communities in PNG with 1.5 million Papua New Guinea Kina (US$0.4 million).

Expansion – YTD Q3 2020

- Successfully completed commissioning of the Stage 2 process plant, doubling throughput capacity from 200,000 tonnes per annum ("**tpa**") (~550 tonnes per day ("**tpd**")) to 400,000 tpa (~1,100 tpd).

- Filed a Preliminary Economic Assessment ("**PEA**") with an effective date April 2, 2020. See technical report filed on www.sedar.com, and our website, "Technical report (NI 43-101)" filed July 31, 2020. Key results of the PEA:

    - After-tax NPV5% of US$1.5 billion at US$1,500 per ounce gold, increasing to an after-tax NPV5% of US$2.0 billion at US$1,900 per ounce gold.
    - Average annual expansion run-rate production of 318,000 ounces gold equivalent per annum at 1.0Mtpa, commencing in late-2023, representing a 165% increase from Stage 2 Expansion Life of Mine ("**LOM**") average annual production.
    - LOM average cash costs of US$353 per AuEq ounce and AISC of US$489 per AuEq ounce.
    - Low cash costs of US$202 per gold ounce and AISC costs of US$362 per gold ounce net of by-product credits.
    - Initial pre-expansion capital cost of US$125 million and life of mine sustaining capital cost of US$341 million with all capital costs fully funded by existing Stage 2 Kainantu mine cash flow.
    - Mine life of 12 years, including ~3 years of Stage 2 production (2021 to late-2023).

Corporate – YTD Q3 2020

- Received conditional approval from the Toronto Stock Exchange ("**TSX**") to graduate from the TSX Venture Exchange ("**TSXV**") and list on the TSX.

Last 4 Quarters of Production Data

		2019 Quarter 4	2020 Quarter 1	Quarter 2	Quarter 3	Total
Tonnes processed	t	30,336	47,421	49,311	64,702	191,770
Feed grade Au	g/t	25.2	13.6	17.6	11.3	15.7
Feed grade Cu	%	0.35	0.32	0.54	0.38	0.40
Recovery (%) Au	%	93.9	93.0	92.1	90.7	92.1
Recovery (%) Cu	%	93.7	91.6	91.1	90.2	91.3
Metal in concentrate produced Au	oz	23,096	19,240	25,762	21,298	89,396
Metal in concentrate produced Cu	t	98	136	241	221	696
Metal in concentrate produced Ag	oz	5,243	6,937	10,867	7,127	30,174
Gold equivalent ounces produced	oz	23,646	19,863	26,847	22,261	92,617

COVID-19 Update

Since March 2020, several measures have been implemented in Canada, Australia, Papua New Guinea and the rest of the world in response to the impact of the coronavirus ("**COVID-19**") pandemic. While the global impact of COVID-19 is expected to be temporary, the current circumstances are dynamic and the impacts of COVID-19 on the Company's business operations, including the impact on our future production, cannot be reasonably estimated at this time.

The Company has initiated a COVID-19 Management Plan at the mine site, which addresses immediate issues including occupational health, hygiene and safety, business continuity, travel, supply chain, statutory compliance, communications, testing, risk assessment and contingency planning.

On March 20, 2020, Papua New Guinea reported its first case of COVID-19 infection, following the testing of an international visitor shortly after arrival in PNG. As a result of this reported infection, the PNG Government declared a National State of Emergency ("**SOE**") for a period of 14 days. Under the SOE there were international and domestic travel restrictions, with no foreign nationals permitted to enter the country and all travel between Provinces restricted to essential services. On April 3, 2020, the PNG Government extended the nationwide SOE through June 1, 2020 to prevent further spread of COVID-19. On June 16, 2020, the PNG Government announced an end to the SOE resulting in further easing of some of the restrictions, particularly around domestic movement.

In line with other mining operations in the country, the Company maintained normal operations at the Kainantu mine and associated facilities during the local state of emergency and received exemptions from the PNG Government to allow for the movement of PNG Nationals within PNG and of Expatriate workers from Australia during that period. After the Government of Papua New Guinea lifted the state of emergency, the Company experienced a significant improvement in the movement of personnel, and as a result our twin incline and surface exploration activities have resumed and final commissioning of the Stage 2 Plant Expansion was completed.

Production guidance for 2020

Updated Guidance

On May 14, 2020, the Company announced the withdrawal of its full-year 2020 guidance due to timing uncertainty related to international travel for commissioning of our Stage 2 Plant Expansion due to the COVID-19 state of emergency declared by the PNG Government on March 23, 2020. In June 2020, the Government of Papua New Guinea lifted the state of emergency, and as a result commissioning of the Stage 2 Plant Expansion resumed, with final commissioning complete in Q3 2020. The Company plans to release operational guidance for 2021 in Q1 2021 unless there is a deterioration in conditions due to COVID-19.

Operations

The Company holds the mining rights to Mining Lease 150 ("**ML 150**") that is due to be renewed on June 13, 2024.

During the three months ended September 30, 2020, the Company produced 21,298 ounces of gold, 488,020 pounds of copper and 7,127 ounces of silver, or 22,261 AuEq oz. The quarter also achieved record mill throughput of 64,702 tonnes following successful commissioning of the Stage 2 Plant Expansion to double throughput from 200,000 tpa (~550tpd) to 400,000 tpa (~1,100 tpd), including 5 consecutive days significantly above design, averaging almost 1,200 tpd.

Mining operations in Q3 2020 focused on Kora's K1 and K2 veins and comprised development tonnes on the K1 vein on five levels, K1 vein long hole stoping (modified AVOCA method) on the 1205 and 1225 mRL level, K2 vein development tonnes from the 1170 mRL level and K2 vein long hole stoping (modified AVOCA method) on the 1185 mRL level. Importantly, Q3 2020 marked the second full quarter of long hole stoping, which commenced in March 2020 on the K1 vein. To date, long hole stoping has performed to design on both the K1 and K2 veins and has provided a notable positive impact on operational flexibility, including multiple consecutive days exceeding 1,100 tpd of plant feed from underground in Q3 2020. Long hole stoping is planned to increase through 2020 and K92 remains on track to consistently achieve throughput of 1,100 tpd of plant feed from underground by year end.

The blend of K1 and K2 material provided an average head grade to the process plant for Q3 of 11.29 g/t Au and 0.38% Cu. Plant feed grades were deliberately lowered in Q3 2020 during the commissioning period to minimize the potential for gold losses. Gold head grades continued to deliver a positive grade reconciliation. Grades are expected to increase in Q4 as higher-grade mining areas are reprioritized.

Capital Expenditure

During the three month period ending September 30, 2020, the Company spent the remaining capital to complete the Stage 2 Plant Expansion including the arrival of a Caterpillar AD45B low profile truck, third Sandvik LH517i loader with tele-remote auto-mine and a Jacon X5 underground cement truck. Due to the COVID-19 pandemic, the Company curtailed some non-essential work, including major capital projects but continued to work on its camp expansion and the portal area for its twin incline. In September 2020, the Company successfully completed commissioning of the Stage 2 process plant, doubling throughput capacity from 200,000 tpa (~550 tpd) to 400,000 tpa (~1,100 tpd).

Exploration

Underground grade control and exploration

In early Q2 2020, the Company curtailed non-essential surface exploration works, including all drilling and other field exploration activities due to the COVID-19 pandemic. In June 2020, the Government of Papua New Guinea lifted the state of emergency, allowing for exploration activities to significantly ramp up. There are now nine diamond drill rigs operating with a target of ten rigs by year end. The drill rigs are planned to drill multiple targets concurrently, including Kora, Kora South, Judd, Blue Lake and Karempe.

Please see the Company's news release dated October 22, 2020 and November 9, 2020 for the most recent results from the underground grade control and exploration program.

Qualified Persons

K92 Mine Geology and Mine Exploration manager, Andrew Kohler, PGeo, a qualified person under the meaning of Canadian National Instrument 43-101 – Standards Disclosure for Mineral Projects ("**NI 43-101**"), has reviewed and is responsible for the technical content in the underground grade control and exploration section of the MD&A. Data verification by Mr. Kohler includes significant time onsite reviewing drill core, face sampling, underground workings, and discussing work programs and results with geology and mining personnel.

K92 Vice-President of Exploration Chris Muller, PGeo, a qualified person under the meaning of NI 43-101, has reviewed and is responsible for the technical content in the surface exploration, Blue Lake and Yompossa sections of this MD&A. Data verification by Mr. Muller includes significant time on site reviewing drill core, soil and outcrop sampling, artisanal workings, as well as discussing work programs and results with geology personnel and external consultants.

Community Relations

The Company continues to work towards completing the outstanding review of the existing Memorandum of Agreement ("**MOA**"), which has suffered repeated delays outside of the control of the Company or the Bilimoia Interim Landowners Association (BILA), most recently due to the current State of Emergency declared in response to the COVID-19 pandemic. The MOA underpins the relationship between the Company, the Community and Government and sets out commitments from the various parties.

In July 2020, the Company had a formal MOA meeting involving the Bilimoian landowners, the State, and the Provincial Government. Attending the meeting were representatives from the 10 clans within ML150, the PNG Mining Minister, the Managing Director of the Mineral Resources Authority of PNG and the Provincial Governor. In principle, the parties agreed on a revised MOA, subject to final review, with the expectation that the revised MOA is expected to be finalized by the end of 2020.

The Company is continuing to work with the landowner representative bodies to evaluate opportunities to participate in and benefit from the operations of the Company. Through participative forums we also look for opportunities to contribute to the development and wellbeing of the communities.

The Company is currently working on a number of community programs, including: establishing freshwater systems for local communities, providing funding for a medical clinic including a nurse and medicines, refurbishing and performing maintenance on four other medical clinics, refurbishment of a number of schools in the community, maintenance and upgrading of district roads, provision of literacy classes, launching an agricultural livelihood and training program with the purpose of providing greater nutritional knowledge to the local community, and providing literacy classes.

The Company has created multiple business opportunities for communities to benefit from the operation of the mine. These include four major joint venture contracts between the communities and PNG companies for the provision of services as well as numerous smaller contracts with local communities. The major contracts include Catering and Camp Management, Security, Road Transportation and Ancillary Mobile, as well as several other smaller contracts. In total the Company expects to spend in excess of US$10 million in 2020 on these contracts.

The Company provides scholarships to support children from landowners to undertake studies at post-secondary institutions. In 2020, 50 students (2019 – 56 students) from impacted communities have had half of their tertiary fees paid. In addition, the Company signed an Agreement with the University of Technology in Lae, PNG covering areas of mutual benefit including financial support for the university, work experience for students and undergraduates, technical cooperation and project generation. The Company also provides annual prizes for the top third year students in Geology, Mining and Metallurgy nationally, with the recipients receiving substantial scholarships covering their final year.

The Company also announced a COVID-19 Assistance Fund to support the Papua New Guinea National Government, the Eastern Highlands and Morobe Provincial Governments and local communities in PNG with 1.5 million Papua New Guinea Kina (US$0.4 million).

In April 2020, a group of disaffected youths from the Bilimoian community blocked the haul road from the process plant to the Company's Kainantu Gold Mine. The blockage on the road did not halt production at the process plant but did result in mining operations being suspended for 48 hours. The situation did not escalate and following intervention of the Bilimoian leadership through the Bilimoia Interim Landowners Association and the local member of parliament, the underlying issues were resolved, and operations returned to normal.

Safety

The Company believes that excellence in occupational health and safety performance is a critical part of developing a successful mining operation and mining company. This belief is reflected in the continuing focus of management, employees and contractors on this critical area. The Company is pleased to report that during Q3 2020 there were no Lost Time Injuries ("**LTI**") reported on the mine by employees or contractors and by the end of Q3 2020, the operation had achieved 285 LTI free days.

Results of Operations for the nine months ended September 30, 2020 as compared to September 30, 2019

During the nine months ended September 30, 2020, the Company had net income of $31.1 million (2019 – $10.0 million). Significant items making up the income, and changes from the prior year, are as follows:

Revenue of $111.1 million (2019 - $68.3 million) from the sale of gold concentrate in Papua New Guinea. The increase in revenue is largely attributed to increased production and higher realized gold prices versus the comparative period.

Cost of sales of $49.5 million (2019 - $34.1 million) consisting of mining, processing, mine technical services, maintenance, finance and admin at site, operational health and safety, depreciation and net smelter royalties. The increase in cost of sales is attributable to the increase in operational activity, as demonstrated by the increase in ore mined from 166,515 tonnes in YTD Q3 2020 compared to 95,040 tonnes in YTD Q3 2019. In addition, the Company incurred costs related to the COVID-19 pandemic, including additional pay and bonuses for employees completing longer rosters at site, additional costs related to the movement of personnel and supplies, and additional safety and medical related costs.

Gross profit of $61.6 million (2019 - $34.2 million), which is calculated subtracting cost of sales from revenue.

General and administrative costs of $2.1 million (2019 – $2.2 million). The decrease is primarily due to one-time cost reversals in Papua New Guinea offset by professional fees associated with the PEA and increases due to new corporate hires, management fees and wages.

Exploration and evaluation expenditures of $5.1 million (2019 – $5.3 million) related to drilling, assaying, trenching, surveying and other related expenditures. The decrease is primarily due to reduced exploration activities in Q2 and Q3 2020 due to the COVID-19 pandemic.

Share-based payments of $4.7 million (2019 - $1.9 million) representing option grants to directors, employees and consultants of the Company. The increase in share-based payments primarily relates to the timing and the number of options granted during the period ending September 30, 2020.

Interest and finance expense of $1.7 million (2019 – $0.9 million). This represents interest and finance expenses recorded on the loan, lease agreements and in relation to concentrate sales. The increase compared to the comparative period was primarily due to interest recorded on the loan.

Income tax expense of $16.7 million (2019 – $5.0 million) relates to current taxes and the estimated use of the deferred income tax asset. The Company previously recognized the tax asset to the extent recovery is considered probable. In assessing the probability of recovery, taxable profit projections, derived from cash flows from detailed life-of-mine and production plans were evaluated.

Summary of Quarterly Results

The following table summarizes the last 8 quarters of the Company.

(in thousands of United States Dollars, except per share amounts)	September 30, 2020 (Unaudited)	June 30, 2020 (Unaudited)	March 31, 2020 (Unaudited)	December 31, 2019 (Unaudited)
Total assets	$ 194,597	$ 180,240	$ 161,279	$ 154,990
Working capital	61,147	50,476	30,493	25,046
Shareholders' equity	164,275	150,750	132,484	124,690
Revenue	35,605	47,857	27,633	33,416
Net income	9,371	16,905	4,841	22,543
Net income per share, basic	0.04	0.08	0.02	0.11
Net income per share, diluted	0.04	0.08	0.02	0.10

	September 30, 2019 (Unaudited)	June 30, 2019 (Unaudited)	March 31, 2019 (Unaudited)	December 31, 2018 (Unaudited)
Total assets	$ 132,110	$ 103,895	$ 90,951	$ 87,769
Working capital	17,904	11,930	13,369	3,992
Shareholders' equity	101,006	85,012	76,099	69,806
Revenue	20,989	23,293	23,994	21,510
Net income (loss)	(389)	5,289	5,100	33,500
Net income (loss) per share, basic	(0.00)	0.03	0.03	0.18
Net income (loss) per share, diluted	(0.00)	0.03	0.03	0.18

Net income for December 31, 2018 and 2019 included deferred tax recoveries of $26.5 million and $3.2 million respectively. The net loss for September 30, 2019 was attributable to the amortization of the deferred loss and fair value loss on the gold purchase agreement.

Results of Operations for the three months ended September 30, 2020 as compared to September 30, 2019

During the three months ended September 30, 2020, the Company had net income of $9.4 million (2019 – loss of $0.4 million). Significant items making up the income, and changes from the prior year, are as follows:

Revenue of $35.6 million (2019 - $21.0 million) from the sale of gold concentrate in Papua New Guinea. The increase in revenue is largely attributed to increased production and higher realized gold prices versus the comparative period.

Cost of sales of $15.9 million (2019 - $12.2 million) consisting of mining, processing, mine technical services, maintenance, finance and admin at site, operational health and safety, depreciation and net smelter royalties. The increase in cost of sales is attributable to the increase in operational activity, as demonstrated by the increase in ore mined from 73,861 tonnes in Q3 2020 compared to 30,006 tonnes in Q3 2019. In addition, the Company incurred costs related to the COVID-19 pandemic, including additional pay and bonuses for employees completing longer rosters at site, additional costs related to the movement of personnel and supplies, and additional safety and medical related costs.

Gross profit of $19.7 million (2019 - $8.8 million), which is calculated subtracting cost of sales from revenue.

General and administrative of $1.1 million (2019 – $0.7 million). The increase is primarily related to professional fees associated with the PEA and an increase in corporate hires, management fees and wages.

Exploration and evaluation expenditures of $2.4 million (2019 – $2.8 million) related to drilling, assaying, trenching, surveying and other related expenditures. The decrease is due to reduced exploration activities due to the COVID-19 pandemic.

Share-based payments of $1.4 million (2019 - $0.9 million) representing option grants to directors, employees and consultants of the Company. The increase in share-based payments primarily relates to the timing and the number of options granted during the period ending September 30, 2020.

Interest and finance expense of $0.5 million (2019 – $0.5 million). This represents interest and finance expenses recorded on the loan, lease agreements and concentrate sales.

Income tax expense of $5.0 million (2019 – $Nil) relates to current taxes and the estimated use of the deferred income tax asset. The Company previously recognized the tax asset to the extent recovery is considered probable. In assessing the probability of recovery, taxable profit projections, derived from cash flows from detailed life-of-mine and production plans were evaluated.

Non-IFRS Performance Measures

This document includes certain non-IFRS performance measures that do not have a standardized meaning prescribed by IFRS. These measures may differ from those used by other issuers, and may not be comparable to such measures as reported by other issuers. The Company believes that these measures are commonly used by certain investors, in conjunction with conventional IFRS measures, to enhance their understanding of the Company's performance. These measures have been derived from the Company's financial statements and applied on a consistent basis. The following tables below provide a reconciliation of these non-IFRS measures to the most directly comparable IFRS measure.

Cash Costs per Ounce

Cash costs of sales include all costs absorbed into concentrate inventory, treatment, refining and transportation costs, less non-cash items such as depreciation. Total cash cost per ounce sold is calculated by dividing the aggregate of the applicable costs by gold ounces sold. These measures are calculated on a consistent basis for all periods presented, in prior periods treatment and refining costs were not included in the calculation and these prior periods have been adjusted for consistency.

All-in Sustaining Cost per Ounce

All-in sustaining costs of sales include all cash costs above plus accretion costs of environmental provisions, corporate costs and sustaining capital expenditures. Total all-in sustaining cost per ounce sold is calculated by dividing the aggregate of the applicable costs by gold ounces sold. These measures are calculated on a consistent basis for the periods presented, except treatment and refining costs added in 2020 that increased all-in sustaining costs for the three months September 30, 2020 by $54 (2019 - $47).

(In thousands of United States Dollars, except as noted)	Three months ended September 30, 2020	Three months ended September 30, 2019[3]	Nine months ended September 30, 2020	Nine months ended September 30, 2019[3]
Cost of Sales	$ 15,883	$ 12,239	$ 49,477	$ 34,070
Add: treatment and refining costs	1,035	731	3,209	1,309
Less: depreciation	(2,497)	(2,629)	(7,470)	(5,947)
Less: by-product credits	(1,041)	(185)	(2,408)	(1,293)
Cash cost of sales	13,380	10,156	42,808	28,139
Add: accretion	48	41	144	124
Add: general and administrative costs	1,071	748	2,140	2,167
Add: sustaining capital expenditures[4]	1,561	1,572	5,096	5,729
All-in sustaining costs	16,060	12,517	50,188	36,159
Gold ounces, sold	19,265	15,652	65,161	52,893
Cash cost per gold ounce, sold	$695	$649	$ 657	$532
All-in sustaining cost per gold ounce, sold[3]	$834	$800	$ 770	$684

[3] The calculation of cash costs and AISC have been revised in this MD&A versus the previously reported comparative period MD&A. By-product credits and treatment and refining costs have been presented with total cash cost of sales, costs associated with investor relations have been included into general and administrative costs and the calculation is presented based on gold ounces sold rather than produced. The prior period comparative has been updated to reflect these changes.

[4] Sustaining capital expenditures for the nine months ended September 30, 2020 is the purchase of property, plant and equipment ("**PPE**") from the statement of cash flows of $20.4 million (2019 - $18.0 million), plus deposits for equipment $0.1 million (2019 - $0.9 million), less net PPE amounts included in accounts payable related to expansion costs of $0.2 million (2019 - $0.3 million), less expansion costs of $15.3 million (2019 - $12.9 million).

EBITDA (Earnings before Interest, Taxes, Depreciation and Amortization)

EBITDA is profit attributable to shareholders before net finance expense, provision for income taxes, and depreciation and amortization. EBITDA is used as a supplemental financial measure by management and by external users of our MD&A, such as investors, industry analysts, lenders and ratings agencies, to assess the Company's operating performance as compared with the operating performance of other companies in our industry, without regard to financing methods, historical cost basis or capital structure. The IFRS measure most directly comparable to EBITDA is Net Income. EBITDA should not be considered an alternative to net income or loss or any other measure of financial performance or liquidity presented in accordance with IFRS.

(In thousands of United States Dollars)	Three months ended September 30, 2020	Three months ended September 30, 2019	Nine months ended September 30, 2020	Nine months ended September 30, 2019
Income (loss) for the period	$ 9,371	$ (389)	$ 31,117	$ 10,000
Add: Fair value adjustment	-	802	-	1,022
Add: Income taxes	5,048	-	16,701	5,028
Add: Amortization of deferred loss	-	3,279	-	7,484
Add: Amortization of property, plant and equipment	2,497	2,629	7,470	5,947
Add: Interest	481	423	1,516	736
EBITDA	$ 17,397	$ 6,744	$ 56,804	$ 30,217

Liquidity

As at September 30, 2020, the Company had a cash and cash equivalents balance of $41.2 million (December 31, 2019 - $21.6 million) and working capital of $61.2 million (December 31, 2019 - $25.0 million), which consisted of current assets of $88.3 million (December 31, 2019 - $47.2 million) and current liabilities of $27.2 million (December 31, 2019 - $22.2 million).

Operating Activities: During the nine months ended September 30, 2020, the Company generated $43.5 million from operating activities compared to $12.9 million for the nine months ended September 30, 2019.

Investing Activities: During the nine months ended September 30, 2020, the Company paid $20.4 million (2019 - $18.0 million) for property, plant, and equipment and $0.1 million (2019 - $2.0 million) for deposits on equipment.

Financing Activities: During the nine months ended September 30, 2020 the Company collected $Nil (2019 - $3.1 million) from the exercise of warrants and $3.7 million (2019 - $2.0 million) from the exercise of stock options. The Company paid $6.4 million (2019 - $Nil) in principal loan payments and $0.3 million (2019 - $0.5 million) in principal lease payments.

The Company's cash balance and additional cash flow from operations are expected to be sufficient to fund operations, capital requirements and debt repayments for at least the next twelve months.

Related Party Transactions

Key management compensation consists of the Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, and the Board of Directors. Management, consulting and wages paid or accrued to key management or companies they controlled is presented in the table below:

(In thousands of United States Dollars)	Nine months ended September 30, 2020	Nine months ended September 30, 2019
Share-based compensation	$ 2,503	$ 928
Management, consulting and wages	938	718
Professional fees	55	255

During the nine months ended September 30, 2020, the Company paid professional fees of $13.0 thousand (2019 - $14.0 thousand) to a Company related to the CFO for accounting services.

Included in accounts payable and accrued liabilities is $0.1 million (December 31, 2019 - $0.1 million) due to directors, officers, and companies controlled by directors and officers of the Company that is non-interest bearing and due on demand.

Outstanding Share Data

As at the date of this report the Company had 219,150,877 common shares issued and outstanding.

The following incentive stock options were outstanding at the date of this report:

Range of exercise prices (in $CAD)	Number of outstanding options	Number of options exercisable	Weighted-average exercise price (in $CAD)	Weighted-average years to expiry
0.45 – 0.99	4,725,000	4,725,000	0.59	1.45
1.00 – 1.99	4,830,150	4,890,150	1.55	3.05
2.00 – 2.99	260,000	166,500	2.16	4.13
3.00 – 3.99	1,970,760	1,253,040	3.85	4.34
4.00 – 4.99	320,000	105,600	4.00	4.73
5.00 – 9.99	3,970,000	1,321,500	6.80	5.00
	16,075,910	12,461,790	2.90	3.27

Subsequent Events

Subsequent to September 30, 2020, the Company:

a) Issued 3,420,000 stock options with an exercise price of CAD$6.73 exercisable until October 7, 2025;

b) Received CAD$0.4 million from the exercise of 142,460 stock options; and

c) Paid $2.2 million in instalment tax payments to the Papua New Guinea government.

Off-Balance Sheet Arrangements

At September 30, 2020, the Company had no material off-balance sheet arrangements such as guarantee contracts, contingent interest in assets transferred to an entity, derivative instruments obligations or any obligations that trigger financing, liquidity, market or credit risk to the Company.

Proposed Transactions

Except as elsewhere disclosed in this document, there are no other proposed transactions under consideration.

Capital Resources

In the past the Company has raised capital in public markets by issuing common shares pursuant to private placements, through the sale of gold prepayments, through the issuance of preferred shares, and through loans payable. The Company manages its capital structure to maximize its financial flexibility making adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets and business opportunities. The Company does not presently utilize any quantitative measures to monitor its capital and is not subject to externally imposed capital requirements.

Preliminary Economic Assessment

On July 27, 2020, the Company announced the results of the PEA on its Kora gold deposit, which together with its Irumafimpa gold deposit comprise the Kainantu Gold Mine Project (the "**Kainantu Project**") in Papua New Guinea. Based on the results of the study, the Company is proceeding to a Definitive Feasibility Study for the Kora Stage 3 Expansion.

The PEA is preliminary in nature and includes Inferred Mineral Resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as Mineral Reserves, and there is no certainty that the PEA will be realized. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability. There can be no assurance that such resource mineralization estimates are accurate.

The following factors could potentially materially impact the current mineral resource estimates:

- The inferred category is intended to cover situations where a mineral concentration or occurrence has been identified and limited measurements and sampling completed, but where the data are sufficient to allow the geological and grade continuity to be reasonably assumed. Due to the uncertainty that may be attached to inferred mineral resources, it cannot be assumed that all or any part thereof will be upgraded to an indicated or measured mineral resource as a result of continued exploration.
- Potential underestimation or overestimation of gold grade due to poor core recovery in mineralized zones.
- Results of additional drilling, metallurgical testing, receipt of new information, and production and the evaluation of mine plans subsequent to the date of any mineral resource estimate may require revision of such an estimate.

Risk Factors

K92 is engaged in mineral exploration and development activities which, by their nature, are speculative due to the high risk nature of the business and the present stage of the development of the Project. Any investment in the common shares of K92 should be considered a highly speculative investment due to the nature of the Company's business. Such risk factors could materially affect K92's future financial results and could cause actual results and events to differ materially from those described in forward looking statements and forward looking information relating to K92 or the business, property or financial results, any of which could cause investors to lose part or all of their investment in K92. For a detailed discussion of the risk factors associated with the Company please see the "Risk Factors" section of the Company's Management Discussion and Analysis for the year ended December 31, 2019 dated March 26, 2020 and filed under the Company's profile on SEDAR at www.sedar.com.

Significant Accounting Judgements, Estimates and Assumptions

The preparation of consolidated financial statements requires management to make estimates about, and apply assumptions or judgment to, future events and other matters that affect the reported amounts of the Company's assets, liabilities, revenues, expenses and related disclosures. Assumptions, estimates and judgments are based on historical experience, expectations, current trends and other factors that management believes to be relevant at the time at which the Company's consolidated financial statements are prepared.

The Company's significant accounting judgements, estimates and assumptions are disclosed in Note 2 of the audited Consolidated Financial Statements for the year ended December 31, 2019.

Significant Accounting Policies

The Company's accounting policies are the same as those applied in the Company's annual consolidated financial statements for the year-ended December 31, 2019.

Cautionary Statement Regarding Certain Measures of Performance

This MD&A presents certain measures, including "cash costs", "all-in sustaining costs", "EBITDA" and "adjusted income and adjusted earnings per share" that are not recognized measures under IFRS. This data may not be comparable to data presented by other gold producers. For a reconciliation of these measures to the most directly comparable financial information presented in the consolidated financial statements prepared in accordance with IFRS, see Non-IFRS Financial Performance Measures in this MD&A. The Company believes that these generally accepted industry measures are realistic indicators of operating performance and are useful in performing year over year comparisons. However, these non-IFRS measures should be considered together with other data prepared in accordance with IFRS, and these measures taken by themselves, are not necessarily indicative of operating costs or cash flow measures prepared in accordance with IFRS.

Note Regarding Forward-Looking Statements

Except for historical information, this MD&A may contain forward-looking statements within the meaning of applicable Canadian securities legislation. These statements involve known and unknown risks, uncertainties, and other factors that may cause the Company's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievement expressed or implied by these forward-looking statements.

The factors that could cause actual results to differ materially include, but are not limited to, the following:

General economic conditions; changes in financial markets; the impact of exchange rates; political conditions and developments in countries in which the Company operates; changes in the supply, demand and pricing of the metal commodities which the Company hopes to find and successfully mine; changes in regulatory requirements impacting the Company's operations; the sufficiency of current working capital and the estimated cost and availability of funding for the continued production, exploration and development of the Company's properties.

This MD&A contains certain forward-looking statements inclusive of, but not limited to, timing of the mine development, mill construction, metals production, increased payment terms, and improved gold recovery. Although forward-looking statements and information contained in this MD&A are based on the beliefs of K92 management, which we consider to be reasonable, as well as assumptions made by and information currently available to K92 management, there is no assurance that the forward-looking statement or information will prove to be accurate. The assumptions made include assumptions about K92's ability to move forward with the development and mine expansion arrangements. The forward-looking statements and information contained in this MD&A are subject to current risks, uncertainties and assumptions related to certain factors including, without limitations, obtaining all necessary approvals, feasibility of the Company's mine and plant development in PNG, completion of a Definitive Feasibility Study for the Kora Stage 3 Expansion, the accuracy of mineral reserve and mineral resources estimates, exploration and development risks, expenditure and financing requirements, title matters, the Company's dependency on the Kainantu Gold Mine for operating revenue and cash flows in the near term, operating hazards, metal prices, political and economic factors, competitive factors, general economic conditions, relationships with vendors and strategic partners, governmental regulation and supervision, the Company's ability to adequately account for potential mine closure and remediation costs, seasonality, technological change, industry practices, and one-time events as well as risks, uncertainties and other factors discussed in our annual and interim management's discussion and analysis. Should any one or more of these risks or uncertainties materialize or change, or should any underlying assumptions prove incorrect, actual results and forward-looking statements and information may vary materially from those described herein.

The list is not exhaustive and although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended that should be considered carefully, and reasons should not place undue reliance on the Company's forward-looking statements. As a result of the foregoing and other factors, no assurance can be given as to any such future results, levels of activity or achievements and neither the Company nor any person assumes responsibility for the accuracy and completeness of these forward-looking statements. We undertake no obligation to update forward-looking statements or information except as required by law.

Cautionary Note to Investors Concerning Estimates of Measured and Indicated Resources.

This discussion uses the terms "measured resources" and "indicated resources". The Company advises investors that while those terms are recognized and required by Canadian regulations, the U.S. Securities and Exchange Commission does not recognize them. Investors are cautioned not to assume that any part or all of mineral deposits in these categories will ever be converted into reserves."