K92 MINING INC.

("K92" or "the Company")

FORM 51-102F1

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED DECEMBER 31, 2021

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 year ended December 31, 2021. The MD&A takes into account information available up to and including March 28, 2022 and should be read together with the audited consolidated financial statements for the year ended December 31, 2021, which have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS"), and is presented in thousands of United States dollars, except share and per share amounts, or unless otherwise indicated.

Throughout this document the terms *we, us, our, the Company* and *K92* refer to K92 Mining Inc.

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" section in this document.

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 the Toronto Stock Exchange ("**TSX**") 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 December 31, 2021	Three months ended December 31, 2020	Year ended December 31, 2021	Year ended December 31, 2020
Operating data					
Ore mined	t	108,461	70,930	320,091	237,445
Ore processed	t	99,713	68,932	336,221	230,365
Feed grade	g/t	11.2	14.2	9.8	14.0
Gold produced	Oz	33,220	28,809	95,055	95,109
Gold equivalent produced[1]	Oz	36,145	29,820	104,196	98,872
Gold sold	Oz	30,068	28,112	92,560	93,273
Cash costs per gold ounce sold[2]	$/Oz	456	639	614	651
All-in sustaining costs per gold ounce sold[2]	$/Oz	672	768	856	782
Financial data					
Revenue	$	53,925	48,030	154,326	159,125
Cost of sales	$	21,310	23,947	83,297	73,424
Net income	$	15,785	10,917	27,241	42,034
Cash flow from operating activities	$	26,549	21,323	61,216	64,821
Cash, ending balance	$	71,270	51,495	71,270	51,495
Basic earnings per share	$/sh	0.07	0.05	0.12	0.19
Diluted earnings per share	$/sh	0.07	0.05	0.12	0.19

Performance Summary

Operational – Year Ended December 31, 2021

- **Gold production** of 95,055 gold ounces or 104,196 gold equivalent ("**AuEq**") ounces in 2021, compared to production of 95,109 gold ounces or 98,872 AuEq ounces in 2020.[1] Gold production in 2021 was achieved despite a number of issues, which occurred primarily in the first half of 2021, including: (1) an underground loader incident in March, which interrupted stoping operations for approximately 3 weeks, (2) a shortage of bulk emulsion explosives from mid-January to late-February impacting operations, (3) significant staffing shortages in the first half of 2021 due to COVID-19 related absenteeism and an increase in quarantine length and enhanced quarantine control measures, which impacted staffing levels throughout the operation, and (4) a COVID-19 related suspension of expatriate travel between Australia and Papua New Guinea which went into effect mid-March and lifted in mid-May. In Q4 2021, the Company achieved record quarterly gold production of 33,220 gold ounces or 36,145 AuEq ounces.

- **Plant throughput** increased by 46% to 336,221 tonnes in 2021, compared to 230,365 tonnes in 2020. The Company also achieved record quarterly plant throughput of 99,713 tonnes in Q4 2021, representing a 45% increase from the same quarter in the prior year. This was achieved despite unexpected short-term challenges related to the COVID-19 pandemic.

- **Mined plant feed** of 320,091 tonnes in 2021, compared to 237,445 tonnes in 2020. The Company also achieved record plant feed mined of 108,461 tonnes in Q4 2021, representing a 53% increase from the same quarter in the prior year.

- **Gold grades** achieved a positive reconciliation versus the resource model, with an average Q4 2021 head grade of 11.2 g/t gold, 0.51% copper and 10 g/t silver (12.1 g/t AuEq). Gold grades exceeded budget for both 2021 and Q4 2021.

- **Metallurgical recoveries** in Q4 2021 of 92.8% gold and 92.9% copper, exceeding budget and representing the highest recoveries since Q1 2020 for gold and Q4 2019 for copper. Plant capabilities are expected to further benefit from the gravity circuit targeting full integration in Q1 2022.

[1] Gold equivalent calculated based on gold $1,800 per ounce (2020 - $1,500), silver $25 per ounce (2020 - $17.75) and copper $4.35 per pound (2020 - $2.70).

- **Cash costs** averaged $614 per gold ounce in 2021 versus $651 per gold ounce in 2020.[2] The decrease in cash costs was primarily due to the successful ramp-up of the 400K tonnes per annum expansion allowing the Company to achieve better economies of scale. The decrease in cash costs were achieved despite a decrease in feed grades to 9.8 g/t Au in 2021 compared to 14.0 g/t Au in 2020. 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.

- **All-in sustaining costs** averaged $856 per gold ounce in 2021 versus $782 per gold ounce in 2020.[2] The increase in all-in sustaining costs were primarily due to increased underground capital expenditures resulting in higher amounts capitalized to the mineral property which is treated as a sustaining capital cost in the calculation of all-in sustaining costs. The Company capitalizes the costs associated with mine development and includes costs from the following departments: Mining, Mine Technical Services, Maintenance & Engineering and Finance & Administration.

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

Financial – Year Ended December 31, 2021

- **Revenue** of $165.7 million in 2021 compared to $156.7 million in 2020 before pricing and quantity adjustments. Net revenue of $154.3 million in 2021 compared to $159.1 million in 2020 with negative pricing adjustments in 2021 to the fair value of settlement receivables. Sales of gold in concentrate decreased by 1% to 92,560 oz in 2021 from 93,273 in 2020 resulting in $1.4 million in lower revenues, average payable gold prices increased by 2% to $1,724/oz in 2021 from $1,692/oz in 2020 resulting in $3.1 million in higher revenues and an increase in by-product revenue (including treatment charges) resulting in $7.2 million in higher revenues.[3]

- **Record cash position** of $71.3 million at December 31, 2021 compared to $51.5 million at December 31, 2020. In 2021, the Company paid $5.0 million in principal loan payments, settling all outstanding debt, and spent $23.0 million in expansion capital.

- **Operating cash flow** (prior to working capital adjustments) of $59.8 million in 2021 compared to $76.5 million in 2020.

- **Gross margins** before (after) pricing adjustments of 50% (46%) in 2021 compared to 53% (54%) in 2020.[4]

- **EBITDA** of $62.2 million in 2021 compared to $79.6 million in 2020.[2]

- **Income Tax payments** of $15.2 million in 2021 compared to $5.0 million in 2020.

Expansion – Year Ended December 31, 2021

- Announced the Stage 2A Expansion to increase throughput to 500,000 tonnes per annum ("**tpa**") from 400,000 tpa with an estimated capital cost of $2.5 million and full commissioning to commence in Q3 2022. The expansion is expected to further drive economies of scale, increase production, and strengthen the Company's ability to self-fund the Stage 3 Expansion.

- Continued work on the Stage 3 Feasibility Study which is planned for completion in Q2 2022. The Company incurred $0.8 million in costs related to the Feasibility Study during the year ended December 31, 2021.

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

[3] Average payable gold price is calculated by the average finalized gold price during the period multiplied by the payable percentage under the off-take agreement.

[4] Non-IFRS performance measure. Gross margins after pricing adjustments is calculated using earnings from operations divided by revenue and gross margins before pricing adjustments is calculated using earnings from operations excluding pricing adjustments divided by revenue excluding pricing adjustments.

- The Judd #1 ("**J1**") Vein was first mined in Q4 2021 and delivered strong performance including solid geotechnical characteristics, high grades, and robust drill and blast characteristics.

- The Company achieved first gold doré production in Q4 2021 resulting in an inventory balance of 1,145 gold doré ounces at December 31, 2021.

Corporate – Year Ended December 31, 2021

- Reduced exposure to gold price fluctuations during the provisional pricing period with the Company's off-taker (the "**Quotational Period**") by entering into short-term commodity contracts with a total of 29,869 gold ounces hedged at December 31, 2021. The Company currently hedges out three months to cover fluctuations during the Quotational Period. The Company recognized a $0.7 million gain on derivative instruments during the year ended December 31, 2021 related to these commodity contracts.

2021 Production Data

		2021				
		Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total
Tonnes processed	t	73,220	75,667	87,621	99,713	336,221
Feed grade Au	g/t	8.5	10.3	9.0	11.2	9.8
Feed grade Cu	%	0.31	0.76	0.48	0.51	0.51
Recovery (%) Au	%	88.9	88.3	86.1	92.8	89.4
Recovery (%) Cu	%	86.2	87.2	87.2	92.9	88.8
Metal in concentrate produced Au	oz	17,774	22,153	21,908	33,220	95,055
Metal in concentrate produced Cu	t	193	498	364	475	1,531
Metal in concentrate produced Ag	oz	7,924	14,914	19,736	28,218	70,792
Gold equivalent ounces produced	oz	18,914	25,015	24,122	36,145	104,196

COVID-19 Update

In March 2020, the World Health Organization declared a global pandemic related to COVID-19. In response to the health risks associated with COVID-19, the Company implemented a comprehensive COVID-19 Management Plan, which addresses issues including occupational health, hygiene and safety, business continuity, travel, supply chain, statutory compliance, communications, testing, risk assessment and contingency planning.

Under the COVID-19 Management Plan, the Company has established a government recognized testing lab facility utilizing qualified medical personnel on site, established quarantine and isolation facilities for incoming staff, and implemented enhanced hygiene, disinfecting and training systems and procedures. A considerable focus is on health and safety and risk-mitigation.

Additional controls were implemented in 2021, requiring COVID-19 testing prior to travel to site, in addition to testing on arrival at site. A focus has also been supporting government efforts at a national, provincial and local level through the $0.4 million COVID-19 Assistance Fund and a further $0.3 million of assistance funding to the Eastern Highlands Province.

In addition to various control measures, the Company has made considerable progress increasing our resiliency through vaccinations of our expatriate and PNG national workforce. The Company is in close communications with the provincial and national health authorities of Papua New Guinea and the Government of Australia, in addition to communications with the Papua New Guinea Chamber of Mines and Petroleum to deliver an effective pandemic response.

The Kainantu Gold Mine has continued to operate through the pandemic; however, COVID-19 has had a significant impact on site operations resulting in decreased production and an increase in costs.

2022 Operational Outlook

- Gold equivalent production between 115,000 and 140,000 ounces.
- Cash costs between $560-$640 per ounce gold and all-in sustaining costs between $890-$970 per ounce gold.
- Exploration costs between $12-$15 million.
- Growth capital costs between $41-$47 million, which includes the ongoing twin incline development.

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 December 31, 2021 ("**Q4 2021**"), the Company produced 33,220 ounces of gold, 1,048,100 pounds of copper and 28,218 ounces of silver, or 36,145 AuEq oz. Annual production also achieved a record of 104,196 oz AuEq or 95,055 oz gold, 3,375,528 pounds of copper and 70,792 oz silver, exceeding the updated guidance range of 96,000 to 102,000 oz AuEq (*see November 15, 2021 press release: https://k92mining.com/news/k92-mining-releases-strong-q3-financial-results-an-3678/*).

During Q4 2021, the process plant delivered record throughput of 99,713 tonnes. Excluding 5 consecutive days of downtime due to scheduled plant maintenance, the mill operated at an average throughput of 1,146 tonnes per day ("**tpd**"), exceeding Stage 2 Expansion design throughput of 1,100 tpd. Multiple daily records were set during the quarter, with 21 days exceeding 1,300 tpd throughput and a daily record of 1,538 tonnes set on October 24, 2021.

Importantly, recoveries were also strong during Q4 2021at 92.8% for gold and 92.9% for copper, both exceeding budget. Gold and copper recoveries represent the highest recoveries since Q4 2020 and Q4 2019, respectively. Plant capabilities are expected to also further improve with the full integration of the gravity circuit planned for Q1 2022.

With the process plant continuing to deliver significantly above design throughput and a notably finer than required product size, a Stage 2A Expansion to increase throughput from 400,000 tonnes per annum (1,100 tpd) to a nameplate of 500,000 tonnes per annum (1,370 tpd) has been approved (*see October 7, 2021 press release: K92 Mining Announces Stage 2A Expansion to Increase Throughput +25% to 500,000 Tonnes Per Annum at Kainantu Gold Mine*). Works are already underway targeting commissioning in Q3 2022, with an estimated plant expansion capital cost of $2.5 million.

Mining operations also achieved record material movements in Q4 2021 with 108,461 tonnes of mill feed material movements. The mining rate exceeded our target of achieving the Stage 2 target throughput of 1,100 tpd at year end, averaging ~1,180 tpd (mill feed), and the strong performance resulted in an increase to our stockpiles.

During Q4 2021, the first production stope from the J1 Vein was mined and has delivered strong performance thus far, including solid geotechnical characteristics, high grades, and strong drill and blast characteristics. Judd has also shown that it is capable of delivering large stopes (first stope 40 m strike x 30 m height x 4.5-5m thickness) and large blasts with a fast turnaround cycle, including a stoping single blast record of 4.1 kt in December 2021. The establishment of the Judd Vein System as a new major mining front has provided a significant boost to operational flexibility and material movements. Judd is located ~150-200m from existing infrastructure at the Kora high-grade deposit, making it highly efficient to access going forward.

The operation delivered head grades of 11.2 g/t gold, 0.51% copper and 10 g/t silver (12.1 g/t AuEq) in Q4 2021. Gold grades delivered a positive reconciliation against the resource model and were also above budget. Long hole stoping continued to perform to design, with operations focused on Kora's K1 and K2 veins and also Judd's J1 Vein for a total of 7 levels mined. Mining on Kora was conducted on the 1150, 1170, 1205, 1225 and 1265 levels and Judd on the 1235 and 1265 levels.

Capital Expenditure

Stage 2A Expansion

With the process plant continuing to deliver significantly above design throughput and a notably finer than required product size, a Stage 2A Expansion to increase throughput from 400,000 tonnes per annum (1,100 tpd) to a nameplate of 500,000 tonnes per annum (1,370 tpd) has been approved (*see October 7, 2021 press release: K92 Mining Announces Stage 2A Expansion to Increase Throughput +25% to 500,000 Tonnes Per Annum at Kainantu Gold Mine*). Works are already underway targeting commissioning in Q3 2022, with an estimated plant expansion capital cost of $2.5 million.

Twin Incline

The new twin incline development resumed after being suspended from March 18 to May 20, 2021, as the COVID-19 Papua New Guinea and Australia travel restrictions were lifted and the COVID-19 situation in Papua New Guinea improved. Twin incline development advancement has continued to progress well, exceeding budget for the second half of 2021 and in line with budget during Q4 2021. The #2 (6m x 6m) incline has now advanced a total of 803 metres and the #3 (5m x 5m) incline has now advanced a total of 893 metres as of December 31, 2021.

This large capital project will provide the major mine access infrastructure for increased production capability required for a Stage 3 Expansion and potentially beyond to further expansions.

Exploration

Underground grade control and exploration

Kora Deposit

The Company continued its exploration diamond drilling program from underground using six drill rigs at the Kora and Judd deposits. All drill rigs are now Company owned. The company also acquired two general purpose Discovery surface drill rigs. A total of 252 drill holes and three wedge holes have been completed since the Mineral Resource Estimate dated April 2020. As reported in the previous quarter, drilling productivity continues to be adversely impacted by shortages of drill staff and measures put in place to prevent COVID-19 at site. At the close of October 2021, the Kora drilling results were used to provide information to upgrade the resource estimate with increased drill density for the Stage 3 Feasibility Study in addition to some step-out drilling. The updated mineral resource estimate was completed early in 2022 and released to the public in February 2022.

Please see the Company's news release dated December 8, 2021, '*K92 Mining Announces Latest High-Grade Underground drill results at Kora, Including Step-Out Drilling to South and North'* for the most recent results from the underground exploration program.

Please see the Company's news release dated February 23, 2022, *'K92 Mining Reports Significant Resource Upgrade at High-Grade Kora Deposit and Maiden Judd Resource Estimate'*.

Judd Vein System

The Judd Vein System at the Kainantu gold mine is located near mine infrastructure, sub-parallel to and approximately 150 to 200m east from the producing Kora deposit and within the mining lease. To date, four known veins have been recorded at Judd, with similar vein orientation and quartz-sulphide Au-Cu-Ag mineralization as at Kora. The veins remain open at depth and only a fraction of the +2,500m strike length has been drilled, with significant gaps remaining to be tested.

The Company continued its underground drill program testing the Judd Vein System utilizing four drill rigs from the Company's LM90 fleet. The focus of drilling was the J1 vein, with some holes continuing deeper testing the J2 and J3 targets. The latest drill results were included in the press release dated August 30, 2021: *K92 Mining Announces High-Grade Judd Vein System Drilling Results, Including 8.51m AT 49.93 g/t AuEq* *and 3.70m at 53.63 g/t AuEq*. Drill results up to December 31, 2021, for a total of 48 underground and 1 surface hole, have been used to provide information for a maiden mineral resource estimate on the J1 Vein, which was completed in February 2022.

The J1 drive at the 1235 Level was developed to a length of 360m and the 1265 level to a total length of 330m, which has since been halted according to the mine plan. The latest drive development results were released on October 27, 2021 titled, *"K92 Mining Announces High Grade Judd 1265 Level Development Results - Total Strike Extension of 211 Metres Averaged 21.69 G/T AuEq at 3.9 Metre J1 Vein Width"*. Access to J1 1285 level is being established and development driving along J1 is expected to commence in the first quarter 2022.

Surface Exploration

Drilling continued at Blue Lake/Kotampa (EL470), while a new drilling program commenced at Kora South (EL470). The Kora South program is designed to test for southern extensions of the K1, K2 and Judd lodes currently being mined on ML150. Initial drilling indicates these structures continue well into adjacent EL470.

A total of 2,555 metres were drilled at surface during the quarter. This was reduced compared to the previous quarter, due to drill rigs having mechanical issues and one contractor rig being decommissioned. The Covid-19 pandemic also continued with challenges to logistics. Regional geochemical sampling and mapping was initiated at both Yarr Tree (EL2619) and Kora South (EL470). The aim of these programs is to define further drill targets and assist with delineating the Kora and Judd structures at surface. During November and early December 2021, airborne geophysics was flown over all the Exploration Licenses which equated to ~860 square kilometres. K92 Mining Ltd engaged Expert Geophysics Limited (EGL) to conduct the helicopter-borne MobileMT electromagnetic and magnetic survey. MobileMT is the latest generation of airborne AFMAG technologies. This data was collected along east-west survey lines, nominally spaced at 200m, and north-south tie lines nominally spaced at 2,000 m.

Blue Lake/Kotampa Prospect (EL470)

Two drill rigs continued at Blue Lake during Q4 2021, with a total of 2,145 metres drilled. Four drill holes were completed or are in progress. KTDD0022 was a wedged hole, from KTDD0020. This targeted extensions of the mineralized potassic zone below KTDD0018. KTDD0023 targeted the south-western extents of the mineralized system. KTDD0024 and KTDD0025 targeted the plunge from KTDD0018.

The Blue Lake drill program has delineated extensive Au-Cu-Mo mineralization hosted in diorite and latite intrusives, beneath or proximal to a prominent silica-clay cap. A substantial mineralized shell (approximately 1000 x 500 x 400m) is characterized by the presence of finely disseminated chalcopyrite. It is zoned laterally inwards towards a core of potassic alteration and associated higher grade Au/Cu mineralization, including the widespread presence of bornite.

Kora South Surface Exploration (EL470)

One drill rig commenced operation in mid-November at Kora South. Two holes have been completed or are in progress, for a total of 410 metres drilled for the quarter. KUDD0001, the southernmost step-out hole drilled to date, stepped out 150 metres to the south from the nearest historical surface drill hole. This recorded multiple intersections including 15.25 m at 15.87 g/t AuEq or 13.23 g/t Au, 15 g/t Ag and 1.53% Cu (9.93 m estimated thickness) from the J1 Vein and strong grades from the J2 Vein that recorded 2.90 m at 8.52 g/t AuEq or 5.41 g/t Au, 16 g/t Ag and 1.81% Cu (1.89 m estimated thickness). The hole discovered a significant mineralized dilatant zone at Judd South of 66.55 m at 5.02 g/t AuEq or 3.65 g/t Au, 9 g/t Ag and 0.78% Cu (43.26 m estimated thickness), which includes the J1, J2 Veins and potentially the J3 vein. Also, the hole intersected a previously unknown vein, approximately 75 m to the East of Judd, recording 3.45 m at 10.36 g/t AuEq or 10.09 g/t Au, 20 g/t Ag and 0.01% Cu (2.24 m estimated thickness). Prior to the Company, historical drilling had not drilled this far east of Judd / Judd South. The hole was terminated early due to hole collapse before it could reach the Kora lodes. KUDD0002, also drilled along the Kora-Kora South vein system, stepping out 75 metres from the closest hole in ML150. Results were announced for both holes in mid-February 2022. Plans are in place to mobilize a second rig to Kora South early in the new year and a third drill rig later in the year.

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 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 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 will be finalized in 2022.

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 other medical clinics, refurbishment of a number of schools in the community, provision of literacy classes, and launching an agricultural livelihood and training program with the purpose of providing greater nutritional knowledge to the local community. In addition, the Company has performed extensive work on maintenance and upgrading of district roads, including construction of the Aiyamontena, Punano and Unantu bridges. In 2021, the Company committed 1.0 million Papua New Guinea Kina ("PGK") (US$0.3 million) to establish a new market complex in the town of Kainantu, held business development training in April for two local communities over a 4-day period, and donated PGK100,000 (US$29 thousand) to a Papua New Guinea NGO to supports its work in eradicating family and sexual violence in Papua New Guinea.

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. During the year ended December 31, 2021, these contracts earned $15.5 million supporting the local community.

The Company provides scholarships to support children from landowners to undertake studies at post-secondary institutions. In 2021, a total of 50 scholarships were provided to students from local communities. 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 has supported government efforts towards COVID-19 at a national, provincial and local level through the PGK1.5 million (US$0.45 million) COVID-19 Assistance Fund which included PGK0.5 million (US$0.13 million) worth of COVID-19 health accessories to Papua New Guinea's national government. The

Company has also provided a further PGK1.0 million (US$0.3 million) of additional assistance funding to the Eastern Highlands Province.

Sustainability

On October 20, 2021, the Company published its 2020 Sustainability Report – which outlined the environmental, social and governance ("**ESG**") practices and performance of the Company. See the "2020 Sustainability Report" filed on the Company's website.

The following summarizes the ESG highlights in the 2020 Sustainability Report:

- **95%** of workforce are PNG Nationals with priority hiring from local communities.
- **85% increase in total community investment** from US$655,000 to US$1.2 million.
- **Top 3% safety record in the Australasia region** with one lost time incident (LTI).
- **Major corporate taxpayer in PNG** with first instalment paid in July 2020, only ~2 years after declaring commercial production.
- **1.5 million PGK (US$0.45 million) COVID-19 Assistance Fund created** supporting Papua New Guinea National Government, Eastern Highlands and Morobe Provincial Governments and local communities to respond to the COVID-19 pandemic.
- **Agreement in Principle on a revised Memorandum of Agreement** covering the Kainantu Gold Mine operation.
- **10 million tree program participant** supporting Papua New Guinea's goal of planting one million new trees a year for ten years.
- **Strong COVID-19 resiliency** through successful implementation of hygiene distancing, testing and quarantine measures in addition to on-site medical staff to protect the health and safety of our workforce and local communities. Vaccination programs commenced on site in 2021.
- **Access to clean water expanded** to another local community in 2020, ending generations of loading and carting water almost 2km to their communities.
- **Developing business and empowering women** through Sustainable Agriculture Livelihoods program, employing 75% women and successfully growing new types of crops in the lowlands.
- **1.0 million PGK (US$0.3 million) contribution to new market in Kainantu** to support regional commerce.
- **63% of expenditures locally procured since start of operations,** supporting the development of long-term sustainable businesses.
- **Strong commitment to education,** including 50 tertiary education scholarships, financial assistance to the University of Technology in Lae, PNG, work experience to students and recent graduates, and assisting parents in local communities with primary education enrolment fees.

Selected Annual Information

The following table provides a brief summary of the Company's financial operations. For more detailed information, refer to the consolidated financial statements.

	Year ended December 31, 2021	Year ended December 31, 2020	Year ended December 31, 2019
Net income	$ 27,241	$ 42,034	$ 32,542
Revenue	154,326	159,125	101,693
Basic income per share	0.12	0.19	0.16
Diluted income per share	0.12	0.19	0.16
Total assets	273,023	215,515	154,990
Working capital	88,502	70,856	25,046
Total non-current liabilities	14,871	4,350	8,117

Results of Operations for the year ended December 31, 2021 as compared to December 31, 2020

During the year ended December 31, 2021, the Company had net income of $27.2 million (2020 – $42.0 million) and income before income tax of $46.6 million (2020 - $66.3 million). Significant items making up the income, and changes from the prior year, are as follows:

Revenue of $154.3 million (2020 - $159.1 million) from the sale of gold concentrate in Papua New Guinea. The decrease in revenue is primarily due to a decrease in gold ounces sold and negative pricing adjustments to the fair value of settlement receivables.

Cost of sales of $83.3 million (2020 - $73.4 million) consisting of mining, processing, mine technical services, maintenance, finance and administration at site, operational health and safety, share-based payments, depreciation and net smelter royalties. The increase in cost of sales is attributable to an increase in operational activity with mining operations increasing from 237,445 tonnes ore mined in 2020 to 320,091 tonnes ore mined in 2021. 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.

Earnings from mine operations of $71.0 million (2020 - $85.7 million), which is calculated subtracting cost of sales from revenue.

General and administrative costs of $6.1 million (2020 – $2.7 million). The increase is primarily related to an increase in corporate hires, higher management fees and wages, and one-time cost reversals in Papua New Guinea which occurred in the prior year.

Exploration and evaluation expenditures of $12.0 million (2020 – $6.7 million) related to drilling, assaying, trenching, surveying and other related expenditures. The increase in exploration costs is related to additional exploration activities being undertaken by the Company including at Judd, Blue Lake/Kotampa, Karempe, and Kora. The Company had curtailed exploration activities in the comparative period due to the COVID-19 pandemic.

Share-based payments of $5.2 million (2020 - $6.4 million) representing option grants to directors, employees and consultants of the Company. The decrease in share-based payments relates to the timing, option valuation and the number of options granted during the period.

Interest and finance expenses of $1.7 million (2020 – $2.6 million). This represents interest and finance expenses recorded on the loan, lease agreements and in relation to concentrate sales. The decrease compared to the comparative period was primarily due to the Trafigura loan being settled in early 2021.

Gain on derivative instruments of $0.7 million (2020 – loss $0.3 million) relating to realized and unrealized gains on commodity contracts. The gain on derivatives is primarily due to the decrease in gold prices over a short period of time in early 2021.

Income tax expense of $19.4 million (2020 – $24.3 million) relates to current taxes and the estimated use of the deferred income tax asset in Papua New Guinea.

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)	December 31, 2021 (Unaudited)	September 30, 2021 (Unaudited)	June 30, 2021 (Unaudited)	March 31, 2021 (Unaudited)
Total assets	$ 273,023	$ 231,698	$ 224,875	$ 216,443
Working capital	88,502	80,602	76,406	70,733
Shareholders' equity	225,136	206,533	197,819	186,963
Revenue	53,925	35,370	35,518	29,513
Net income	15,785	4,865	4,403	2,188
Net income per share, basic	0.07	0.02	0.02	0.01
Net income per share, diluted	0.07	0.02	0.02	0.01
	December 31, 2020 (Unaudited)	**September 30, 2020 (Unaudited)**	**June 30, 2020 (Unaudited)**	**March 31, 2020 (Unaudited)**
Total assets	$ 215,515	$ 194,597	$ 180,240	$ 161,279
Working capital	70,856	61,147	50,476	30,493
Shareholders' equity	181,515	164,275	150,750	132,484
Revenue	48,030	35,605	47,857	27,633
Net income (loss)	10,917	9,371	16,905	4,841
Net income (loss) per share, basic	0.05	0.04	0.08	0.02
Net income (loss) per share, diluted	0.05	0.04	0.08	0.02

Over the last eight quarters, total assets have increased due to the construction and completion of the Stage 2 Expansion and ongoing development of the Kainantu gold mine. Revenue has also increased due to the higher capacity of the Stage 2 Expansion and increased gold prices.

Results of Operations for the three months ended December 31, 2021 as compared to December 31, 2020

During the three months ended December 31, 2021, the Company had net income of $15.8 million (2020 – $10.9 million) or a net income before income tax of $24.8 million (2020 - $18.5 million). Significant items making up the income, and changes from the prior year, are as follows:

Revenue of $53.9 million (2020 - $48.0 million) from the sale of gold concentrate. The increase in revenue is primarily due to an increase in the quantity of gold and copper sold, offset by a decrease in realized gold prices.

Cost of sales of $21.3 million (2020 - $23.9 million) consisting of mining, processing, mine technical services, maintenance, finance and administration at site, operational health and safety, share-based payments, depreciation and net smelter royalties. The decrease in cost of sales is primarily due to lower share-based payments for site employees which are included into cost of sales. The share-based payment expense for the period is based on the timing, option valuation and the number of options granted during the period. This was offset by an increase in cost of sales attributable to the increase in operational activity with mining increasing from 70,930 tonnes ore mined in Q4 2020 to 108,461 tonnes ore mined in Q4 2021. 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.

Income from mine operations of $32.6 million (2020 - $24.1 million), which is calculated subtracting cost of sales from revenue.

General and administrative of $2.7 million (2020 – $0.6 million). The increase is primarily related to an increase in corporate hires and higher management fees and wages.

Exploration and evaluation expenditures of $3.8 million (2020 – $1.6 million) related to drilling, assaying, trenching, surveying and other related expenditures. The increase in exploration costs is related to additional exploration activities being undertaken by the Company including at Judd, Blue Lake/Kotampa, Karempe, and Kora. In addition, the Company had curtailed exploration activities in the comparative period due to the COVID-19 pandemic.

Share-based payments of $0.2 million (2020 - $1.7 million) representing option grants to directors, employees and consultants of the Company. The decrease in share-based payments relates to the timing, option valuation and the number of options granted during the period.

Interest and finance expenses of $0.7 million (2020 – $0.9 million). This represents interest and finance expenses recorded on the loan, lease agreements and concentrate sales. The decrease was primarily due to the loan being settled on February 3, 2021, and therefore no interest or finance expenses recorded on the loan in the current period, offset by higher interest recorded on the lease payments.

Loss on derivative instruments of $0.4 million (2020 - $0.3 million) relating to realized and unrealized losses on commodity contracts.

Income tax expense of $9.0 million (2020 – $7.6 million) relates to current taxes and the estimated use of the deferred income tax asset in Papua New Guinea.

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 and refining costs, less non-cash items such as depreciation, and by-product credits. Total cash cost per ounce sold is calculated by dividing the aggregate of the applicable costs by gold ounces sold.

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.

(In thousands of United States Dollars, except as noted)	Three months ended December 31, 2021	Three months ended December 31, 2020	Year ended December 31, 2021	Year ended December 31, 2020
Cost of Sales	$ 21,310	$ 22,390	$ 83,297	$ 73,424
Add: treatment and refining costs	1,427	1,349	5,128	4,558
Less: non-cash costs included into cost of sales	(961)	(1,488)	(6,368)	(3,045)
Less: depreciation	(4,185)	(3,247)	(13,958)	(10,717)
Less: by-product credits	(3,895)	(1,052)	(11,250)	(3,460)
Cash cost of sales	13,696	17,952	56,849	60,760
Add: accretion	47	47	190	191
Add: general and administrative costs	2,726	581	6,081	2,721
Add: sustaining capital expenditures[5]	3,800	2,996	16,350	9,227
Less: business development	(73)	-	(256)	-
All-in sustaining costs	20,196	21,576	79,214	72,899
Gold ounces, sold	30,068	28,112	92,560	93,273
Cash cost per gold ounce, sold	$ 456	$ 639	$ 614	$ 651
All-in sustaining cost per gold ounce, sold	$ 672	$ 768	$ 856	$ 782

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 December 31, 2021	Three months ended December 31, 2020	Year ended December 31, 2021	Year ended December 31, 2020
Income for the period	$ 15,785	$ 10,917	$ 27,241	$ 42,034
Add: Income taxes	9,014	7,595	19,354	24,296
Add: Amortization of property, plant and equipment	4,185	3,247	13,958	10,717
Add: Interest and finance expense	678	897	1,653	2,557
EBITDA	$ 29,662	$ 22,656	$ 62,206	$ 79,604

Liquidity

As at December 31, 2021, the Company had a cash and cash equivalents balance of $71.3 million (December 31, 2020 - $51.5 million) and working capital of $88.5 million (December 31, 2020 - $70.9 million), which consisted of current assets of $121.5 million (December 31, 2020 - $100.5 million) less current liabilities of $33.0 million (December 31, 2020 - $29.7 million).

[5] Sustaining capital expenditures for the year ended December 31, 2021 is the purchase of property, plant and equipment ("**PPE**") from the statement of cash flows of $37.9 million (2020 - $29.8 million), plus net deposits for equipment $1.0 million (2020 - less $0.2 million), plus net PPE amounts included in accounts payable related to expansion costs of $0.4 million (2020 - less $0.4 million), less expansion costs of $23.0 million (2020 - $20.0 million).

Operating Activities: During the year ended December 31, 2021, the Company generated $61.2 million from operating activities compared to $64.8 million for the year ended December 31, 2020.

Investing Activities: During the year ended December 31, 2021, the Company paid $37.9 million (2020 - $29.8 million) for property, plant, and equipment.

Financing Activities: During the year ended December 31, 2021 the Company collected $5.3 million (2020 - $4.3 million) from the exercise of stock options. The Company paid $5.0 million (2020 - $8.6 million) in principal loan payments and $2.0 million (2020 - $0.8 million) in principal lease payments.

The Company's financial position at December 31, 2021, and the operating cash flows that are expected over the next twelve months, are expected to be sufficient to fund operational costs, capital requirements, debt repayments and other commitments.

Capital Resources

The Company manages its capital structure and makes adjustments to it in response to changes in economic conditions and the risk characteristics of the Company's 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.

Related Party Transactions

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

(In thousands of United States Dollars) Year ended	December 31, 2021	December 31, 2020
Share-based compensation	$ 2,866	$ 4,841
Management, consulting and wages	2,469	1,192
Professional fees	108	86

During the year ended December 31, 2021, the Company paid professional fees of $16.0 thousand (2020 - $18.0 thousand) to a Company related to the CFO for accounting services.

Included in accounts payable and accrued liabilities is $0.5 million (2020 - $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 224,993,777 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	1,540,000	1,540,000	0.73	0.88
1.00 – 1.99	2,951,750	2,951,750	1.77	2.28
2.00 – 2.99	245,000	245,000	2.17	2.65
3.00 – 3.99	1,466,160	1,466,160	3.85	2.85
4.00 – 4.99	110,200	110,200	4.00	3.24
5.00 – 9.99	5,479,700	4,755,500	7.28	3.73
	11,792,810	11,068,610	4.48	2.86

Off-Balance Sheet Arrangements

At December 31, 2021, 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.

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, 2021.

Effective January 1, 2021, the functional currency for K92 Mining Inc, the parent entity and K92 Mining (Australia) Pty Ltd. changed from Canadian and Australian dollars respectively to the U.S. dollar as a result of the integration of the activities of these entities with that of the Company's U.S. dollar functional currency operating subsidiary K92 Mining Limited. The change in functional currency was accounted for on a prospective basis, with no impact of this change on prior year comparative information.

Significant Accounting Policies

The Company's accounting policies are presented in Note 3 of the audited Consolidated Financial Statements for the year ended December 31, 2021 and have been consistently applied in the preparation of the audited consolidated financial statements.

Financial Instruments and Risk Management

Financial assets and liabilities are classified in the fair value hierarchy according to the lowest level of input that is significant to the fair value measurement. Assessment of the significance of a particular input to the fair value measurement requires judgement and may affect placement within the fair value hierarchy levels. The hierarchy is as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quotes prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The levels in the fair value hierarchy into which the Company's financial assets and liabilities that are measured and recognized at fair value were categorized as follows:

As at	At December 31, 2021		At December 31, 2020	
	Level 1	Level 2	Level 1	Level 2
Trade receivables	$ -	$ 16,748	$ -	$ 24,920
Derivative assets	-	118	-	-
Derivative liabilities	-	(425)	-	(280)
	$ -	$ 16,441	$ -	$ 24,640

The fair value of the Company's trade receivables and derivative liabilities were determined using observable market prices and market-derived inputs. There were no transfers between Level 1 and Level 2 during the year ended December 31, 2021.

As at December 31, 2021 and 2020, the carrying amounts of cash and cash equivalents, receivables, accounts payable and accrued liabilities, and the loan approximate their fair values due to the short-term nature of these instruments.

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

Internal Control Over Financial Reporting and Disclosure Controls and Procedures

Disclosure Controls and Procedures

The Company's disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported on a timely basis to senior management, including the Chief Executive Officer ("**CEO**") and the Chief Financial Officer ("**CFO**"), to enable this information to be reviewed and discussed so that appropriate decisions can be made regarding the timely public disclosure of the information.

The Company's management, including the CEO and CFO, have evaluated the effectiveness of the Company's disclosure controls and procedures as at December 31, 2021 and have concluded the Company's disclosure controls and procedures are effective and provide reasonable assurance material information is communicated to them by others within the Company on a timely basis.

Internal Controls over Financial Reporting

The Company's management, including the CFO and CEO, are responsible for establishing adequate internal controls over financial reporting. The Company's internal controls over financial reporting is designed to provide reasonable assurance regarding the reliability of the Company's financial reporting for external purposes in accordance with IFRS as issued by the IASB. As at December 31, 2021, the Company's CFO and CEO have assessed the Company's internal controls over financial reporting and concluded they are effective and provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

There were no changes to the Company's internal during the year ended December 31, 2021 that have materially affected, or are likely to materially affect, the Company's internal controls over financial reporting or disclosure controls and procedures.

The Company's internal control over financial reporting may not prevent or detect all misstatements because of inherent limitations. Additionally, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with the Company's policies and procedures.

Cautionary Statement Regarding Certain Measures of Performance

This MD&A presents certain measures, including "cash costs", "all-in sustaining costs" "gold equivalent" and "EBITDA" 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, twin incline construction, metals production, cash costs, all-in sustaining costs, exploration costs and growth capital costs. 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 identified and described in more detail under the heading "Risk Factors" in the Company's most recent Annual Information Form, which may be viewed at www.sedar.com. 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.