("K92" or "the Company")

FORM 51-102F1
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2017

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 three month period ended March31, 2017. The MD&A takes into account information available up to and including May 25, 2017 and should be read together with the condensed consolidated interim financial statements for the period ended March 31, 2017 and the audited consolidated financial statements for the period ended December 31, 2016, 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. 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**") and is presented in United States dollars 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."

Description of Business

K92 Mining Inc. (formerly Otterburn Resources Corp.) (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. The Company is currently engaged in the exploration and development of mineral deposits in Papua New Guinea, specifically the Kainantu Gold Mine that includes the Irumafimpa and Kora deposits.

Performance Summary and Subsequent Events

During the three-month period ended March 31, 2017, the Company:

- Completed a non-brokered private placement by issuing 13,333,333 units at a price of CAD$0.75 per unit for gross proceeds of CAD$10,000,000 ($7,555,158). Each unit consisted of one common share and one share purchase warrant exercisable for one year at a price of CAD$1.00. In connection with the offering, the Company paid finder's fees of 1,053,333 shares and 1,053,333 warrants with the same terms as above.

- Purchased and transferred 3,000 ounce gold credits to CRH to satisfy the first required payment as outlined under the CRH loan.

- Sold gold concentrate for $577,000, net, subject to final review of material.

Change in year-end

During the four months ended December 31, 2016, the Company approved a change in its year-end from August 31st to December 31st. The Company's transition period is the four months ended December 31, 2016. The comparative period is the three months ended February 29, 2016. The new financial year aligns the Company with its peers and the statutory requirements of Papua New Guinea.

The length and ending date of the periods, including the comparative periods, of the interim and annual financial statements to be filed for the transition year and new financial year are:

Transition Year	**Comparative Annual Financial Statements to Transition Year**	**New Financial Year**	**Comparative Annual Financial Statements to New Financial Year**	**Interim Periods for Transition Year**	**Comparative Interim Periods to Interim Periods in Transition Year**	**Interim Periods for New Financial Year**	**Comparative Interim Periods to Interim Periods in New Financial Year**
4 months ended 12/31/2016	12 months ended 8/31/2016	12/31/2016	4 months ended 12/31/2016 and 12 months ended 8/31/2016	N/A	N/A	3 months ended 03/31/2017 6 months ended 06/30/2017 9 months ended 09/30/2017	3 months ended 02/29/2016 6 months ended 05/31/2016 9 months ended 08/31/2016

For additional information see Notice filed on SEDAR on October 14, 2016.

Outlook

K92 has completed the refurbishment of the Kainantu mine and mill, and restarted the Irumafimpa mine project in Papua New Guinea and expects to ramp up gold pre-production in 2017.

In addition, the Company intends to complete the underground incline drive from Irumafimpa to Kora with testing to be undertaken along the way.

Mineral Property Summary

Kainantu Gold Mine – Irumafimpa Deposit

The Company holds the mining rights to Mining Lease 150 ("**ML 150**") until June 13, 2024. See technical report filed on www.sedar.com, and our website, "Amended and restated technical report (NI 43-101)" filed March 2, 2017.

K92 Mining Inc. has provided a production update on the Kainantu gold mine:

- Total production of 23,400 tonnes mined, primarily from development of the 1205 mRL, 1220 mRL and 1235 mRL, a production rate significantly above the 13,645 tonnes scheduled in the Australian Mine Design and Development (AMDAD) mine plan;
- The first stope now mined from the remnant stopes;
- The process plant treated just under 12,000 tonnes in March and has regularly achieved over 600 tonnes per day, which is above design throughput;
- Grade control drilling and sampling for the initial mining area, comprising stopes and development from 1205 mRL to 1265 mRL levels and between 59450 north and 59700 north, define 38 percent more tonnes and 13 percent more ounces than the AMDAD design;
- Detailed design work incorporating all results from the grade control drilling and face samples has defined a total of 35,716 tonnes at a grade of 6.53 grams per tonne (g/t) gold (25,446 tonnes at 6.2 g/t measured resource and 10,260 tonnes at 7.35 g/t indicated resource) as remaining to be mined from initial stopes and 1,175 tonnes at a grade of 7.52 g/t gold (indicated resource) to be mined from the 1250 mRL level;
- As at March 31, 2017, surface stockpiles from mining of development material contained a total of 9,000 tonnes at a grade of 4.54 g/t gold. This material was classified as a measured resource;
- Over 270 tonnes of concentrate trucked to the port of Lae during the quarter, with shipments continuing.

Mining

The current mine plan is based upon the three-year mine plan prepared by the AMDAD, which is detailed in the independent technical report containing a mineral resource update and preliminary economic assessment (PEA) of the Irumafimpa and Kora gold deposits, Kainantu project, Papua New Guinea, with an effective date of March 2, 2017. Formal approval to restart underground production was received from the Mineral Resources Authority (MRA) in late October, 2016, following the successful rehabilitation and refurbishment of the underground mine, so the effective start date for the AMDAD mine plan has been taken as November 1, 2016.

The majority of mining to date has come from development on the 1205 mRL, 1220 mRL and 1235 mRL production levels between 59450 north and 59700 north, with a small amount of approximately 1,000 tonnes recovered from remnant stopes left behind by the previous operators on the 1250 mRL level.

The AMDAD mine plan based on the current Irumafimpa resource called for a total of 13,645 tonnes at a grade of 6.69 g/t of development material containing 2,935 ounces to be mined during the quarter, with no stope production due until month 7. This material would be part of the inferred resource. In comparison, K92 has mined 23,400 tonnes containing 3,400 ounces, with approximately 1,000 tonnes coming from existing remnant stopes based on material processed or remaining in stockpiles.

The major difference between the AMDAD mine plan and actual performance to date is that a significant tonnage of material outside of defined stoping areas was originally classified as waste within the AMDAD plan but was processed as lower-grade material during the commissioning, rather than being waste.

As was disclosed in the Company's news releases dated March 3, 2017, and Feb. 4, 2016, the company's decision regarding production at the Kaintantu gold mine was not based on a feasibility study demonstrating economic and technical viability, and as a result, there are increased uncertainty and multiple technical and economic risks that are associated with this decision. These risks include areas that are analyzed in detail in a feasibility study, such as applying economic analysis to resources and reserves, more detailed metallurgy, and a number of specialized studies in areas such as mining and recovery methods and environmental and community impacts. In addition, there are certain specific risks associated with the Kaintantu gold mine (as described in the technical report) including, but not limited to, inadequate water access and access to power. Project failure may adversely impact K92 and future profitability. As such, K92 cautions the reader that where projects are put into production without first establishing mineral reserves, as opposed to mineral resources, supported by a technical report, and completing a feasibility study, such projects have historically had a higher risk of economic or technical failure.

The PEA contained in the technical report 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. The technical report contains a full description of all underlying assumptions relating to the PEA. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

During the quarter, the Company also completed the installation of significant infrastructure underground, including two new 55-kilowatt ventilation fans, a leaky feeder radio communication system and extensions to the 11-kilovolt power supply to the upper workings of the mine.

Grade control and stope design

A total of 35 grade control holes (3,200 metres) were completed underground by two diamond drill rigs during the quarter. In addition, a comprehensive program of face sampling has been undertaken, in which almost every development face which is within the known deposit is sampled. This has resulted in almost 300 faces being sampled on the 1205 mRL, 1220 mRL and 1235 mRL levels, generating over 1,300 samples. The results from grade control drilling and face sampling have been used to update the stope design model and provide an updated estimate of the tonnage and grade of the stopes to be mined in the next six months.

A comparison of the tonnage and grade of the first stopes between the 1205 mRL and 1265 mRL levels and from 59450 north and 59700 north -- an area approximately 250 metres long and 60 metres high at the extremity of the known deposit (initial mining area) -- has been carried out between the original AMDAD design and the updated designs incorporating the grade control information is provided in the attached tables. The comparison breaks down the total tonnage from the area into development tonnes and stope tonnes.

The AMDAD design defined a total of 44,073 tonnes at a grade of 6.83 g/t gold, containing 9,679 ounces in the initial mining area. This tonnage comprised 33,539 tonnes at a grade of 6.71 g/t gold to be mined from stopes and a further 10,534 tonnes at a grade of 7.2 g/t gold mined from development of the 1205 mRL, 1220 mRL, 1235 mRL and 1250 mRL levels. All of the material in this initial mining area forms part of the inferred resource.

The more detailed design carried out by K92 incorporating all of the results from the grade control drilling and face samples has defined a total of 35,716 tonnes at a grade of 6.53 g/t gold as remaining to be mined from stopes and 1,175 tonnes at a grade of 7.52 g/t gold to be mined from the 1250 mRL level. This, in addition to the 25,000 tonnes at a grade of 4.23 g/t that have already been mined during the development of the 1205 mRL, 1220 mRL and 1235 mRL levels over the last months, gives a total of 60,809 tonnes at a grade of 5.58 g/t gold, containing 10,914 ounces within the defined area. This material has been defined by extensive grade control drilling and face sampling of developments, and is classified as measured resource up to the 1250 mRL level and indicated resource between the 1250 mRL and 1265 mRL levels.

In summary:

- Total tonnes defined by K92 grade control drilling and sampling in the stopes are 6.5 percent above those defined by AMDAD, while total tonnes from the above-specified area are 38 percent above those defined in the AMDAD model.

- The stope grade defined by K92 at 6.53 g/t gold is 2.7 percent below the 6.71 g/t gold defined in the AMDAD design.

- The total contained ounces defined by K92 in the stopes are 3.6 percent above those identified in the AMDAD design, while total ounces from the above-specified area are 13 percent above those identified in the AMDAD model.

The significantly higher tonnage of development material mined at lower grade than predicted from the AMDAD model is due primarily to the mining of lower-grade material outside of the defined stope areas which was identified during face sampling. K92 mined and treated this material as part of the commissioning process for the process plant.

Processing

The process plant throughput has ramped from just over 2,000 tonnes treated in January to almost 12,000 tonnes treated in March. Despite treating only development material assaying at just under 4.23 g/t gold, the plant produced saleable-grade concentrate during the entire month of March with an average grade of 111 g/t gold. The final concentrate produced has also averaged almost 6 percent copper, which is over twice that produced by the previous operators. Unlike the previous offtake agreements, the agreement with K92 incorporates payment for copper, and this level of copper increased the revenue for this first batch by approximately 4 percent. A total of 270 dry tonnes of concentrate were transported to the port of Lae during the March 2017, while a number of additional containers were loaded with concentrate and ready for transport to the port at the end of the quarter.

Recoveries have been steadily increasing as the plant has moved toward steady-state operations and averaged 72 percent in March, despite the relatively low head grade. The plant demonstrated the ability to treat in excess of 600 tonnes per day, while achieving grinds of in excess of 70 percent minus 45 micrometres, with only a light ball charge in the mill. This confirms the view of the Company that the plant has significant excess capacity.

The newly installed and commissioned drum scrubber is now fully operational and has allowed the plant to treat extremely wet sticky mill feed from underground, which would previously not have been able to be handled by the crushing circuit. The scrubber successfully removes all fines and clays, allowing them to bypass the crusher and report to the milling circuit, while the coarse fraction can be easily handled through the crushing circuit.

The new configuration with the drum scrubber also provides significant flexibility to the process plant, allowing the milling and flotation circuits to operate on feed from only the drum scrubber undersize, only the crushed material from the fine ore bin or a combination of the two.

During the quarter, the Company purchased, installed and commissioned two 1,250-kilowatt diesel generators to provide complete standby power for the process plant, offices, workshop and camp. A third diesel generator located at the portal provides standby power for the underground mining operations.

Kainantu Gold Mine – Kora Deposit

K92 Mining Inc. has commenced drilling the first hole from the Kora drive, which is being developed from the Irumafimpa mine toward the Kora deposit.

This five-metre-by-five-metre drive is designed to provide access to the Kora deposit, where K92 is targeting the commencement of production in first half 2018, while also providing the Company with the ability to drill test between Irumafimpa and Kora from underground drill cuddies. This area has not been previously tested due to topographical challenges associated with drilling from the surface and is considered highly prospective given the current interpretation of Irumafimpa and Kora being on the same vein structure.

This series of drill holes is being drilled from the first drill cuddy established at approximately 59200 north on the Kora drive. The first drill hole, KMDD0008, is targeting an area approximately 700 metres along strike from, and to the north of, the known Kora deposit.

In addition to drilling between the Irumafimpa and Kora deposits, K92 will also be drilling downdip from the known resource to infill between the known resource and the single deepest known hole drilled on the deposit BKDD0023. This hole recorded an intersection of 30.6 metres at 2.0 grams per tonne gold, 4.8 g/t silver and 1.3 percent copper, including 6.4 metres at 5.52 g/t Au and eight m at 3.7 percent Cu from 920.8 metres, approximately 500 metres below the current resource.

Consideration will be given to extending the drive beyond the mining lease 150 into the adjacent exploration lease (EL 693) which is also held by K92, to allow exploration drilling to be undertaken to potentially extend the known limit of mineralization to the north.

K92 Mining Inc.'s first exploration hole drilled in a program designed to test for extensions of the Kora deposit has intersected high-grade gold mineralization.

Highlights:

- 5.4 metres at 11.68 grams per tonne gold, 25.5 grams per tonne silver and 1.33 percent copper, including 0.75 metre at 71.94 grams per tonne Au, 168.7 grams per tonne Ag and 8.51 percent Cu, intercepted in the first completed exploration hole targeting extensions of the Kora deposit;

- Intersection reported is above the average grade and thickness for the Kora deposit and is approximately 500 metres along strike and 150 metres downdip from the closest point of the currently defined Kora deposit;

- Kora is a large and high-grade deposit, open for expansion in every direction and strongly mineralized at the extent of all drilling, with a current inferred resource of 4.36 million tonnes of 7.3 grams per tonne Au, 35 grams per tonne Ag and 2.23 percent Cu.

The intersection is approximately 500 metres along strike and 150 metres downdip from the closest point of the currently defined Kora deposit inferred resource.

This intersection, recording 5.4 metres at 11.68 grams per tonne Au, 25.5 grams per tonne Ag and 1.33 percent Cu, or a gold equivalent grade of 14.1 grams per tonne AuEq, is typical of the Kora/Eutompi mineralization. The current Kora/Eutompi inferred resource is 4.36 million tonnes at a grade of 7.3 grams per tonne Au, 35 grams per tonne Ag and 2.23 percent Cu, or 11.2 grams per tonne AuEq.

The diamond drill hole, KMDD0009, intersected what the company interprets as the Kora/Eutompi vein system 154.1 metres downhole or approximately 130 metres from the Kora drive. Given the results from this hole, the company is now accelerating exploration drilling and has nine holes planned from the initial drill cuddy, targeting an area of approximately 200 metres along strike by 200 metres on dip.

The interpreted strike length of the Kora/Eutompi vein system is approximately 1,100 metres at surface, but, potentially, based on limited drill testing to date, this reduces at depths greater than 200 metres to 500 metres of strike length, although it is open for expansion both at depth and along strike in both directions. The deepest intersection in hole BKDD0023 is 900 metres below the surface outcrop of the vein system and almost 500 metres below the deepest inferred resource. The KMDD0009 intersection is approximately 700 metres below the surface and 500 metres along strike from BKDD0023.

The Kora five-metre-by-five-metre drive is designed to provide access to the Kora deposit, where K92 is assessing the commencement of production in the first half of 2018, while also providing the company with the ability to drill test between Irumafimpa and Kora from underground drill cuddies. This area has not been previously tested due to topographical challenges associated with drilling from the surface and is considered highly prospective given the current interpretation of Irumafimpa and Kora being on the same structure.

Consideration will be given to extending the drive beyond mining lease 150 into the adjacent exploration lease (EL 693), which is also held by K92, to allow exploration drilling to be undertaken to potentially extend the known limit of mineralization to the south.

Exploration

The Company commenced a major exploration program on ELs (exploration leases) 683 and 470 immediately to the north and west of the company's ML (mining lease) 150. The program is designed to follow up previous work on anomalous drainage sampling results which indicated that the mineralized structures present in ML 150 continued to the north across the Baupa River toward the processing plant. The fieldwork commenced in late January 2017 and the first phase of the work includes:

- Establishment of an exploration camp close to the Kokomo village;
- Prospecting, sampling, mapping and assessment of the mineralized veins on the northern side of Baupa River;
- Mapping of the geology within the drainage systems and surface exposures, and linking them with the prospected veins;
- Conducting a ridge and spur soil sample survey for indications of anomalous geochemical dispersion from the auriferous veins across a select number of ridges and spurs;
- Trenching along the length of identified veins to establish widths, grades and strike extent;
- Conducting a land boundary survey concurrent with the field exploration work in close collaboration with the Community Affairs Department and knowledgeable Pomasi elders.

Although the exploration program is in very early stages, numerous quartz veins have been identified, which are potentially extensions of the known mineralized vein systems (Irumafimpa/Kora, Judd and Karempa) encountered within ML 150.

In addition a new vein system termed the Kokomo vein has been identified in the main access incline striking north into the current exploration area. Initial samples from the Kokomo vein within ML 150 have been assayed and have high grades of gold and silver as do multiple samples from potential extensions of the vein swarm onto EL 693.

The initial results from sampling a number of these veins are summarized in the attached table (see February 9, 2017 news release).

INITIAL RESULTS FOR SURFACE SAMPLING FROM EXPLORATION PROGRAM

Licence	Prospect	Sample ID	RL	Sample type	Interval	Au (ppm)	Ag(ppm)	Cu(%)
EL693	Kokomo	K92RC_08006	836	float	N/A	2.94	50.7	0.05
EL693	Kokomo	K92RC_08007	844	float	N/A	4.65	30.9	0.06
EL693	Kokomo	K92RC_08008	854	channel	0.8	2.31	31.6	0.01
EL693	Kokomo	K92RC_08009	864	channel	1	2.16	31.3	0.08
EL693	Kokomo	K92RC_08010	872	channel	0.6	58.90	82.9	0.02
EL693	Kokomo	K92RC_08011	873	channel	0.8	32.00	54.2	0.07
EL693	Kokomo	K92RC_08012	870	float	N/A	3.73	96.6	0.02

The Kokomo vein has been sampled underground as well as in the Baupa River to the north striking into the exploration area. Results for the sampling of this vein system are provided in the attached table.

KOKOMO VEIN SYSTEM RESULTS

Licence	Prospect	Sample ID	RL	Sample type	Interval	Au (ppm)	Ag(ppm)	Cu(%)
ML150	Kokomo	K92RC_00383	863	channel	0.5	5.49	76.0	0.28
ML150	Kokomo	K92RC_00384	863	channel	0.5	25.10	146.0	0.25
ML150	Kokomo	K92RC_00385	863	channel	0.5	0.75	20.8	0.20
ML150	Kokomo	K92RC_00386	863	channel	0.5	2.39	97.9	0.20
ML150	Kokomo	K92RC_00388	907	float	N/A	14.70	79.3	0.15
ML150	Kokomo	K92RC_00097	855	channel	1	2.54	pend.	pend.
ML150	Kokomo	K92RC_00099	848	grab	N/A	3.83	pend.	pend.
ML150	Kokomo	K92RC_00100	848	channel	0.3	60.60	pend.	pend.

Chris Muller, BSc, P. Geo, a qualified person under the meaning of Canadian National Instrument 43-101, has reviewed and is responsible for the technical content of this MD&A.

Summary of Quarterly Results

The following table summarizes the three month period ended March 31, 2017, the four-month period ended December 31, 2016 and the quarterly results for each of the previous six quarters:

	March 31, 2017	December 31, 2016	August 31, 2016	May 31, 2016
Total assets	$ 29,282,274	$ 24,873,985	$ 21,883,284	$ 8,581,343
Working capital (deficiency)	(8,250,402)	(4,928,922)	2,308,701	(1,056,120)
Shareholders equity (deficiency)	12,043,130	9,188,784	6,745,341	(594,136)
Net income (loss)	(5,637,593)	(4,094,104)	(9,284,653)	(4,012,996)
Net income (loss) per share	(0.05)	(0.04)	(0.16)	(0.08)
	February 29, 2016	November 30, 2015	August 31, 2015	May 31, 2015
Total assets	$ 5,032,934	$ 4,452,318	$ 4,645,432	$ 5,239,397
Working capital (deficiency)	(4,118,315)	(4,158,525)	(3,217,152)	(2,380,719)
Shareholders equity (deficiency)	(3,235,342)	(2,185,249)	(1,160,562)	(406,816)
Net income (loss)	(1,050,093)	(1,024,687)	(753,746)	(1,148,928)
Net income (loss) per share	(0.02)	(0.02)	(0.02)	(0.02)

The increase in net loss for the period ended March 31, 2017 primarily relates to the fair value adjustment to the CRH financing and the amortization of deferred loss.

Results of Operations for the period ended March 31, 2017

During the period ended March 31, 2017, the Company incurred a loss of $5,637,593 as compared to a loss of $1,050,093 for the quarter ended February 29, 2016. Significant items making up the loss, and changes from prior periods, are as follows:

A decrease of general and indirect mining administrative expense to $Nil (February 29, 2016 - $308,993). Effective December 1, 2016 the Company began capitalizing Mine Development costs to Property, plant and equipment, as the accounting criteria for capitalization had been met.

An increase of consulting and administrative of $161,816 to $558,537 (February 29, 2016 – $396,721). The Company's incurred public company costs and was active in the marketplace as compared to prior year when the Company was private.

Fair value gain on gold purchase agreement of $1,892,151 (February 29, 2016 – $Nil). This relates in the fair value adjustment to the CRH gold prepayment being the difference between the price CRH paid and the estimated present value of the gold to be repaid.

Amortization of deferred loss of $2,185,826 (February 29, 2016 - $Nil). The difference of cash received and the initial fair value of the gold prepayment liability of $15,534,971 was originally recorded as a deferred loss and is being recognized over the units of production. This amount represents the amortization of the deferred loss when the Company transferred 3,000 gold ounce credits to CRH.

Liquidity

K92's mineral exploration and development activities currently do not provide a source of income and the Company therefore has a history of losses, working capital deficiencies and an accumulated deficit. However, given the nature of our business, the results of operations as reflected in the net losses and losses per share do not provide a complete interpretation of our valuation.

As at March 31, 2017, the Company had a working capital deficit of $8,250,402 (December 31, 2016 – $4,928,922). This balance included a cash balance of $2,768,248 (December 31, 2016 - $4,291,697) to settle current liabilities of $12,319,637 (December 31, 2016 - $10,532,282).

Operating Activities: The Company does not currently generate cash from operating activities. Net cash used by the Company for operating activities, for the period ended March 31, 2017 was $472,425 compared to $750,984 for the period ended February 29, 2016.

Investing Activities: During the period ended March 31, 2017, the Company purchased $5,085,223 in property, plant, and equipment.

Financing Activities: During the period ended March 31, 2017 included the issuance of capital stock for $7,555,158 and the purchase of 3,000 gold credits for transfer to CRH for $3,765,600. In addition, the Company had warrants ($215,268) and stock options ($15,708) exercised and purchased 3,000 gold credits for $3,765,600 that was transferred to CRH as per the GPA.

The condensed consolidated interim financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company's continuing operations rely on the ability of the Company to continue to raise capital. There can be no assurance that adequate additional financing will be available at terms acceptable to the Company or at all, which may cast significant doubt on the Company's ability to continue as a going concern.

Related Party Transactions

Key management compensation

During the period ended March 31, 2017, the Company paid or accrued:

a) Consulting fees of $72,000 (February 29, 2016 - $37,500) to a director and CEO of the Company, $25,200 (February 29, 2016 – $22,500) to the CFO of the Company, $65,700 (February 29, 2016 - $60,000) to the COO of the Company, $Nil (February 29, 2016 - $30,000) to the former COO of the Company, $18,750 (February 29, 2016 - $13,000) to the Chairman of the Board, and $54,000 (February 29, 2016 – $24,000) to the president of the Company. The Company also paid professional fees of $4,533 (February 29, 2016 - $1,482) to a Company related to the CFO.

b) Share-based payments of $447,556 (February 29, 2016 - $Nil) to the officers and directors of the Company was recorded.

Included in accounts payable and accrued liabilities is $7,251 (December 31, 2016 - $4,951) 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 136,037,739 common shares and 5,000,000 preferred shares issued and outstanding.

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

Number	Exercise price (CAD)		Expiry date
7,105,800	$	0.45	May 20, 2021
100,000		1.93	July 29, 2021
3,198,000		1.00	December 5, 2021

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

Number	Exercise price (CAD)		Expiry date
10,562,563	$	0.50	November 20, 2017
7,078,255		1.50	July 20, 2017
1,829,061		1.75	July 25, 2017
14,386,666		1.00	March 21, 2018

Contractual Obligations

As at May 25, 2017 the Company had the following contractual obligation:

Rental Commitments

The Company has commitments related to the minimum rental and operating expenses payments for the Company's office space in downtown Vancouver. The lease was effective July 1, 2016 and concludes on March 29, 2018. These commitments in each of the next two years to the conclusion of the lease period are approximately as follows:

Year incurred	Amount	
2017	$	81,275
2018		27,091
Total commitments	$	108,366

Off-Balance Sheet Arrangements

At March 31, 2017, 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

The Company has no commitments for capital expenditures at the date of this report.

The Company will continue to seek capital. 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.

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 consult the risk factors section of the Company's most recent Management Information Circular filed on SEDAR at www.sedar.com.

Changes in Accounting Policies including Initial Adoption

There was no new significant accounting policies adopted during the period ended March 31, 2017.

Critical Accounting Policies and Estimates

The preparation of the condensed consolidated interim financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported expenses during the period. Actual results could differ from these estimates.

Significant assumptions about the future and other sources of estimation and judgement uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to:

Landowners' compensation

The Company has obligations to compensate landowners annually who are affected by the operations of the Kainantu mine. These compensations are governed by the Papua New Guinean Mining Act 1992 and land and environment compensation agreement ("**CA**") for ML 150 that the prior owner of the Kainantu mine entered into with the Billmoia Landowners Association Incorporation ("**BLA**") and certain landowners /

clans listed in the agreement. The actual recipients of the compensation determined under the CA and landowners' share of sales royalty could not be paid as required under the CA until the legitimate landowners were identified by the Papua New Guinean Land Titles Commission ("**LTC**") and so compensation payments have been accrued but not paid.

The estimation of landowners' compensation in Kainantu requires significant judgmental assumptions regarding compensation rates and land area affected by the mining activities. The principal factors that cause expected cash flows to change are: changes in the land area lost due to mining or other activities; changes in compensation rates; future claims for additional compensations and in particular individual one off compensations that are found to be legitimate and requiring additional payments.

The amount of landowners' compensation provision for Kainantu mine as of March 31, 2017 was $551,469 (1.75 million Papua New Guinea Kina), which reflects expected cost.

Exploration and evaluation

The net carrying value of each mineral property is reviewed regularly for conditions that suggest impairment. This review requires significant judgment. Factors considered in the assessment of asset impairment include, but are not limited to, whether there has been a significant adverse change in the legal, regulatory, accessibility, title, environmental or political factors that could affect the property's value; whether there has been an accumulation of costs significantly in excess of the amounts originally expected for the property's acquisition, development or cost of holding; and whether exploration activities produced results that are not promising such that no more work is being planned in the foreseeable future.

Achievement of Production Phase

Once a mine reaches the operating levels intended by management, depreciation of capitalized costs begins. Significant judgment is required to determine when certain assets of the Company's reach this level. Management considers several factors including, completion of a reasonable period of commissioning, consistent operating results are being achieved at a pre-determined level of design capacity.

Going concern

The assessment of the Company's ability to continue as a going concern involves critical judgement based on historical experience. Significant judgements are used in the Company's assessment of its ability to continue as a going concern which is described in Note 1 of the condensed consolidated interim financial statements.

Acquisition accounting

The Company accounted for the Acquisition of Barrick (Kainantu) Limited as an asset acquisition. Significant judgment and estimates were required to determine that the application of this accounting treatment was appropriate for the transaction. These included, among others, the determination that Barrick (Kainantu) Limited was not considered a business under IFRS 3: Business combinations, the basis for the calculation of the fair value of the consideration transferred and the estimate of the fair value of the net assets acquired.

Rehabilitation and restoration provision

The Company has obligations for the future restoration of its mining tenements. In most instances, removal of assets and restoration of surrounding area occurs many years into the future. This requires judgmental assumptions regarding removal date, the extent of reclamation activities required, the engineering methodology for estimating cost, future removal technologies in determining removal cost, and asset specific discount rates to determine the present value of these cash flows.

Income tax

The determination of income tax is inherently complex and requires making certain estimates and assumptions about future events. While income tax filings are subject to audits and reassessments, the Company has adequately provided for all income tax obligations. However, changes in facts and circumstances as a result of income tax audits, reassessments, jurisprudence and any new legislation may result in an increase or decrease in our provision for income taxes.

Gold prepayment agreement

Judgment is required in assessing the appropriate accounting treatment of the gold prepayment agreement on the closing date and in future periods. We consider the specific terms of the agreement to determine whether we have disposed of an interest in the mineral property. This assessment considers what the counterparty is entitled to and the associated risks and rewards attributable to them over the life of the operation, including the contractual terms related to the total production over the life of the arrangement as compared to the expected production over the life of the mine, the percentage being sold, the percentage of payable metals produced, and any guarantee relating to the upfront payment if production ceases.

For the gold prepayment agreement entered into during the year ended August 31, 2016, there is a guarantee associated with the upfront payment as we are required to make good faith commercial efforts to maximize production of gold from the mineral property. Additionally, the counterparty has the option to receive payment in cash rather than refined gold. Accordingly, we consider this arrangement a derivative liability.

The valuation of the derivative in this arrangement is an area of estimation and is determined using discounted cash flow models. These models require a variety of inputs, including, but not limited to, contractual terms, market prices, forward curve prices, mine plans and discount rates. Changes in these assumptions could affect the carrying value of derivative assets or liabilities and the amount of gains or losses recognized in other operation income (expense).

Estimated useful lives

The useful life of some of the Company's items of property, plant and equipment is estimated based on the period over which the asset is expected to be available for use. Such estimation is based on a collective assessment of practices of similar business, internal technical evaluation and experience with similar assets. The estimated useful life of each asset is reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the asset. It is possible however, that future results of operations could be materially affected by changes in the amounts and timing of recorded expenses brought about by changes in the factors mentioned above. A reduction in the estimated useful life of any item of property, plant and equipment would increase the recorded operating expenses and decrease long-term assets.

Contingent Liability

The Company has determined not to record a liability related to the acquisition of Barrick (Kainantu) Limited as at this time, the Company has not determined the existence of 1,000,000 gold equivalent ounces classified as measured, indicated, probable ore resource, or a proven ore equivalent ounce of gold.

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 fair value of cash and cash equivalents and receivables approximate their carrying value due to the short-term maturity. Fair value of accounts payable and accrued liabilities and loans payable may be less than the carrying value for some of these instruments given going concern uncertainties described in Note 1 of the condensed consolidated interim financial statements.

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.

Financial risk factors

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash and cash equivalents and receivables. The Company limits exposure to credit risk on liquid financial assets through maintaining its cash and cash equivalents with high-credit quality financial institutions.

Liquidity risk

The Company has in place a planning and budgeting process to manage its liquidity risk and ensure it has sufficient liquidity to meet liabilities when due. As at March 31, 2017, the Company had a cash and cash equivalents balance of $2,768,248 (December 31, 2016 - $4,291,697) to settle current liabilities of $12,319,637 (December 31, 2016 - $10,532,282). All of the Company's accounts payable and accrued liabilities have contractual maturities of 30 days or due on demand and are subject to normal trade terms. The Company requires additional funds to settle the existing liabilities, fund exploration and development expenditures, and maintain general and administrative expenses over the coming year.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. The Company does not have a practice of trading derivatives.

a) Interest rate risk

The Company's financial assets exposed to interest rate risk consist of cash and cash equivalents balances. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. As at March 31, 2017, the Company did not have any investments in investment-grade short-term deposit certificates. The Company's loans payable are not exposed to interest rate risk given interest rates on loans are fixed.

b) Foreign currency risk

The Company's foreign exchange risk arises from transactions denominated in other currencies. Through this, the Company is exposed to foreign currency risk on fluctuations related to cash and cash equivalents, receivables, prepayments, accounts payable and accrued liabilities and reclamation and closure costs obligations that are denominated in Australian Dollars, Papua New Guinea Kina, United States Dollar and Canadian Dollars and the CRH financing which can be elected to be repaid in United States Dollars as determined by CRH. The Company does not use derivative instruments to reduce its exposure to foreign currency risk nor has it entered into foreign exchange contracts to hedge against gains or losses from foreign exchange fluctuations.

Note Regarding Forward-Looking Statements

Except for historical information, this MD&A may contain forward-looking statements. 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 exploration and development of the Company's exploration properties.

This list is not exhaustive and these and other factors should be considered carefully, and readers 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 other person assumes responsibility for the accuracy and completeness of these forward-looking statements.

This MD&A contains certain forward-looking statements inclusive of, but not limited to, timing of the mine development, mill construction and ore production. 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 arrangements as set out in the Definitive Agreement. 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 mine and plant development, exploration and development risks, expenditure and financing requirements, title matters, operating hazards, metal prices, political and economic factors, competitive factors, general economic conditions, relationships with vendors and strategic partners, governmental regulation and supervision, seasonality, technological change, industry practices, and one-time events as well as risks, uncertainties and other factors discussed in our quarterly and 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. Accordingly, readers should not place undue reliance on forward-looking statements and information contained in this MD&A. 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."