MINING INC.

("K92" or "the Company")

FORM 51-102F1

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE MONTHS ENDED MARCH 31, 2023

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 months ended March 31, 2023. The MD&A takes into account information available up to and including May 11, 2023 and should be read together with the unaudited condensed consolidated interim financial statements for the three months ended March 31, 2023, which have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("**IFRS**") applicable to the preparation of interim financial statement, including IAS 34, Interim Financial Reporting, and is presented in thousands of United States dollars, except share and per share amounts, or unless otherwise indicated.

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 ounce and per share amounts)		Three months ended March 31, 2023	Three months ended March 31, 2022
Operating data			
Ore mined	t	117,865	100,124
Ore processed	t	117,903	99,611
Feed grade	g/t	5.2	8.3
Gold produced	Oz	17,593	24,152
Gold equivalent produced[1]	Oz	21,488	28,188
Gold sold	Oz	17,602	26,471
Cash costs per gold ounce sold[2]	$/Oz	758	536
All-in sustaining costs per gold ounce sold[2]	$/Oz	1,506	788
Financial data			
Revenue	$	40,366	52,412
Cost of sales	$	23,738	22,535
Net earnings	$	5,009	14,082
Cash flow from operating activities	$	2,947	27,330
Cash, ending balance	$	88,647	79,917
Basic earnings per share	$/sh	0.02	0.06
Diluted earnings per share	$/sh	0.02	0.06

Performance Summary

Operational – Three Months Ended March 31, 2023 ("Q1 2023")

- **Gold Production:** 17,593 oz of gold or 21,488 oz of gold equivalent ("**AuEq**") produced in Q1 2023, compared to 24,152 oz of gold or 28,188 oz of AuEq produced in Q1 2022. This represents a decrease in gold production primarily due to lower head grades.[1]

- **Ore Mined:** 117,865 tonnes of ore mined in Q1 2023, representing an 18% increase compared to 100,124 tonnes mined in Q1 2022.

- **Ore Processed:** 117,903 tonnes of ore processed in Q1 2023, marking the company's third-highest quarter on record, despite encountering 8 days of unplanned process plant downtime. This represents an 18% increase compared to the 99,611 tonnes processed in Q1 2022.

- **Mill Throughput:** Record monthly average daily throughput of 1,490 tonnes per day ("**tpd**") achieved in March, 9% above the Stage 2A Expansion run-rate of 1,370 tpd, including multiple new daily records set during the quarter. On March 11, we achieved our highest mill throughput to date, reaching 1,815 tonnes. Importantly, these records were achieved prior to commissioning of the final major Stage 2A Expansion plant upgrade, the flotation expansion, planned for commissioning in Q2 2023.

- **Mine Development:** Record overall mine development of 2,278 meters achieved in Q1 2023, a 48% increase from Q1 2022. The twin incline was significantly advanced in Q1 2023, with incline #2 (6m x 6.5m) advanced to 2,172 meters and incline #3 (5m x 5.5m) advanced to 2,230 meters as of March 31, 2023. The twin incline advance in Q1 2023 was 22% ahead of budget.

- **Head Grade:** 5.21 g/t gold, 0.70% copper, and 10.14 g/t silver (6.35 AuEq) in Q1 2023. Underground mining encountered an area with more challenging ground conditions than expected, resulting in lower production stoping rates and limited access to higher grade material. Generally, mill feed would be supplemented by mining from additional mining fronts in these situations, however, due to development rates being below budget for several quarters during the COVID-19 pandemic, many of the alternative mining areas were not yet developed, therefore mined ore volumes were supplemented with material from the low-grade stockpile.

[1] Gold equivalent calculated based on gold $1,890 per ounce (2022 - $1,879), silver $22.55 per ounce (2022 - $24) and copper $4.05 per pound (2022 - $4.53).

- **Metallurgical Recoveries:** 89.1% gold and 91.3% copper recoveries in Q1 2023, with expected improvements upon commissioning the flotation expansion in Q2 2023.

- **Cash Costs:** $758 per gold ounce in Q1 2023 versus $536 per gold ounce in Q1 2022. The increase was primarily due to the processing of lower head grade material versus the comparative period, resulting in a 34% decrease in gold oz sold from 26,471 oz gold in Q1 2022 to 17,602 oz gold in Q1 2023.[2]

- **All-in Sustaining Costs:** $1,506 per gold ounce in Q1 2023 versus $788 per gold ounce in Q1 2022. The increase can be attributed both to the lower grades referenced earlier and to a rise in sustaining capital expenditures. Sustaining capital expenditures totaled $11.2 million in Q1 2023, compared to $5.0 million in Q1 2022, primarily driven by an acceleration in sustaining and capital development expenditures associated with the Stage 3 and Stage 4 Expansions. Additionally, supply chain delays caused some sustaining capital items originally scheduled for delivery in 2022 to arrive in 2023, further contributing to the increase in sustaining capital costs.[2]

Financial – Q1 2023

- **Revenue:** The company generated $36.0 million in revenue in Q1 2023, a decrease of $14.4 million from Q1 2022 ($50.4 million) before pricing and quantity adjustments. Net revenue, which includes fair value adjustments to settlement receivables, was $40.4 million in Q1 2023 compared to $52.4 million in Q1 2022. Sales of gold in concentrate and doré decreased by 34% to 17,602 oz in Q1 2023 from 26,471 oz in Q1 2022, resulting in $15.8 million in lower revenues. The decrease was partially offset by higher by-product revenue of $0.7 million, primarily from the sale of 1.5 million copper pounds in Q1 2023 (versus 1.2 million copper pounds in Q1 2022) and a 2.1% increase in the average payable gold price (from $1,769/oz in Q1 2022 to $1,807/oz in Q1 2023), which contributed $0.7 million in additional revenue.[3]

- **Cash Position:** $88.6 million as of March 31, 2023, compared to $109.9 million as of December 31, 2022. During the period, the Company spent $12.7 million in expansion capital and incurred working capital adjustments, primarily due to a decrease in accounts payable and an increase in accounts receivable, totaling $13.5 million. [4]

- **Operating Cash Flow:** $16.5 million in operating cash flow (prior to working capital adjustments) in Q1 2023 compared to $22.7 million in Q1 2022.[5]

- **Gross Margins:** 34% and 41% (before and after pricing adjustments), respectively, in Q1 2023, down from 55% and 57%, respectively, in Q1 2022, mainly due to lower gold sales.[6]

- **EBITDA:** $14.8 million in Q1 2023, compared to $27.2 million in Q1 2022.[2]

- **Income Tax Payments:** $3.6 million paid by the Company to the government of Papua New Guinea subsequent to March 31, 2022.

---

[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] Expansion capital is calculated as the costs associated with the twin incline expansion and other expansion costs where these projects are anticipated to increase future production.

[5] Non-IFRS performance measure. Operating cash flow (prior to working capital adjustments) is calculated as the net cash provided by operating activities less the changes in non-cash working capital items.

[6] Non-IFRS performance measure. Gross margin before pricing adjustments is calculated using earnings from operations excluding pricing adjustments divided by revenue excluding pricing adjustments.

Expansion – Q1 2023

- After completion of the infill drilling program at Kora, exploration is now almost entirely focused on resource growth, with up to 11 drill rigs operating at Kora, Kora South, Judd and Judd South.
- Progress was made on 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. Full commissioning of the expansion is anticipated in Q2 2023, and it is expected to further drive economies of scale, increase production, and strengthen the Company's ability to self-fund the Stage 3 Expansion.
- On December 6, 2022, the Government of Papua New Guinea granted an extension of Mining Lease 150 for the Kainantu Gold Mine in Papua New Guinea for a period of 10 years to June 13, 2034. In conjunction with this announcement, the board of directors of the Company approved the Stage 3 and Stage 4 expansions, which will increase the annual processing throughput to 1.2 million metric tons per year and 1.7 million metric tons per year, respectively. This represents a 140% increase and 240% increase, respectively, from the Stage 2A processing capacity of 500,000 metric tons per year. The current Stage 2A expansion is already operating at its intended throughput, with the addition of flotation cells to double rougher capacity scheduled for Q2 2023.

Corporate – Q1 2023

- Reduced exposure to gold price fluctuations during the provisional pricing period (the "**Quotational Period**") by entering into short-term commodity contracts with a total of 15,570 gold oz hedged at March 31, 2023. The Company currently hedges out three months to cover fluctuations during the Quotational Period, resulting in a $1.2 million loss on derivative instruments recognized during the three months ended March 31, 2023.

Last 4 Quarters of Production Data

		2022			2023	
		Quarter 2	Quarter 3	Quarter 4	Quarter 1	Total
Tonnes processed	t	108,853	117,938	121,686	117,903	466,380
Feed grade Au	g/t	7.2	8.7	8.8	5.2	7.5
Feed grade Cu	%	0.56	0.72	0.74	0.70	0.68
Recovery (%) Au	%	91.0	88.9	91.2	89.1	90.0
Recovery (%) Cu	%	90.9	88.4	91.8	91.3	90.6
Metal in concentrate produced Au	oz	22,934	29,256	31,204	17,593	100,987
Metal in concentrate produced Cu	t	558	756	829	749	2,892
Metal in concentrate produced Ag	oz	25,224	32,161	40,517	29,859	127,761
Gold equivalent ounces produced	oz	26,085	32,995	35,538	21,488	116,106

2023 Operational Outlook

- Gold equivalent production between 120,000 and 140,000 ounces, a range that incorporates a contingency for supply chain related delays.
- Cash costs between $620 - $680 per ounce gold and all-in sustaining costs between $1,180 - $1,300 per ounce gold. The increase from 2022 is driven predominantly by accelerating sustaining capital and development expenditures related to the Stage 3 and 4 Expansions, in addition to sustaining capital items originally scheduled for 2022 arriving in 2023 due to supply chain delays.
- Exploration expenditures between $13 - $16 million, including the total number of operating drill rigs increasing from the current 11 to 13 rigs. Exploration will predominantly focus on resource growth with surface drilling to focus on Kora South, Judd South, Judd, and the A1 copper-gold porphyry targets, with underground drilling focusing on Kora, Kora South, Kora Deeps, Judd, Judd South, Judd Deeps and Northern Deeps targets.

- Tender process underway for growth capital items for the Stage 3 and 4 Expansions. Upon completion of the tender process, timing of the growth capital items will be established to provide its 2023 forecast.

Operations

The Company holds the mining rights to Mining Lease 150 that is due to be renewed on June 13, 2034.

During Q1 2023, the Company produced 17,593 ounces of gold, 1,651,297 pounds of copper and 29,859 ounces of silver, or 21,488 AuEq oz.

The process plant achieved quarterly ore processing of 117,903 tonnes or 1,310 tpd, our third highest quarter on record, despite experiencing 8 days of unplanned maintenance. The unplanned maintenance occurred in February due to a mill trunnion bearing failure (2 days downtime) and a limited electrical fire in a cable tray (6 days downtime)(*see February 27, 2023 press release: K92 Mining Provides Operational Update*). Following the completion of the unplanned maintenance in February, the process plant performed well, setting a new monthly ore processed record of 1,490 tpd in March. This is 9% higher than the Stage 2A Expansion design throughput of 1,370 tpd. Further, multiple new daily throughput records were achieved during the quarter, including 1,815 tonnes processed on March 11, 2023. These records were achieved prior to the final major upgrade to the Stage 2A Expansion process plant, the flotation expansion to double rougher capacity, which is planned for commissioning in Q2 2023 and is expected to boost metallurgical recoveries and increase operational flexibility.

The mine recorded 117,865 tonnes of ore mined, an 18% increase compared to Q1 2022. In addition, the mine delivered a total of 277,534 tonnes of material mined, which represents a 33% increase from Q1 2022. In Q1 2023, operations focused on Kora's K1 and K2 veins, and Judd's J1 Vein for a total of 8 levels mined. Mining on Kora was conducted on the 1130, 1150, 1170, 1205, 1265 and 1285 levels, and Judd on the 1285 and 1305 levels.

The operation delivered head grades of 5.21 g/t gold, 0.70% copper, and 10.14 g/t silver (6.35 g/t AuEq) in Q1 2023 with average metallurgical recoveries of 89.1% for gold and 91.3% for copper, with recoveries expected to improve upon the commissioning of the flotation expansion planned in Q2 2023. Head grade was notably impacted, during the second half of the quarter, when underground mining encountered an area with more challenging ground conditions than expected, associated with where the K1 and K2 veins almost converge, which impacted our production stoping rates and access to higher grade ore. Generally, in this situation, mill feed would be supplemented by mining from additional mining fronts as we mine through the impacted area more slowly. However, due to development rates being below budget for several quarters during the COVID-19 pandemic, many of the alternative mining areas were not yet developed, therefore supplementing from our low-grade stockpile was required (*see Figure 2 from the March 30, 2023 press release: K92 Mining Announces Strong 2022 Q4 and Annual Financial Results - Record Cash Balance, Revenue, Ore Mined and Ore Processed; Cash Cost and AISC Better Than Guidance*).

Operationally, we expect Q2 2023 production to be moderately below budget, with the second half of 2023 being our strongest in terms of production and 2023 production being within the bottom half of the guidance range (*see March 30, 2023 press release: K92 Mining Announces Strong 2022 Q4 and Annual Financial Results - Record Cash Balance, Revenue, Ore Mined and Ore Processed; Cash Cost and AISC Better Than Guidance*).

Capital Expenditure

Stage 2A Expansion

The 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 progressed (*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*). The final major upgrade to the Stage 2A Expansion process plant, the flotation expansion to double rougher capacity, is planned for commissioning in Q2 2023. The plant expansion is estimated to cost $2.5 million.

Twin Incline

Twin incline development continues to make significant progress with incline #2 (6m x 6.5m) advanced to 2,172 metres and incline #3 (5m x 5.5m) advanced to 2,230 metres, with development advancing during Q1 2023 22% ahead of budget.

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 Vein System

The Company continued its exploration diamond drilling program from underground using six Company owned drill rigs at the Kora and Judd deposits. A total of 321 drill holes have been completed into the Kora and Judd Vein System since those used in the Mineral Resource Estimates ("**MRE**") *(MRE effective date of October 31, 2021*). Additionally, from surface drilling, multiple new intercepts into several of the Kora and Judd lodes continue to be encountered. Drilling density is suitable for both resource definition and expansion. The MRE (both for Kora and Judd) formed the basis for the Independent Technical Report, Kainantu Gold Mine Integrated Development Plan, Kainantu Project, Papua New Guinea.

Please see the Company's news release dated October 28, 2022, '*K92 Mining Announces Filing of Technical Report for Kainantu Gold Mine Integrated Development Plan*'.

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*' for the latest resource estimate update at the Kora and Judd deposits.

Please see the Company's news release, dated February 21, 2023, '*K92 Mining Announces Latest High-Grade Gold & Copper Drill Results at Kora-Kora South and Judd-Judd South; Multiple Dilatant Zones Intersected*' for the most recent results from the underground and surface diamond drilling programs.

Judd Vein System

The Judd Vein System at the Kainantu gold mine continues to be explored. The System is sub-parallel in orientation to the Kora Vein System and is located approximately 90 to 150m east of Kora within the mining lease. The mineralization style is similar to that of the Kora Vein System, comprising mainly gold-copper-silver sulphide veins, (akin to an Intrusion Related Gold Copper (IRGC) deposit type). To date, four known veins have been recognized within the Judd Vein System. The veins remain open at depth, up-dip and laterally along strike in both directions with only a fraction of the +2,500m strike length (inclusive of Judd South) having been drill tested. Additionally, from surface drilling, multiple new intercepts into several of the Judd and Kora veins have been encountered.

The Company continued its underground drill program to test the extents of the Judd Vein System. The primary focus of drilling has been to drill out the J1 vein, with some holes continuing deeper to test the J2 to

J4 vein targets. The latest drill results were included in the press release dated February 21, 2023, '*K92 Mining Announces Latest High-Grade Gold & Copper Drill Results at Kora-Kora South and Judd-Judd South; Multiple Dilatant Zones Intersected*'. Since the Judd maiden resource estimate (effective date of December 31, 2021) a further 170 diamond holes have been drilled from underground.

Production from J1, in the form of long hole stoping continues.

Surface Exploration

Exploration drilling was undertaken at Kora South/Judd South (EL470), Judd (ML150), A1 (EL470) and Bankanune Prospect (EL693). A total of 20 drill holes for 7,226.9m were completed, with 5 holes currently in progress.

Surface geochemical sampling continued at Kora South, A1 (EL470) and Yarr Tree (EL2619) with a total of 1,651 surface samples collected. Contiguous with this, detailed mapping was carried out within the same prospect areas.

Kora South/Judd South (EL470)

Exploration at Kora South/Judd South continued throughout Q1 2023, with two diamond rigs operating to conduct infill and extension drilling of the Kora/Judd Lodes on approximate 100m centers. This will extend the resource of Kora/Judd beyond the limits of the current Mining Lease. A total of 11 drill holes for 4749.8m were drilled.

A third rig targeted the interpolated transfer structure associated with anomalous copper/gold geochemistry defined by recent close-spaced soil sample traverses. KNDD0001 intercepted thin high grade vein style Au/Cu mineralization at 255.90m as well as broad low-grade Au/Cu mineralization from 493m to the end-of-hole (696.10m) and is consistent with porphyry style gold/copper mineralization.

Judd Vein [Upper] Expansion (ML150)

Two diamond drill rigs continued to explore for extensions of the Judd Vein System within ML150. The program was designed to extend the Judd resource to the near surface environment. A total of six diamond holes were completed for 2570.70m.

A1 (EL470)

A drill rig was mobilized to A1 in February 2023, after drilling the Bankanune drill holes and the one Kora South hole. The first hole drilled, KADD0001, intersected an intensely magnetite-biotite altered diorite intrusion.

Infill soil sampling continued and defined a robust (>600m diameter) copper anomaly. Field mapping has also identified remnants of a porphyry lithocap that manifest as massive silica float within tributaries.

Bankanune (EL693)

A small drilling program was completed to test the extent of copper and gold bearing quartz veins mapped within artisanal workings. Five holes were drilled for a total of 678.90m. Results confirmed mineralization at surface, with a narrow intercept recording 6.64 g/t Au.

Yarr Tree (EL2619)

Mapping at Yarr Tree continued and highlighted a conspicuous NE-trending corridor measuring 200m by 1000m (Okentenu transfer structure) comprising of a series of en-echelon quartz-sulphide veins up to 2m-wide. Several extensive artisanal workings were also noted along this structure. Elsewhere, infill soil sampling has further highlighted gold and copper anomalies that are distantly aligned with the NW-trending (arc-parallel) structures that host the Kora/Judd deposit.

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 Executive 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

Memorandum of Agreement ("MOA")

The Company continues to work towards completing the outstanding review of the existing 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 2023.

Community Programs

The Company has been actively engaged in community programs aimed at improving the quality of life for local communities. The programs to support community development include freshwater systems, road maintenance, medical clinic funding, school refurbishment, adult literacy programs, and agricultural livelihood and training programs. The agricultural program has been successful, with the local community now providing fresh produce to the camp dining room and selling additional produce to a local catering company. The Company plans to expand this program to other larger tracts of land, scaling the benefits and providing a sustainable business for the local community. In 2022, the Company installed solar power at two local clinics, contributed to a youth spelling competition, advanced the agricultural program to eight locations including a demonstration farm, upgraded roads, and launched K92 FM radio broadcasting to provide a range of information to local communities. In November 2022, 160 adults graduated from K92 Mining's literacy program at the local community resource centre. The program, which was initiated by the Company in late 2019, offers three levels of English and Tok Pisin, the local language in Papua New Guinea, for those who cannot read or write. The graduation marked a significant milestone for the students, as 80% of the students had not previously completed any formal education.

Scholarship Program

The Company supports the education and development of the mining industry in Papua New Guinea. As part of this support, the Company has established the K92 Mining Scholarship Program, which includes four tertiary scholarships for 2023 in the fields of mineral processing, mine engineering, geology, and agriculture. The Company has also partnered with a local company to award two scholarships for Women in Mining to students studying logistics, commercial, or business management. The K92 Mining Scholarship Program was established in 2019 and expanded in 2022 to include the Women in Mining Scholarship. In addition, the Company collaborates with the University of Technology in Lae, Papua New Guinea ("**PNG**") to support areas of mutual benefit. This partnership includes 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.

Local Business Opportunities

The Company has created multiple business opportunities for the local communities in the vicinity of the mine to benefit from its operation. These include four major joint venture contracts between local communities and PNG companies for the provision of services, as well as numerous smaller contracts with local businesses. The major contracts include catering and camp management, security, road transportation, and ancillary mobile services. During the three months ended March 31, 2023, these contracts generated $7.0 million in revenue, supporting the local community.

Sustainability

On August 22, 2022, the Company published its 2021 Sustainability Report – which outlined the environmental, social and governance ("**ESG**") practices and performance of the Company. See the "2021 Sustainability Report" filed on the Company's website.

The following summarizes the ESG highlights in the 2021 Sustainability Report:

- **14% year-over-year increase** in corporate tax and second-largest taxpayer in the mining industry in Papua New Guinea ($13.0 million paid in corporate tax).
- **95% of workforce and 98% of contractors** are PNG Nationals with priority hiring from local communities.
- **$0.9 million in total community investment**.
- **14% year-over-year Lost Time Incident (LTI) frequency reduction** and once again operating with one of the best safety records in the Australasian region.
- **~50% lower carbon intensity** per gold equivalent ounce produced compared to the global average.[7]
- **1.5 million PGK ($450,000) from the COVID-19 Assistance Fund** supporting Papua New Guinea National Government, Eastern Highlands and Morobe Provincial Governments and local communities' efforts in response to the COVID-19 pandemic.
- **Environment, Health, Safety, Social and Sustainability Committee of the Board** was established to provide oversight with respect to environment, climate change, health, safety, social, sustainability, and other public policy matters relevant to the Company.
- **Beginning alignment with the Task Force of Climate-related Disclosures ("TCFD") recommendations** by conducting a climate risk and opportunity assessment to support a low carbon transition and to build climate resilience, developing a road map for improved climate management practices.
- **10 million tree program participant** supporting Papua New Guinea's goal of planting one million new trees per year until 2030 and delivered 10,000 tree seedlings to schools around the Kainantu mine in 2021.
- **63% of total expenditures locally procured since start of operations**, supporting the long-term development of locally-owned businesses, which earned $15.5 million in 2021.
- **Establishment of Diversity and Inclusion Policy** to formalize our stance on embracing individuality and differences, and expectations of our people.
- **Human Rights Policy established** to confirm our commitment to respecting the human rights and dignity of all individuals within our operations, supply chain, and communities in which we operate.

[7] Based on S&P Global Market Intelligence 2020 data on a gold produced basis.

- **Sustainable Agriculture Livelihoods program expanded**, employing ~80% women to provide them with active income and business skills, and committing $0.3 million to establish a new market complex in the town of Kainantu to encourage commerce.
- **Strong commitment to education and training**, including a 160,074 PGK ($46,000) contribution to post-secondary scholarships for 48 qualifying students, a $13,600 investment in business training for 489 impacted landowners and community members, and 96 students graduating from our Adult Literacy Program in 2021. Three additional scholarships were awarded to the top 3rd year students in Mining Engineering, Metallurgy and Mineral processing, and in 2022, addition of a Women in Mining Scholarship.
- **Community access to clean water increased** through an investment of $37,500 (materials, excludes labour cost) and commitment to providing impacted communities with fresh water by improving water lines and installing new water supply systems.

In addition, the Company is also continuing to push forward on several ESG initiatives, including further improving our external reporting measures as well as integrating a forecast of our greenhouse gas emissions for our Stage 3 and Stage 4 Expansions.

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)	March 31, 2023 (Unaudited)	December 31, 2022 (Unaudited)	September 30, 2022 (Unaudited)	June 30, 2022 (Unaudited)
Total assets	$ 371,926	$ 370,715	$ 344,308	$ 302,583
Working capital	117,306	125,171	120,064	94,007
Shareholders' equity	316,340	309,306	294,096	253,846
Revenue	40,366	61,980	36,438	37,356
Net earnings	5,009	13,251	3,054	5,136
Net earnings per share, basic	0.02	0.06	0.01	0.02
Net earnings per share, diluted	0.02	0.06	0.01	0.02

	March 31, 2022 (Unaudited)	December 31, 2021 (Unaudited)	September 30, 2021 (Unaudited)	June 30, 2021 (Unaudited)
Total assets	$ 298,784	$ 273,023	$ 231,698	$ 224,875
Working capital	92,086	88,502	80,602	76,406
Shareholders' equity	242,650	225,136	206,533	197,819
Revenue	52,412	53,925	35,370	35,518
Net earnings (loss)	14,082	15,785	4,865	4,403
Net earnings (loss) per share, basic	0.06	0.07	0.02	0.02
Net earnings (loss) per share, diluted	0.06	0.07	0.02	0.02

Total assets have increased over the past eight quarters, primarily driven by the construction and completion of the Stage 2 Expansion and the ongoing development of the Kainantu gold mine. Additionally, revenue has also grown during this period due to higher production resulting from the Stage 2 Expansion, as well as increased commodity prices.

Results of Operations for the three months ended March 31, 2023 as compared to March 31, 2022

During the three months ended March 31, 2023, the Company had net earnings of $5.0 million (2022 –$14.1 million) and earnings before taxes of $8.7 million (2022 - $22.2 million). Significant items making up the earnings, and changes from the comparative period, are as follows:

Revenue of $40.4 million (2022 - $52.4 million) from the sale of gold concentrate and doré. The decrease in revenue is primarily due to a decrease in the quantity of gold ounces sold, partially offset by higher by-product revenue and an increase in gold prices versus the comparative period.

Cost of sales of $23.7 million (2022 - $22.5 million) include costs associated with mining, processing, mine technical services, maintenance, finance and administration at site, operational health and safety, share-based payments, depreciation and net smelter royalties. Despite an increase in cost of sales, the Company achieved better economies of scale and lower unit costs when measured for each tonne of ore produced, attributable to the successful ramp-up of the Stage 2 Expansion. This is demonstrated by an 18% increase in ore tonnes processed, from 99,611 in Q1 2022 to 117,903 in Q1 2023, despite only a 5% increase in cost of sales.

Earnings from mine operations of $16.6 million (2022 - $29.9 million), which is calculated subtracting cost of sales from revenue.

Exploration and evaluation expenditures of $3.8 million (2022 – $3.0 million) related to drilling, assaying, trenching, surveying and other related expenditures. The increase in exploration costs is related to additional exploration activity versus the comparative period as the Company has embarked on an aggressive exploration campaign expecting to spend $13 to $16 million.

Share-based payments of $1.2 million (2022 - $0.9 million) representing option, RSU and PSU grants to directors, employees and consultants of the Company. The increase in share-based payments relates to the timing, valuation and the number of equity instruments granted during the period.

Interest and finance expenses of $1.0 million (2022 – $0.8 million) representing interest and finance expenses recorded on lease agreements and concentrate sales. The increase is primarily due to higher interest rates on concentrate sales.

Interest income of $0.8 million (2022 – $0.1 million) representing interest income earned on cash and cash equivalent balances. The increase in interest income is due to higher interest rates and a larger cash balance versus the comparative period.

Loss on derivative instruments of $1.2 million (2022 – $1.5 million) relating to realized and unrealized losses on commodity contracts. The loss is primarily driven by the increase in gold prices during Q1 2023 from $1,812 per ounce at December 31, 2022, to $1,980 per ounce at March 31, 2023.

Income tax expense of $3.7 million (2022 – $8.1 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 March 31, 2023	Three months ended March 31, 2022
Cost of Sales	$ 23,738	$ 22,535
Add: treatment and refining costs	1,593	1,562
Less: non-cash costs included into cost of sales	(254)	(481)
Less: depreciation	(5,914)	(4,302)
Less: by-product credits	(5,829)	(5,134)
Cash cost of sales	13,334	14,180
Add: accretion	151	29
Add: general and administrative costs	1,908	1,799
Add: sustaining capital expenditures[8]	11,216	4,954
Less: business development	(93)	(106)
All-in sustaining costs	26,516	20,856
Gold ounces, sold	17,602	26,471
Cash cost per gold ounce, sold	$ 758	$ 536
All-in sustaining cost per gold ounce, sold	$ 1,506	$ 788

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 March 31, 2023	Three months ended March 31, 2022
Income for the period	$ 5,009	$ 14,082
Add: Income taxes	3,714	8,077
Add: Amortization of property, plant and equipment	5,914	4,302
Add: Interest and finance expense	1,024	804
Less: Interest income	(847)	(88)
EBITDA	$ 14,814	$ 27,177

[8] Sustaining capital expenditures for the three months ended March 31, 2023 is the purchase of property, plant and equipment ("PPE") from the statement of cash flows of $22.4 million (2022 - $13.3 million), plus other sustaining expenditures of $1.1 million (2022 - $Nil), less net PPE amounts included in accounts payable related to expansion costs of $19 thousand (2022 - positive $0.3 million), plus net deposits for equipment $0.4 million (2022 - $0.2 million), less expansion costs of $12.7 million (2022 - $9.0 million).

Liquidity

As at March 31, 2023, the Company had a cash and cash equivalents balance of $88.6 million (December 31, 2022 - $109.9 million) and working capital of $117.4 million (December 31, 2022 - $125.2 million)[9], which consisted of current assets of $160.9 million (December 31, 2022 - $173.3 million) less current liabilities of $43.5 million (December 31, 2022 - $48.2 million).

Operating Activities: During Q1 2023, the Company generated $2.9 million from operating activities (2022 - $27.3 million).

Investing Activities: During Q1 2023, the Company paid $22.4 million (2022 - $13.3 million) for property, plant, and equipment and $1.2 million for deposits on equipment (2022 – $6.5 million).

Financing Activities: During Q1 2023, the Company received $0.6 million (2022 - $2.1 million) from the exercise of stock options. The Company paid $1.3 million (2022 - $1.2 million) in principal lease payments.

The Company's financial position at March 31, 2023, 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, Chief Operating Officer, President, 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)	Three months ended	March 31, 2023	March 31, 2022
Share-based compensation		$ 1,266	$ 546
Management, consulting and wages		849	363
Professional fees		56	15

Included in accounts payable and accrued liabilities is $0.9 million (December 31, 2022 - $1.0 million) due to key management of the Company, of which $0.4 million (December 31, 2022 - $0.3 million) is due to Mining, Processing and Project Consulting Pty Ltd. which is owned by the CEO and Director for management services and $23.0 thousand (December 31, 2022 - $0.2 million) is due to the law firm Gowling WLG (Canada) LLP, where one director of the Company is a partner, for professional fees in the normal course of business, non-interest bearing and due on demand.

[9] Non-IFRS performance measure. Working capital is calculated as current assets less current liabilities.

Outstanding Share Data

As at the date of this report the Company had 233,852,791 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	430,000	430,000	0.84	0.09
1.00 – 1.99	1,836,750	1,836,750	1.77	1.24
2.00 – 2.99	235,000	235,000	2.17	1.61
3.00 – 3.99	1,121,000	1,121,000	3.85	1.82
4.00 – 4.99	10,200	10,200	4.00	2.20
5.00 – 9.99	4,807,900	4,807,900	7.28	2.69
	8,440,850	8,440,850	5.15	2.10

Subsequent Events

Subsequent to March 31, 2023, the Company paid a $3.6 million income tax instalment to the Papua New Guinea government.

Off-Balance Sheet Arrangements

At March 31, 2023, 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 the same as those disclosed in the Company's audited consolidated financial statements for the year ended December 31, 2022.

Significant Accounting Policies

The Company's accounting policies are the same as those applied in the Company's audited consolidated financial statements for the year ended December 31, 2022.

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 March 31, 2023		At December 31, 2022	
	Level 1	Level 2	Level 1	Level 2
Trade receivables	$ -	$ 19,144	$ -	$ 15,462
Derivative liabilities	-	(2,778)	-	(1,747)
	$ -	$ 16,366	$ -	$ 13,715

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 period ended March 31, 2023.

As at March 31, 2023 and December 31, 2022, the carrying amounts of cash and cash equivalents, prepaids, other receivables, and accounts payable and accrued liabilities 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.

Concentration of Credit Risk

The Company's cash and cash equivalents are held with financial institutions in Canada, Papua New Guinea, and Australia. As of March 31, 2023, a single high-credit quality financial institution in Canada holds approximately 75% of the total cash and cash equivalents. Substantially all of the Company's cash and cash equivalents exceed government insured limits. The Company continually assesses and manages its exposure to credit risk of financial institutions.

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.

There were no changes to the Company's disclosure controls and procedures during the three months ended March 31, 2023, that have materially affected, or are likely to materially affect, the Company's disclosure controls and procedures and therefore these controls and procedures remain effective.

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.

There were no changes to the Company's internal controls over financial reporting during the three months ended March 31, 2023, that have materially affected, or are likely to materially affect, the Company's internal controls over financial reporting and therefore these controls remain effective.

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, 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.