("K92" or "the Company")

FORM 51-102F1

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE MONTHS ENDED MARCH 31, 2020

Introduction

This Management's Discussion and Analysis ("**MD&A**") of K92 Mining Inc. (including its wholly owned subsidiaries, K92 Holdings International Limited (incorporated in British Virgin Islands), K92 Mining (Australia) Pty Ltd. (incorporated in Australia), and K92 Mining Ltd. (incorporated in Papua New Guinea)) is the responsibility of management and covers the three months ended March 31, 2020. The MD&A takes into account information available up to and including May 13, 2020 and should be read together with the condensed consolidated interim financial statements for the three months ended March 31, 2020 and the audited consolidated financial statements for the year ended December 31, 2019, which are available on the SEDAR website at www.sedar.com.

Throughout this document the terms *we, us, our, the Company* and *K92* refer to K92 Mining Inc. 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 thousands of United States dollars, except share and per share amounts, or unless otherwise indicated.

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

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

Description of Business

K92 Mining Inc. (the "**Company**") was incorporated pursuant to the provisions of the Business Corporations Act (British Columbia) on March 22, 2010. The Company's shares are listed on Tier 1 of the TSX Venture Exchange ("**TSX-V**") under the symbol KNT and quoted on the OTCQX under the symbol KNTNF. The Company is currently engaged in the production of gold, copper and silver of 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.

Performance Summary

Operational – Q1 2020

- **Gold production of** 19,240 gold ounces or 19,934 AuEq ounces in Q1 2020, compared to production of 19,125 gold ounces or 19,788 AuEq ounces in Q1 2019.[1]
- **Record mill throughput** of 47,313 tonnes and mine material movements of 125,500 tonnes.
- **Record development metres** advanced of 1,560 metres as the Company benefits from the expanded mining fleet and the completion of multiple infrastructure projects.
- **Cash costs** averaging $708 per gold ounce in Q1 2020 versus $391 per gold ounce in Q1 2019.[2] The increase in cash costs per ounce is due to a decrease in mined grades during the period at 13.6 g/t Au in Q1 2020. The head grade was lower than previous quarters due to a greater focus on mining the K2 vein, with gold grades in line with budget.
- **All-in sustaining costs** averaging $886 per gold ounce in Q1 2020 versus $567 per gold ounce in Q1 2019[2] as a result of the higher cash cost per ounce and change in calculation method.
- The Kainantu mine continues to operate during the COVID-19 pandemic, with a significant focus on health, safety and risk mitigation.

Financial – Q1 2020

- **Generated $7.5 million** from operating cash flow in Q1 2020 compared to $5.8 million for Q1, 2019.
- **Revenue growth of 15%** totaling $27.6 million in Q1 2020 compared to $24.0 million in Q1 2019. Sales of gold concentrate increased by 2% to 18,747 oz in Q1 2020 from 18,416 in Q1 2019 resulting in $0.4 million in higher revenues and payable gold prices increased by 20% to $1,502/oz in Q1 2020 from $1,247/oz in Q1 2019 resulting in $4.9 million in higher revenues.
- **Gross margin of 45%** in Q1 2020 compared to 61% in Q1 2019.
- **EBITDA** of $9.8 million in Q1 2020 compared to $13.7 million in Q1 2019.[2]
- **Cash position of $21.1 million** at March 31, 2020 compared to $21.6 million at December 31, 2019. During Q1, 2020, the Company paid $2.1 million in principal loan payments and spent $3.2 million in expansion capital.

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

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

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

Last 4 Quarters of Production Data

		2019			2020	
		Quarter 2	Quarter 3	Quarter 4	Quarter 1	Total
Tonnes processed	t	37,913	32,094	30,336	47,313	147,656
Feed grade Au	g/t	16.7	19.2	25.2	13.6	18.0
Feed grade Cu	%	0.34	0.32	0.35	0.36	0.34
Recovery (%) Au	%	93.20	94.1	93.9	93.0	93.5
Recovery (%) Cu	%	92.50	92.1	93.7	90.8	92.1
Metal in concentrate produced Au	oz	18,980	18,636	23,096	19,240	79,952
Metal in concentrate produced Cu	T	119	95	98	154	466
Metal in concentrate produced Ag	Oz	6,894	5,284	5,243	6,937	24,358
Gold equivalent ounces produced	Oz	19,652	19,170	23,646	19,934	82,402

COVID-19 Update

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

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

On March 20, 2020, Papua New Guinea reported its first case of COVID-19 infection, following the testing of an international visitor shortly after arrival in PNG. As a result of this reported infection, the PNG Government declared a National State of Emergency ("**SOE**") for a period of 14 days. Under the SOE there are international and domestic travel restrictions, with no foreign nationals permitted to enter the country and all travel between Provinces restricted to essential services. On April 3, 2020, the PNG Government extended the nationwide SOE through June 1, 2020 to prevent further spread of COVID-19. On April 22, 2020, the PNG government announced the easing of some of the previous restrictions.

In line with other mining operations in country, the Company intends to maintain normal operations at the Kainantu mine and associated facilities, and has received exemptions from the PNG Government to allow for the movement of PNG Nationals within PNG and of Expatriate workers from Australia. The Company has however temporarily curtailed some non-essential works, including major capital projects and field exploration activities.

Production guidance for 2020

Updated Guidance

The Company is withdrawing its full-year 2020 guidance due to timing uncertainty related to international travel for commissioning of our Stage 2 Plant Expansion due to the COVID-19 SOE declared by the PNG Government on March 23, 2020. Once clarity on timing is reached, we will provide updated guidance. The mine continues to operate at the Stage 1 plant throughput with modifications made to mine sequencing already implemented to increase cash flow. There are no confirmed cases of COVID-19 within our workforce and we are encouraged by the progressive relaxing of restrictions.

Operations

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

During the three months ended March 31, 2020, the Company focused mining operations on the northern extension of the Kora deposit. During this period, the Company produced 19,240 ounces of gold, 339,993 pounds of copper and 6,937 ounces of silver or 19,934 ounces AuEq. The concentrate produced was trucked to the Port of Lae, at which point a provisional payment amounting to an aggregate of 90% of the total value of the shipment was received by K92. The remaining 10% is received when final assays, weights and prices are known.

The operation achieved a number of records for the quarter, including mill throughput of 47,313 tonnes, mine material movements of 125,500 tonnes and development metres advanced of 1,560 metres as Kainantu continues to benefit from the expanded mining fleet and the completion of multiple infrastructure projects.

Mining operations in Q1 continued to focus on Kora North and comprised of cut and fill stope mining from the K1 vein at the 1170, 1205, 1225 and 1245 mRL levels as well as lower grade K2 vein development tonnes from the 1170, 1200 and 1220 mRL levels. The first long hole stope was brought into production on the K1 vein during Q1 and significant development was focused on opening up additional long hole stoping areas on K1 and K2. The ramp up of mine production saw surface stockpiles increase to over 18,000 tonnes, equivalent to one-month plant throughput.

The material mined and treated during the period averaged a grade of 13.6 g/t gold and 0.36% copper, which was in line with budget. A focus of the Company was enhancing underground production capacity for the stage 2 expansion with waste development and lower-grade K92 vein development to establish long-hole stoping areas. The Company recorded its highest mill throughput of 47,313 metres and mine material movements of 125,500 tonnes during the quarter. Recoveries for the three months averaged 93.0% for gold and 90.8% for copper.

Capital Expenditure

Up to the period ending March 31, 2020, the Company had spent most of the capital to complete the Stage 2 Expansion including the arrival of a Caterpillar AD45B low profile truck, third Sandvik LH517i loader with tele-remote auto-mine, a Terex TA300 articulated dump truck and a Jacon X5 underground cement truck. Due to the COVID-19 pandemic, the Company has curtailed some non-essential work, including major capital projects but continues to work on its camp expansion and the portal area for its twin incline. As a result, the commissioning of the Company's previously announced 400,000 tonnes per annum process plant expansion will be delayed until the current travel restrictions are lifted allowing the necessary external contractors to travel to site.

Exploration

Underground grade control and exploration

During the period ending March 31, 2020, three underground and two surface diamond drill rigs were active on the Kora project. However, due to the COVID-19 pandemic, the Company has curtailed non-essential surface exploration works, including all drilling and other field exploration activities. Underground drilling activities have continued and a fourth underground diamond rig has been purchased by the Company and will arrive on site during Q2. It is anticipated that dependent on developments in relation to the State of Emergency, surface drilling will re-commence in Q2.

A total of 25 diamond drill holes were completed and results reported during the three months ended March 31, 2020. The best results reported in the three months ended March 31, 2020 included hole KMDD0167 which recorded a bulk intersection of 30.1 metres at 22.7 g/t gold, 5 g/t silver and 0.54% copper (23.6 g/t gold equivalent).

Work on an updated resource estimate for Kora/Kora North has been continuing and the Company plans to release the updated resource estimate in Q2 2020 incorporating all the results reported to date.

Qualified Persons

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

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

Community Relations

In 2020, a major focus will be completing the outstanding review of the existing Memorandum of Agreement ("**MOA**"). The MOA underpins the relationship between the Company, the Community and Government and sets out commitments from the various parties.

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

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

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

The Company provides scholarships to support children from landowners to undertake studies at tertiary institutions. A total of 56 scholarships were provided to students in 2019 and this number will increase in 2020. In addition, the Company signed an Agreement with the University of Technology in Lae, PNG covering areas of mutual benefit including financial support for the university, work experience for students and undergraduates and technical cooperation and project generation. The Company also operates annual prizes for the top third year students in Geology, Mining and Metallurgy nationally, with the recipients receiving substantial scholarships covering their final year.

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

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

Safety

The Company believes that excellence in occupational health and safety performance is a critical part of developing a successful mining operation and mining company. This belief is reflected in the continuing focus of management, employees and contractors on this critical area. The Company is pleased to report that during Q1 2020 there were no Lost Time Injuries ("**LTI**") reported on the mine by employees or contractors and by the end of Q1 2020, the operation had achieved 102 LTI free days.

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, 2020 (Unaudited)		December 31, 2019 (Unaudited)		September 30, 2019 (Unaudited)		June 30, 2019 (Unaudited)
Total assets	$	161,279	$	154,990	$	132,110	$	103,895
Working capital		30,493		25,046		17,904		11,930
Shareholders' equity		132,484		124,690		101,006		85,012
Revenue		27,633		33,416		20,989		23,293
Net income (loss)		4,841		22,543		(389)		5,289
Net income (loss) per share, basic		0.02		0.11		(0.00)		0.03
Net income (loss) per share, diluted		0.02		0.10		(0.00)		0.03
		March 31, 2019 (Unaudited)		December 31, 2018 (Unaudited)		September 30, 2018 (Unaudited)		June 30, 2018 (Unaudited)
Total assets	$	90,951	$	87,769	$	55,080	$	52,852
Working capital (deficiency)		13,369		3,992		(2,787)		(16)
Shareholders' equity		76,099		69,806		35,863		36,443
Revenue		23,994		21,510		9,390		13,734
Net income (loss)		5,100		33,500		(1,831)		4,072
Net income (loss) per share, basic		0.03		0.18		(0.01)		0.02
Net income (loss) per share, diluted		0.03		0.18		(0.01)		0.02

Results of Operations for the three months ended March 31, 2020 as compared to March 31, 2019

During the three months ended March 31, 2020, the Company had net income of $4.8 million (2019 – $5.1 million). Significant items making up the income, and changes from the prior year, are as follows:

Revenue of $27.6 million (2019 - $24.0 million) from the sale of gold concentrate in Papua New Guinea. The increase in revenue is largely attributed to higher realized gold prices versus the comparative period.

Cost of sales of $15.2 million (2019 - $9.3 million) consisting of mining, processing, mine technical services, maintenance, finance and admin at site, operational health and safety, depreciation and net smelter royalties. The increase in cost of sales is attributable to the increase in operational activity, as demonstrated by the increase in ore mined from 57,296 tonnes in Q1 2020 compared to 28,993 tonnes in Q1 2019. The increase in cost of sales is not proportional to the increase in revenue primarily due to a planned lower grades mined due to a greater focus on mining the K92 vein with gold grades in line with budget.

Gross profit of $12.4 million (2019 - $14.7 million), which is calculated subtracting cost of sales from revenue.

General and administrative of $0.5 million (2019 – $0.6 million). The decrease is primarily due to one-time cost reversals in Papua New Guinea offset by increases due to new corporate hires, management fees, wages and travel to site.

Exploration and evaluation expenditures of $1.8 million (2019 – $1.2 million) related to drilling, assaying, trenching, surveying and other related expenditures. The increase was primarily due to increased exploration activities and the completion of more diamond drill holes compared to the prior period.

Share-based payments of $2.1 million (2019 - $0.3 million) representing option grants to directors, employees and consultants of the Company. The increase in share-based payments primarily relates to the timing and the number of options granted during the period ending March 31, 2020.

Interest and finance expense of $0.4 million (2019 – $0.1 million). This represents interest and finance expenses recorded on the loan, lease agreements and concentrate sales. The increase compared to the comparative period was primarily due to interest recorded on the loan.

Deferred income tax expense of $3.0 million (2019 – $4.1 million) recognized during the period is the estimated use of the deferred income tax asset. The Company previously recognized the tax asset to the extent recovery is considered probable. In assessing the probably of recovery, taxable profit projections, derived from cash flows from detailed life-of-mine and production plans were evaluated.

Non-IFRS Performance Measures

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

Cash Costs per Ounce

Cash costs of sales include all costs absorbed into concentrate inventory, treatment, refining and transportation costs, less non-cash items such as depreciation. Total cash cost per ounce sold is calculated by dividing the aggregate of the applicable costs by gold ounces sold. Site cash costs of production include all costs absorbed into inventory less non-cash items such as depreciation. Site cash costs per ounce produced are calculated by dividing the aggregate of the applicable costs by gold ounces produced. These measures are calculated on a consistent basis for the period presented.

All-in Sustaining Cost per Ounce

All-in sustaining costs of sales include all cash costs above plus accretion costs of environmental provisions, corporate costs and sustaining capital expenditures. Total all-in sustaining cost per ounce sold is calculated by dividing the aggregate of the applicable costs by gold ounces sold. These measures are calculated on a consistent basis for the period presented, except treatment and refining costs added in Q1 2020 that increased all-in sustaining costs for the three months March 31, 2020 by $46 (2019 - $14).

(In thousands of United States Dollars, except as noted)	Three months ended March 31, 2020	Three months ended March 31, 2019[3]
Cost of Sales	$15,223	$ 9,321
Less: depreciation	(1,556)	(1,517)
Less: by-product credits	(391)	(596)
Cash cost of sales	13,276	7,208
Add: accretion	48	41
Add: treatment and refining costs	862	258
Add: corporate costs	495	598
Add: sustaining capital expenditures[4]	1,933	2,343
All-in sustaining costs	16,614	10,448
Gold ounces, sold	18,747	18,416
Cash cost per gold ounce, sold	$708	$391
All-in sustaining cost per gold ounce, sold	$886	$567

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

[4] Sustaining Capital expenditures for the quarter is the purchases of property, plant and equipment ("**PPE**") for the three months ended March 31, 2020 from the statement of cash flows of $5.6 million (2019 - $2.9 million) plus net PPE amounts included in accounts payable related to expansion costs of $0.1 million (2019 - negative $0.4 million), plus deposits for equipment $0.2 million (2019 - $Nil), less expansion costs of $4.0 million (2019 - $0.1 million).

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

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

(In thousands of United States Dollars, except as noted)	Three months ended March 31, 2020	Three months ended March 31, 2019
Income for the period	$ 4,841	$ 5,100
Add: Deferred income tax	2,981	4,127
Add: Amortization of deferred loss	-	2,778
Add: Amortization of property, plant and equipment	1,556	1,545
Add: Interest	417	138
EBITDA	$ 9,795	$ 13,688

Liquidity

As at March 31, 2020, the Company had a cash and cash equivalents balance of $21.1 million (December 31, 2019 - $21.6 million) and working capital of $30.5 million (December 31, 2019 - $25.0 million), which consisted of current assets of $53.1 million (December 31, 2019 - $47.2 million) and current liabilities of $22.7 million (December 31, 2019 - $22.2 million).

Operating Activities: During the three months ended March 31, 2020, the Company generated $7.5 million from operating activities compared to $5.8 million for the three months ended March 31, 2019.

Investing Activities: During the three months ended March 31, 2020, the Company paid $5.6 million (2019 - $2.9 million) for property, plant, and equipment and $0.2 million (2019 - $Nil) for deposits on equipment.
Financing Activities: During the three months ended March 31, 2020 the Company collected $0.7 million (2019 - $0.7 million) from the exercise of stock options. The Company paid $2.1 million (2019 - $Nil) in principal loan payments and $0.1 million (2019 - $0.2 million) in principal lease payments.

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

Related Party Transactions

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

(In thousands of United States Dollars)	Three months ended	March 31, 2020	March 31, 2019
Share-based compensation		$ 1,007	$ 89
Management, consulting and wages		354	182
Professional fees		13	-

The Company also paid professional fees of $4.0 thousand (2019 - $5.0 thousand) to a Company related to the CFO for accounting services.

Included in accounts payable and accrued liabilities is $90.0 thousand (December 31, 2019 - $3.0 thousand) 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 214,654,937 common shares issued and outstanding.

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

Number	Exercise price ($CAD)	Expiry date
3,415,000	0.45	May 20, 2021
1,555,000	1.00	December 5, 2021
1,960,000	0.65	October 23, 2022
120,000	0.60	March 9, 2023
1,520,000	0.85	April 30, 2023
1,326,800	0.74	November 19, 2023
150,000	1.10	January 31, 2024
2,026,500	1.67	May 30, 2024
600,000	1.85	July 4, 2024
1,231,750	1.92	September 16, 2024
150,000	1.92	September 23, 2024
50,000	2.13	October 1, 2024
225,000	2.17	November 22, 2024
2,153,600	3.85	January 31, 2025
50,000	3.76	March 6, 2025
16,533,650		

Subsequent Events

Subsequent to March 31, 2020, the Company:

a) Received CAD$0.4 million from the exercise of 558,250 stock options; and

b) Paid $1.6 million of principal and accrued interest to Trafigura as repayment of the Loan.

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

Off-Balance Sheet Arrangements

At March 31, 2020, the Company had no material off-balance sheet arrangements such as guarantee contracts, contingent interest in assets transferred to an entity, derivative instruments obligations or any obligations that trigger financing, liquidity, market or credit risk to the Company.

Proposed Transactions

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

Capital Resources

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

Risk Factors

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

Significant Accounting Judgements, Estimates and Assumptions

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

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

Significant Accounting Policies

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

Cautionary Statement Regarding Certain Measures of Performance

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

Note Regarding Forward-Looking Statements

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

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

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

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

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

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

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