K92 MINING INC.

("K92" or "the Company")

FORM 51-102F1

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE MONTHS ENDED MARCH 31, 2022

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, 2022. The MD&A takes into account information available up to and including May 13, 2022 and should be read together with the unaudited condensed consolidated interim financial statements for the three months ended March 31, 2022, 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 share amounts)		Three months ended March 31, 2022	Three months ended March 31, 2021
Operating data			
Ore mined	t	100,124	55,883
Ore processed	t	99,611	73,221
Feed grade	g/t	8.3	8.5
Gold produced	Oz	24,152	17,774
Gold equivalent produced[1]	Oz	28,188	18,914
Gold sold	Oz	26,471	21,879
Cash costs per gold ounce sold[2]	$/Oz	536	745
All-in sustaining costs per gold ounce sold[2]	$/Oz	788	1,038
Financial data			
Revenue	$	52,412	29,513
Cost of sales	$	22,535	20,907
Net income	$	14,082	2,188
Cash flow from operating activities	$	27,330	28,731
Cash, ending balance	$	79,917	66,239
Basic earnings per share	$/sh	0.06	0.01
Diluted earnings per share	$/sh	0.06	0.01

Performance Summary

Operational – Three Months Ended March 31, 2022 ("Q1 2022")

- **Gold production** growth of 36% totaling 24,152 gold oz or 28,188 gold equivalent ("**AuEq**") oz in Q1 2022, compared to production of 17,774 gold oz or 18,914 AuEq oz in Q1 2021.[1]

- **Plant throughput** increased by 36% to 99,611 tonnes in Q1 2022, compared to 73,221 tonnes in Q1 2021. The Company achieved record monthly mill throughput in March 2022 of 1,219 tonnes per day ("**tpd**"), 11% above the Stage 2 Expansion target of 1,100 tpd, including 14 days exceeding 1,300 tpd.

- **Mined plant feed** increased by 79% to 100,124 tonnes in Q1 2022, compared to 55,883 tonnes in Q1 2021.

- **Cash costs** averaged $536 per gold ounce in Q1 2022 versus $745 per gold ounce in Q1 2021.[2] The decrease in cash costs was primarily due to the successful ramp-up of the 400K tonnes per annum expansion allowing the Company to achieve better economies of scale and a 21% increase in gold oz sold from 21,879 oz Au in Q1 2021 to 26,471 oz Au in Q1 2022.

- **All-in sustaining costs** averaged $788 per gold ounce in Q1 2022 versus $1,038 per gold ounce in Q1 2021 as a result of the lower cash costs noted above.[2]

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

[1] Gold equivalent calculated based on gold $1,879 per ounce (2021 - $1,800), silver $24 per ounce (2021 - $25) and copper $4.53 per pound (2021 - $4.35).
[2] Non-IFRS – the definition and reconciliation of these measures are included in the non-IFRS performance measures section of this MD&A.

Financial – Q1 2022

- **Revenue** of $50.4 million in Q1 2022 compared to $37.9 million in 2021, before pricing and quantity adjustments. Net revenue of $52.4 million in Q1 2022 compared to $29.5 million in Q1 2021, which includes pricing adjustments to the fair value of settlement receivables. Sales of gold in concentrate increased by 21% to 26,471 oz in Q1 2022 from 21,879 in Q1 2021 resulting in $8.0 million in higher revenues, average payable gold prices increased by 2% to $1,769/oz in Q1 2022 from $1,735/oz in Q1 2021 resulting in $0.9 million in higher revenues and an increase in by-product revenue (including treatment charges) resulting in $3.6 million in higher revenues.[3]

- **Record cash position** of $79.9 million at March 31, 2022 compared to $71.3 million at December 31, 2021. In Q1 2022, the Company spent $9.0 million in expansion capital (2021 - $4.7 million).[4]

- **Operating cash flow** (prior to working capital adjustments) of $22.7 million in Q1 2022 compared to $7.7 million in Q1 2021.

- **Gross margins** before (after) pricing adjustments of 55% (57%) in Q1 2022 compared to 45% (29%) in Q1 2021.[5]

- **EBITDA** of $27.2 million in Q1 2022 compared to $8.0 million in Q1 2021.[2]

- **Income tax payments** of $8.2 million were paid by the Company to the government of Papua New Guinea subsequent to March 31, 2022.

Expansion – Q1 2022

- On February 23, 2022, announced results from the updated resource estimate completed on the Kora deposit with Measured and Indicated Resources of 2.1 million oz at 9.20 g/t AuEq and Inferred Resources of 2.5 million oz at 9.48 g/t AuEq. The increase in the resource estimate was achieved after net mining depletion of 348 kt at 16.33 g/t AuEq or 182 koz AuEq from the previous resource estimate. The Kora deposit remains open along strike and at depth.

- On February 23, 2022, announced results from the maiden resource estimate of the Judd deposit with Measured and Indicated Resources of 0.13 million oz at 11.00 g/t AuEq and Inferred Resources of 0.18 million oz at 5.66 g/t AuEq. The resource is net of mining depletion of 64 kt at 12.2 g/t AuEq or 25 koz AuEq. The Judd deposit remains open in all directions.

- 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 South and the Blue Lake Porphyry.

- Progressed 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 and full commissioning anticipated to commence in Q3 2022. The expansion is expected to further drive economies of scale, increase production, and strengthen the Company's ability to self-fund the Stage 3 Expansion.

- Continued work on the Stage 3 Feasibility Study which is planned for completion mid-2022. The Company incurred $0.6 million in costs related to the Feasibility Study during the three months ended March 31, 2022.

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[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. Gross margin before pricing adjustments is calculated using earnings from operations excluding pricing adjustments divided by revenue excluding pricing adjustments.

Corporate – Q1 2022

- Reduced exposure to gold price fluctuations during the provisional pricing period (the "**Quotational Period**") with the Company's off-taker by entering into short-term commodity contracts with a total of 32,051 gold oz hedged at March 31, 2022. The Company currently hedges out three months to cover fluctuations during the Quotational Period. The Company recognized a $1.5 million loss on derivative instruments during the three months ended March 31, 2022 related to these short-term commodity contracts.

Last 4 Quarters of Production Data

		2021			2022	
		Quarter 2	Quarter 3	Quarter 4	Quarter 1	Total
Tonnes processed	t	75,667	87,621	99,713	99,611	362,612
Feed grade Au	g/t	10.3	9.0	11.2	8.3	9.7
Feed grade Cu	%	0.76	0.48	0.51	0.76	0.62
Recovery (%) Au	%	88.3	86.1	92.8	90.9	89.7
Recovery (%) Cu	%	87.2	87.2	92.9	91.1	89.8
Metal in concentrate produced Au	oz	22,153	21,908	33,220	24,152	101,433
Metal in concentrate produced Cu	t	498	364	475	692	2,029
Metal in concentrate produced Ag	oz	14,914	19,736	28,218	28,142	91,010
Gold equivalent oz produced	oz	25,015	24,121	36,145	28,188	113,469

COVID-19 Update

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

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

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

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

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

2022 Operational Outlook

- Gold equivalent production between 115,000 and 140,000 oz.

- Cash costs between $560-$640 per ounce gold and all-in sustaining costs between $890-$970 per ounce gold.

- Exploration costs between $12-$15 million.

- Growth capital costs between $41-$47 million, which includes the ongoing twin incline development.

Operations

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

During Q1 2022, the Company produced 24,152 oz of gold, 1,524,827 pounds of copper and 28,142 oz of silver, or 28,188 AuEq oz.

During the first quarter, Kainantu delivered its second consecutive quarter at the targeted Stage 2A Expansion run-rate throughput, processing 99,611 tonnes. Mine performance was also strong, exceeding mill throughput, with 100,124 tonnes of total mill feed mined.

Importantly, in March 2022, the mill delivered a monthly average throughput record of 1,219 tpd, significantly exceeding the Stage 2A Expansion target of 1,100 tpd. Mill throughput exceeded 1,300 tpd for 45% of the days (14 days) during the month of March, continuing to demonstrate much higher throughput rates than the Stage 2A Expansion design.

Mine productivity was impacted by delays being experienced in the delivery of underground mobile equipment as a result of the ongoing challenges in the global supply chain. A new twin boom jumbo, 45 tonne truck and 17 tonne loader were all due for delivery at the beginning of Q1 2022; however, the jumbo arrived in late Q1 2022, while the truck and loader only arrived in PNG in early April 2022. The equipment all arrived already commissioned and is expected to provide an immediate boost to mine productivity and development.

During Q1, 2022, long hole stoping continued to perform to the design, with operations focused on Kora's K1 and K2 veins, and Judd's J1 Vein for a total of 8 levels mined. Mining of Kora was conducted on the 1150, 1170, 1225, 1245, 1265 and 1285 levels, and Judd on the 1235 and 1285 levels. Development on Judd along the 1285 level will establish the next series of long-hole stoping panels that is planned to commence mining in the second quarter of 2022.

The operation delivered head grades of 8.3 g/t gold, 0.76% copper and 11.5 g/t silver (9.7 g/t AuEq) in Q1, 2022. Gold grades were below budget as development had not yet opened up higher grade stoping areas that were scheduled for March and will now be mined in the second quarter of 2022. Metallurgical recoveries averaged 90.9% for gold and 91.1% for copper during the quarter.

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 new filter press has been installed and is operational, the additional TC-1000 secondary crusher arrived in late Q1 2022 and planned for installation in Q2 2022, and the new flotation tanks are scheduled to arrive in the second half of 2022 when commissioning of the expanded plant will commence. The plant expansion is estimated to cost $2.5 million.

Twin Incline

Twin incline development advancement has continued to progress well, with metres developed exceeding budget by 15% in Q1 2022. The #2 (6m x 6.5m) incline has now advanced a total of 1,010 metres and the #3 (5m x 5.5m) incline has now advanced a total of 1,063 metres as of March 31, 2022.

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

Exploration

Underground grade control and exploration

Kora Deposit

The Company continued its exploration diamond drilling program from underground using six drill rigs at the Kora and Judd deposits. All drill rigs are Company owned. A total of 28 drill holes have been completed into the Kora Vein System, since those used in the Mineral Resource Estimates dated January 2022. Drilling density is suitable for both resource definition and expansion. The updated mineral resource estimate (both Kora and Judd) is now being used as the basis for the Stage 3 Feasibility Study.

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

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

Judd Vein System

The Judd Vein System at the Kainantu gold mine 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. Mineralization is like Kora and is composed of Au-Cu-Ag sulphide veins of Intrusion Related Gold Copper (IRGC) affinity. To date, four known veins have been recorded at the Judd Vein System. The veins remain open at depth, up-dip, along strike in both directions and only a fraction of the +2,500m strike length has been drilled.

The Company continued its underground drill program testing the Judd Vein System. The focus of drilling is the J1 vein, with some holes continuing deeper testing the J2 to J4 vein targets. The latest drill results were included in the press release dated August 30, 2021: *K92 Mining Announces High-Grade Judd Vein System Drilling Results, Including 8.51m AT 49.93 g/t AuEq and 3.70m at 53.63 g/t AuEq*. Since the Maiden Judd, January 2022 Mineral Resource Estimate a total 25 additional holes have been drilled from underground.

As reported previously, drive development has been performed on J1 at 1235 and 1265 Levels. The latest drive development results were released on October 27, 2021 titled, *"K92 Mining Announces High Grade Judd 1265 Level Development Results - Total Strike Extension of 211 Metres Averaged 21.69 G/T AuEq at 3.9 Metre J1 Vein Width"*. J1 drive development at the 1285 level was commenced over the period and has achieved 110m in length.

Surface Exploration

Drilling continued at Kora South (EL470), designed to test for southern extensions of the Kora and Judd lodes being mined on ML150. Ongoing drilling demonstrates that these mineralized structures continue well into adjacent EL470. A major drilling campaign was completed at Blue Lake/Kotampa (EL470), with approximately 200m spaced holes drilled through the mineralized shell.

A total of 2,942.0m were drilled from surface during Q1 2022. Regional geochemical sampling and mapping continued at both Yarr Tree (EL2619) and Kora South (EL470), with the objective to outline areas for follow-up work and to assist with defining the Kora and Judd structures at surface.
3D inversions of the EM geophysics were finalized, following the completion of the helicopter-borne MobileMT electromagnetic and magnetic survey, over the entire ~830 km^2 property. An excellent correlation between known mineral deposits and conductive bodies has been recognized. Most notably, the results demonstrate an extensive untested potential strike length to Kora-Kora South and Judd-Judd South vein systems beyond the A1 Porphyry to the southeast for several kilometres. In addition to the vein targets, known mineralized porphyries were highlighted by geophysics, including A1, Blue Lake, Tankaunan and Timpa. Multiple new vein and porphyry targets on all licenses have also been identified.

Blue Lake/Kotampa Prospect (EL470)

Two drill rigs were in full utilization at Blue Lake during Q1 2022, with a total of 1,603.5m drilled. Three drill holes were completed (KTDD0024, KTDD0025 and KTDD0026), all to depths of just over 1,000m. All targeted extensions of the mineralized potassic zone, intersected in several drill holes, most prominently in KTDD0018.

The Blue Lake drill program has defined a substantial Au-Cu-Mo mineralized shell (approximately 1000 x 500 x 400m), hosted in diorite and latite intrusives, beneath or proximal to a prominent silica-clay cap. Finely disseminated chalcopyrite is ubiquitous within the mineralized carapace, while vein chalcopyrite, together with bornite, are most prevalent in the inner core, characterized by potassic alteration (biotite-Kspar).

Drilling at Blue Lake has now yielded detailed geological and geochemical information at approximately 200m spacing through the mineralized porphyry system. The porphyry remains open to the south-east and at depth.

Kora South Surface Exploration (EL470)

Drilling in EL470 outside of ML150 at Kora South, to the south of the Mining Lease, has yielded significant results, which were the subject of a recent press release (*see February 16, 2022 press release: K92 Mining Announces High Grades, Record Thicknesses From Maiden Surface Step-Out Drilling Results at Kora South and Judd South, Airborne Geophysics Defines Extensive New Targets*). The first two drill holes, KUDD0001 and KUDD0002, defined multiple intersections, representing both Kora (K1, K2 and K3) and Judd lodes (J1 and J2), as well as a previously unknown vein, located approximately 75m to the east of Judd.

Results from KUDD0001 included 15.25m at 15.87 g/t gold equivalent (13.23 g/t Au, 15 g/t Ag and 1.53% Cu) from the J1 Vein and 2.90m at 8.52 g/t AuEq (5.41 g/t Au, 16 g/t Ag and 1.81% Cu) from the J2 Vein. This hole was terminated early, before reaching Kora South due to loss of the hole while drilling. KUDD0001 also discovered a significant mineralized dilatant zone at Judd South of 66.55m at 5.02 g/t AuEq or 3.65 g/t Au, 9 g/t Ag and 0.78% Cu, which includes the J1, J2 Veins and potentially the J3 vein. KUDD0001 also intersected a previously unknown vein, located ~75 m East of Judd South, recording 3.45m at 10.36 g/t AuEq or 10.09 g/t Au, 20 g/t Ag and 0.01% Cu. Prior K92 and historical drilling had not drilled this far east of Judd / Judd South.

KUDD0002 recorded multiple intersections at Kora South and Judd South including 6.20m at 17.26 g/t AuEq or 1.62 g/t Au, 151 g/t Ag and 8.56% Cu from K2 Vein; 0.93m at 36.39 g/t AuEq or 0.06 g/t Au, 93 g/t Ag and 21.88% Cu from the K1 Vein; 5.00m at 7.99 g/t AuEq or 4.67 g/t Au, 47 g/t Ag and 1.70% Cu from K3 Vein; 0.9 m at 15.43 g/t AuEq or 14.32 g/t Au, 39 g/t Ag and 0.39% from J1 Vein, and; 1.3m at 16.63 g/t AuEq or 16.60 g/t Au and 0.01% Cu from J2 Vein. KUDD0002 discovered a significant mineralized dilatant zone at Kora South recording 35.90m at 5.98 g/t AuEq or 1.42 g/t Au, 47 g/t Ag and 2.48% Cu, which includes the K2 and K3 Veins.

A total of 1,338.5m were drilled at Kora South during Q1, 2022, from the completion of KUDD0002 and KUDD0003. KUDD0004 was abandoned at 68.4m, as a result of geotechnical instability (landslip) proximal to the drill pad. KUDD0005 is ongoing.

Drilling at Kora South was initiated with a single rig but was expanded to two rigs in March 2022. A third rig has commenced drilling in April 2022.

Qualified Persons

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

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

Community Relations

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

In July 2020, the Company had a formal MOA meeting involving the Bilimoian landowners, the State, and the Provincial Government. Attending the meeting were representatives from the 10 clans within ML150, the PNG Mining Minister, the Managing Director of the Mineral Resources Authority of PNG and the Provincial Governor. In principle, the parties agreed on a revised MOA, subject to final review, with the expectation that the revised MOA will be finalized in 2022.

The Company is currently working on a number of community programs, including: establishing freshwater systems for local communities, performing extensive work on maintenance and upgrading of district roads, providing funding for a medical clinic including a nurse and medicines, refurbishing and performing maintenance on other medical clinics, refurbishment of a number of schools in the community, and launching an agricultural livelihood and training program with the purpose of providing greater nutritional knowledge to the local community. In addition, the Company has organized and funded an adult literacy program since 2019. In December 2021, 96 adults from local villages, ranging in age from 21 to 75 years of age, graduated from the program. The program was successful despite challenges posed by COVID-19 as the Company's literacy teachers were able to run the program directly in the local villages.

The Company has created multiple business opportunities for communities to benefit from the operation of the mine. These include four major joint venture contracts between the communities and PNG companies for the provision of services as well as numerous smaller contracts with local communities. The major contracts include Catering and Camp Management, Security, Road Transportation and Ancillary Mobile. During the three months ended March 31, 2022, these contracts earned $5.4 million supporting the local community.

The Company provides scholarships to support children from landowners to undertake studies at post-secondary institutions. In 2021, a total of 50 scholarships were provided to students from local communities. In addition, the Company signed an Agreement with the University of Technology in Lae, PNG covering areas of mutual benefit including financial support for the university, work experience for students and undergraduates, technical cooperation and project generation. The Company also provides annual prizes for the top third year students in Geology, Mining and Metallurgy nationally, with the recipients receiving substantial scholarships covering their final year.

The Company has supported government efforts towards COVID-19 at a national, provincial and local level through the PGK1.5 million (US$0.45 million) COVID-19 Assistance Fund which included PGK0.5 million

(US$0.13 million) worth of COVID-19 health accessories to Papua New Guinea's national government. The Company has also provided a further PGK1.0 million (US$0.3 million) of additional assistance funding to the Eastern Highlands Province.

Sustainability

On October 20, 2021, the Company published its 2020 Sustainability Report – which outlined the environmental, social and governance ("**ESG**") practices and performance of the Company. See the "2020 Sustainability Report" filed on the Company's website. The Company plans to publish the 2021 Sustainability Report mid-2022.

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

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

In addition, the Company is also continuing to push forward on several ESG initiatives, including a review of the Company's corporate governance and policies as well as alignment with the Task Force of Climate-related Disclosures ("**TCFD**") recommendations.

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, 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 income	14,082	15,785	4,865	4,403
Net income per share, basic	0.06	0.07	0.02	0.02
Net income per share, diluted	0.06	0.07	0.02	0.02
	March 31, 2021 (Unaudited)	December 31, 2020 (Unaudited)	September 30, 2020 (Unaudited)	June 30, 2020 (Unaudited)
Total assets	$ 216,443	$ 215,515	$ 194,597	$ 180,240
Working capital	70,733	70,856	61,147	50,476
Shareholders' equity	186,963	181,515	164,275	150,750
Revenue	29,513	48,030	35,605	47,857
Net income (loss)	2,188	10,917	9,371	16,905
Net income (loss) per share, basic	0.01	0.05	0.04	0.08
Net income (loss) per share, diluted	0.01	0.05	0.04	0.08

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

Results of Operations for the three months ended March 31, 2022 as compared to March 31, 2021

During the three months ended March 31, 2022, the Company had net earnings of $14.1 million (2021 - $2.2 million) and net earnings before income tax of $22.2 million (2021 - $4.3 million). Significant items making up the earnings, and changes from the comparative period, are as follows:

Revenue of $52.4 million (2021 - $29.5 million) from the sale of gold concentrate. The increase in revenue is primarily due to an increase in the quantity of gold and copper sold and an increase in realized gold prices.

Cost of sales of $22.5 million (2021 - $20.9 million) consists of mining, processing, mine technical services, maintenance, finance and administration at site, operational health and safety, share-based payments, depreciation and net smelter royalties. Cost of sales has increased by 8% versus the comparative period primarily due to increased costs associated with the Stage 2A Expansion. The successful ramp-up of the Stage 2A Expansion has allowed the Company to achieve better economies of scale and lower unit costs with mining activity increasing by 79% from 55,883 tonnes in Q1, 2021 to 100,124 tonnes in Q1, 2022.

Earnings from mine operations of $29.9 million (2021 - $8.6 million), which is calculated subtracting cost of sales from revenue.

General and administrative of $1.8 million (2021 – $1.4 million). The increase is primarily related to an increase in corporate hires and higher management fees and wages.

Exploration and evaluation expenditures of $3.0 million (2021 – $2.4 million) related to drilling, assaying, trenching, surveying and other related expenditures. The increase is due to $0.6 million in Feasibility Study costs incurred during the period.

Share-based payments of $0.9 million (2021 - $1.7 million) representing option grants to directors, employees and consultants of the Company. The decrease in share-based payments is due to a smaller number of options vesting versus the comparative period, offset by the addition of RSUs and PSUs vesting.

Interest and finance expenses of $0.7 million (2021 – $0.4 million) representing interest and finance expenses recorded on lease agreements and concentrate sales. The increase is primarily due to the addition of new leases versus the comparative period.

Loss on derivative instruments of $1.5 million (2021 – gain of $1.9 million) relating to realized and unrealized losses on commodity contracts. The loss is primarily driven by the increase in gold prices from $1,822 per ounce at December 31, 2021 to $1,933 per ounce at March 31, 2022.

Income tax expense of $8.1 million (2021 – $2.1 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 oz 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 oz sold.

(In thousands of United States Dollars, except as noted)	Three months ended March 31, 2022	Three months ended March 31, 2021
Cost of Sales	$ 22,535	$ 20,907
Add: treatment and refining costs	1,562	1,006
Less: non-cash costs included into cost of sales	(481)	(1,323)
Less: depreciation	(4,302)	(3,314)
Less: by-product credits	(5,134)	(976)
Cash cost of sales	14,180	16,300
Add: accretion	29	48
Add: general and administrative costs	1,799	1,442
Add: sustaining capital expenditures[6]	4,954	5,018
Less: business development and non-sustaining costs	(106)	(108)
All-in sustaining costs	20,856	22,700
Gold ounces, sold	26,471	21,879
Cash cost per gold ounce, sold	$ 536	$ 745
All-in sustaining cost per gold ounce, sold	$ 788	$ 1,038

[6] Sustaining capital expenditures for the three month ended March 31, 2022 is the purchase of property, plant and equipment ("**PPE**") from the statement of cash flows of $13.3 million (2021 - $9.4 million), plus net deposits for equipment $0.3 million (2021 - $Nil million), plus net PPE amounts included in accounts payable related to expansion costs of $0.4 million (2021 - $0.3 million), less expansion costs of $9.0 million (2021 - $4.7 million).

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

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

(In thousands of United States Dollars)	Three months ended March 31, 2022	Three months ended March 31, 2021
Income for the period	$ 14,082	$ 2,188
Add: Income taxes	8,077	2,064
Add: Amortization of property, plant and equipment	4,302	3,314
Add: Interest and finance expense	716	435
EBITDA	$ 27,177	$ 8,001

Liquidity

As at March 31, 2022, the Company had a cash and cash equivalents balance of $79.9 million (December 31, 2021 - $71.3 million) and working capital of $92.1 million (December 31, 2021 - $88.5 million), which consisted of current assets of $135.1 million (December 31, 2021 - $121.5 million) less current liabilities of $43.0 million (December 31, 2021 - $33.0 million).

Operating Activities: During Q1 2022, the Company generated $27.3 million from operating activities compared to $28.7 million for the three months ended March 31, 2021.

Investing Activities: During Q1 2022, the Company paid $13.3 million (2021 - $9.4 million) for property, plant, and equipment and $6.5 million for deposits on equipment (2021 – less than $0.1 million).

Financing Activities: During the three months ended March 31, 2022, the Company received $2.1 million (2021 - $0.6 million) from the exercise of stock options. The Company paid $Nil (2021 - $5.0 million) in principal loan payments and $1.2 million (2021 - $0.3 million) in principal lease payments.

The Company's financial position at March 31, 2022, and the operating cash flows that are expected over the next twelve months, are expected to be sufficient to fund operational costs, capital requirements, debt repayments and other commitments.

Capital Resources

The Company manages its capital structure and makes adjustments to it in response to changes in economic conditions and the risk characteristics of the Company's assets and business opportunities. The Company does not presently utilize any quantitative measures to monitor its capital and is not subject to externally imposed capital requirements.

Related Party Transactions

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

(In thousands of United States Dollars)	Three months ended	March 31, 2022	March 31, 2021
Share-based compensation		$ 546	$ 1,180
Management, consulting and wages		363	573
Professional fees		15	5

Included in accounts payable and accrued liabilities is $0.6 million (December 31, 2021 - $0.5 million) due to directors, officers, and companies controlled by directors and officers of the Company that is non-interest bearing and due on demand.

Outstanding Share Data

As at the date of this report the Company had 226,825,937 common shares issued and outstanding.

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

Range of exercise prices (in $CAD)	Number of outstanding options	Number of options exercisable	Weighted-average exercise price (in $CAD)	Weighted-average years to expiry
0.45 – 0.99	1,320,000	1,320,000	0.73	0.75
1.00 – 1.99	2,171,750	2,171,750	1.77	2.15
2.00 – 2.99	235,000	235,000	2.17	2.53
3.00 – 3.99	1,218,000	1,218,000	3.85	2.73
4.00 – 4.99	10,200	10,200	4.00	3.12
5.00 – 9.99	4,985,900	4,302,500	7.28	3.61
	9,940,850	9,257,450	4.66	2.77

Subsequent Events

Subsequent to March 31, 2022, the Company paid an $8.2 million income tax instalment to the Papua New Guinea government.

Off-Balance Sheet Arrangements

At March 31, 2022, the Company had no material off-balance sheet arrangements such as guarantee contracts, contingent interest in assets transferred to an entity, derivative instruments obligations or any obligations that trigger financing, liquidity, market or credit risk to the Company.

Proposed Transactions

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

Significant Accounting Judgements, Estimates and Assumptions

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

The Company's significant accounting judgements, estimates and assumptions are disclosed in Note 2 of the audited Consolidated Financial Statements for the year ended December 31, 2021.

Significant Accounting Policies

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

Financial Instruments and Risk Management

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

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

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

As at	At March 31, 2022		At December 31, 2021	
	Level 1	Level 2	Level 1	Level 2
Trade receivables	$ -	$ 18,273	$ -	$ 16,748
Derivative assets	-	179	-	118
Derivative liabilities	-	(1,963)	-	(425)
	$ -	$ 16,489	$ -	$ 16,441

The fair value of the Company's trade receivables and derivative liabilities was determined using observable market prices and market-derived inputs. There were no transfers between Level 1 and Level 2 during the three months ended March 31, 2022.

As at March 31, 2022 and December 31, 2021, the carrying amounts of cash and cash equivalents, prepaids, 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.

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, 2022 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, 2022 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, completion of a Definitive Feasibility Study for the Kora Stage 3 Expansion, the accuracy of mineral reserve and mineral resources estimates, exploration and development risks, expenditure and financing requirements, title matters, the Company's dependency on the Kainantu Gold Mine for operating revenue and cash flows in the near term, operating hazards, metal prices, political and economic factors, competitive factors, general economic conditions, relationships with vendors and strategic partners, governmental regulation and supervision, the Company's ability to adequately account for potential mine closure and remediation costs, seasonality, technological change, industry practices, and one-time events as well as risks, uncertainties and other factors identified and described in more detail under the heading "Risk Factors" in the Company's most recent Annual Information Form, which may be viewed at www.sedar.com. Should any one or more of these risks or uncertainties materialize or change, or should any underlying assumptions prove incorrect, actual results and forward-looking statements and information may vary materially from those described herein.

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

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

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