Management's Discussion and Analysis
For K2 Gold Corporation ("K2 Gold or the "Company")

Containing information up to and including April 3, 2019.

The following Management's Discussion and Analysis ("MD&A") should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2018 and the audited consolidated financial statements for the year ended December 31, 2018 together with the notes thereto, which can be found along with other information of the Company on SEDAR at www.sedar.com. All amounts presented in this MD&A and in the audited consolidated financial statements are expressed in Canadian Dollars.

Forward Looking Statements

This MD&A provides management's analysis of K2 Gold's historical financial and operating results and provides estimates of K2 Gold's future financial and operating performance based on information currently available. Actual results will vary from estimates and the variances may be significant. Readers should be aware that historical results are not necessarily indicative of future performance.

Certain information set forth in this MD&A, including management's assessments of the Company's future plans and operations, contains forward-looking statements. By their nature, forward-looking statements are subject to numerous risks and uncertainties, some of which are beyond the Company's control, including the impact of general economic conditions, industry conditions, volatility of commodity prices, currency fluctuations, imprecision of resource and reserve estimates, environmental risks, competition from other industry participants, the lack of availability of qualified personnel or management, stock market volatility and ability to access sufficient capital from internal and external sources. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be inaccurate and, as such, undue reliance should not be placed on forward-looking statements. The Company's actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking statements will transpire or occur or, if any of them do so, what benefits the Company will derive therefrom. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable law.

Overview

K2 Gold Corporation is a junior mineral exploration company focused on building a portfolio of gold exploration projects in the Yukon and Alaska, including the Wels Property ("Wels") located approximately 185 km south of Dawson City, Yukon. In addition to Wels, the Company is conducting exploration at the Storck, Ladue, and McArthur Creek properties in the South Klondike district. The Company has assembled an experienced management team and board of directors with a track record of discovery success.

The Company is a reporting issuer in British Columbia, Alberta, and Ontario. The Company trades on the TSX Venture Exchange under the symbol KTO.

Wels Property is the Company's flagship project. It is located in west-central Yukon Territory in the Traditional Territory of White River First Nation. Wels is a new gold discovery in a previously unrecognized mineral district 60km south of Goldcorp's 4 Moz Coffee deposit. The area comprises 350 contiguous 'quartz claims' covering an area of approximately 7,200 hectares ("Ha").

The Company signed a definitive option agreement with Gorilla Minerals Corp. (now Go Cobalt Mining Corp.) on August 11, 2016, subsequently amended on October 21, 2016, to acquire a 90% joint venture interest in the Wels Property.

In February 2017, the Company staked certain claims near the Flume property, referred to as the Storck Property. The claim area totals 7,340 Ha. During the year ended December 31, 2018, there was no activity undertaken on the property.

In March 2017, the Company entered into an Option Agreement with Commander Resources Ltd. ("Commander") to acquire up to 100% interest in the Flume property ("Flume"), located in the west-central Yukon Territory in the Traditional Territory of Tr'ondek Hwech in First Nation. The Company also staked additional 7,000 Ha to the west and north of the Flume property.

In April 2017, the Company staked and filed 208 claims in the eastern Moosehorn Range area adjacent to Independence Gold's Moosehorn Property in Central West Yukon. The claim area totals 4,350 Ha in 208 quartz claims and are referred to as Ladue Property.

In May 2017, the company carried out exploration activities at Wels, which were comprised of drilling, trenching, soil sampling, and prospecting. The Company also staked an additional 26 claims.

In May 2018, the Company announced that it had completed staking of 123 State of Alaska mining claims known as the McArthur Property ("McArthur") located in east-central Alaska, USA, 30 km northeast of Northway, Alaska and 130 km southwest of Dawson City, Yukon. The project is located on the Alaska-Yukon border, proximal to K2's Ladue Property and covers approximately 7,400 Ha.

In August 2018, the Company elected to terminate the Flume Property Option Agreement with Commander.

During the year ended December 31, 2018, the Company decided to write-off the costs associated with the Storck Property as it is no longer of interest.

As of January 9, 2019, the Company reported that it has agreed to option the GDR property from a private prospecting syndicate. GDR is situated within the Traditional Territory of Ross River First Nation ("RRFN"). The GDR property is a group of three licence blocks covering a total of 3073 ha and are road / dirt track accessible, located just north of the BC-Yukon border approximately 20km east of Rancheria, a settlement at Mile 710 on the Alaska Highway. The southern most licence, Veronica is 10km north east of Coeur D'Alene's 26.5-million-ounce high grade Silvertip silver-base metal mine. Silvertip was subject of a $250 million take over in 2017 and is expected to boost Coeur's silver equivalent output by 22% by full production (Coeur company information). Silvertip has 26.5 million ounces of silver in the measured and indicated category and 5 million ounces in inferred resources. The GDR property is hosted in Paleozoic sediments with excellent potential for high-grade Ag-Pb-Zn carbonate replacement deposits (CRD) similar to the nearby Silvertip Mine. For further details, please refer to the Company's new release dated January 9, 2019.

For further details on the Mineral Properties, see *Highlights* section below for exploration program update for the year ended December 31, 2018.

HIGHLIGHTS

Exploration update

<u>Wels Property</u>

- On April 12, 2018 the Company announced that recent re-interpretation of the geochemical and geophysical data at Wels increases the gold system footprint to an area covering 3 km x 1.5 km and identifies additional structures that may be controlling the system. Re-interpretation of the existing rock, soil, and drill sample geochemistry was conducted by Chris Benn, a highly respected geochemist with 33 years' experience including 27 years with majors, most recently with Gold Fields Ltd. Re-interpretation of the existing geophysical data was conducted by Mark Hanki, Project Geophysicist at Apex Geoscience Ltd in Edmonton.

    - Antimony (Sb), and arsenic (As) are pathfinder elements that show a clear affinity with the known gold (Au) in all rock-types at Wels. This may suggest that gold mineralization has affinity to orogenic style gold deposits which are typical in the 200 km wide and 1,200 km long Tintina Gold Belt that hosts the Goldcorp's Coffee deposit (4.09M Oz at 1.38 g/t) located 65km north-east of Wels.

    - The dominant Sb signature shows a clear mineralization footprint of 3 km x 1.5 km that includes the Saddle and Chai prospects. The boundaries of this footprint are likely to be significant for exploration in defining limits to at least one zone of mineralization. Eleven geochemical anomalies have been defined that will aid in exploration targeting in 2018.

    - A series of dominant structures trending NW-SE were identified during the re-interpretation of the existing geophysical data and these structures correlate well with the geochemical footprints.

- On May 7, 2018, the Company completed the staking of an additional 34 claims at the Wels Property. The Wels Project now consists of 346 quartz claims including the newly staked 34 claims on the eastern edge of the property. The additional claims comprise of an area of ~700 Ha which brings the total Wels land package to 7200 Ha. These new claims were staked to cover the strike extent of new anomalous target areas outlined by recent geophysical and geochemical re-interpretation.

- On June 4, 2018, the Company announced the 2018 Phase 1 exploration program at the Wels Property has commenced. Phase 1 exploration will comprise ground geophysics, UAV surveying, and prospecting. Ground Magnetic and VLF lines will be conducted on the Saddle, Chai, Gunpowder prospects and surrounding geochemical anomalies. Coincident UAV surveying is expected to further help to identify regional structures and prospective geology. In addition, K2 will continue to advance prospecting activities of both known prospects, previously untested geochemical anomalies, and any prospective targets that the new geophysics and/or UAV surveying identifies. The 2018 Phase 1 exploration programme is initially targeting a newly recognized 300 hectare area (Gunpowder - Chai) located 1.5 km – 2 km south of the 2015 and 2017 drilling. This area lies within a large mineralized footprint that extends approximately 6 km by 1.5 km from north of Saddle to south of Chai. To date, less than 10% of this mineralized footprint has been explored. The Gunpowder and Chai zones were prospected and sampled at end of the 2017 field season and the results delivered after snow had fallen. Gabbros at Gunpowder returned assays of 28.2 g/t, 13.6 g/t, and 2.0 g/t and quartzites at Chai returned 1.9 g/t and 1.67 g/t. For more details, please see the Company's news releases of September 13, 2017 and November 6, 2017 available on SEDAR.

- On June 8, 2018, Gorilla Minerals Corp. announced that it is changing its name to Go Cobalt Mining Corp. ("Go Cobalt").

- On November 6, 2018, the Company reported the completion of 2018 exploration at the Wels Gold Property. New regional structures were identified at the Wels property with the help of ground magnetics, VLF, and Lidar data collected earlier in the summer. Ground truthing and prospecting of the new structures, together with coincident soil anomalies, returned gold (4.07 g/t Au) in altered rock quartz-carbonate gabbroic subcrop at the previously unexplored Pekoe soil target. Pekoe is located 1.6 km north west of the Saddle zone where previous drilling and exploration has been concentrated. Prospecting at the Saddle zone region located further gold bearing quartz vein float (43 g/t Au) 25m north and upslope from the main known Saddle zone, perhaps representing a new parallel mineralized zone. In addition, limited prospecting at the Chai target 1.2km south of Saddle located further gold in quartzite float (4.38 g/t). For more information on the exploration program, please refer to the Company's news release dated November 6, 2018 available on SEDAR.

Flume Property

- On May 2, 2018, the Company announced that it had recently completed a reinterpretation of the geochemical soil data from the Flume Property and confirmed two distinct soil anomalies now known as Ferris and Pirate. For more details on this technical update, please refer to the Company's news release dated May 2, 2018 available on SEDAR.

- On August 23, 2018, the Company announced that it has elected to terminate the Flume Property Option Agreement (the "Agreement") with Commander Resources Ltd. ("Commander"). As part of the first year exploration expenditure requirements under the Agreement the Company had a firm commitment to spend $200,000 on the Flume property. This commitment was not met and to satisfy the remaining outstanding amount of $65,615 the Company and Commander have entered into an agreement whereby the Company will issue 285,283 common shares, subject to approval of the TSX Venture Exchange, to Commander at a deemed price of $0.23, based on 20 day VWAP, to settle this amount. Upon termination and completion of the payment, the Company will no longer have any interest in the Flume Property nor will it have any further obligations to Commander with respect to the Option Agreement.

- On September 25, 2018, the Company received approval from the TSX Venture Exchange and issued 285,283 common shares to Commander, to settle the debt owing to Commander under the terms of the termination of the Flume Property Option Agreement.

McArthur Property

- On May 17, 2018 the Company announced that it had completed staking of 123 State of Alaska mining claims known as the McArthur Property ("McArthur") located in east-central Alaska, USA, 30 km northeast of Northway, Alaska and 130 km southwest of Dawson City, Yukon. The project is located on the Alaska-Yukon border, proximal to K2's Ladue Property and covers approximately 7400 ha.

- On September 1, 2018, the new claims were filled with the Alaska State Department of Natural Resources in Fairbanks, AK.

Financing and Corporate

On May 25, 2015, the Company consolidated the Company's issued and outstanding common shares, stock options and warrants at a ratio of one new share for ten old shares.

On March 2, 2016, the Company consolidated the Company's issued and outstanding common shares, stock options and warrants at ratio of one new share for four old shares. Unless otherwise indicated, all references to share capital, stock options and share purchase warrants presented in these financial statements and notes thereto are on a post-consolidation basis. The Company undertook this consolidation of its capital to facilitate future financings.

As at December 31, 2017, the Company had $13,118,108 in share capital representing 18,381,787 common shares outstanding.

On February 6, 2018, the Company issued 500,000 shares with a value of $122,500 as per the option agreement with Go Cobalt regarding the Wels property.

On March 26, 2018, the Company issued 100,000 shares with a value of $25,000 as per the agreement with Commander regarding the Flume property.

On April 16, 2018, the Company extended the term of 4,000,000 common share purchase warrants with an exercise price of $0.35 which were originally set to expire on April 27, 2018 to October 27, 2018.

On June 12, 2018, the Company closed a private placement and issued a total of 4,122,000 common shares for gross proceeds of $1,046,500.

In connection with this private placement, the Company issued 3,802,000 non-flow-through units (each, a "NFT Unit") at a price of $0.25, consisting of one common share and one full common share purchase warrant entitling the holder to acquire one additional common share at a price $0.37 per share for a period of twelve months. The common share purchase warrants are subject to acceleration at the Company's discretion in the event the Company's common shares trade on a volume weighted average price (VWAP) basis of $0.60 or more for a period of ten consecutive trading days. The Company also issued 320,000 flow-through units (each, a "FT Unit") at a price of $0.30, consisting of one common share and one-half-of-one common share purchase warrant entitling the holder to acquire one additional common share at a price $0.45 per share for a period of twelve months. The common share purchase warrants are subject to acceleration on the same terms as the NFT Unit warrants. A flow-through premium of $16,000 was recorded was recorded in connection with the issuance of FT shares.

In connection with the financings completed in June 2018, the Company incurred cash share issue costs including finders' fees, legal, and other fees of $35,010 in aggregate and non-cash share issue costs relating to the fair value of 136,200 finders' warrants issued of $8,390.

On July 23, 2018, the Company paid $20,000 in royalty payments in connection with the Wels Property.

On August 2, 2018, the Company paid $50,000 in option payment; with Go Cobalt agreeing to defer the $50,000 balance payment until November 11, 2018.

On August 2, 2018, the Company issued 500,000 shares with a fair value of $115,000 as per the option agreement with Go Cobalt regarding the Wels property.

On September 25, 2018, the Company issued 285,283 common shares to Commander to settle the debt owing to Commander under the terms of the termination of the Flume Property Option Agreement.

On November 5, 2018, the Company paid the $50,000 remaining balance to Go Cobalt, completing the total cash payments in aggregate of $350,000 pursuant to the Wels option agreement.

During the year ended December 31, 2018, a total 5,353,440 warrants expired unexercised.

As at December 31, 2018, the Company had $14,244,029 in share capital representing 23,889,070 common shares outstanding.

Subsequent to the year ended December 31, 2018, the Company issued 90,000 shares and paid $6,000 to the syndicate as per the GDR Property Option Earn-in Agreement, completing the first cash payment.

Subsequent to the year ended December 31, 2018, the Company issued 500,000 shares with a fair value of $127,500, and has now satisfied all of the terms of its option agreement with Go Cobalt and earned a 90% interest in the Wels property.

Senior Management

On February 18, 2018, the Board of Directors of K2 Gold announced, with great sadness, the sudden death of one of its directors, Gary Freeman.

On February 13, 2019, the Company announced that Chris Taylor has agreed to become an Advisor to the Company. Chris is President, CEO and a Director of Great Bear Resources Ltd (TSX.V:GBR) and is also CEO, Director of Dunnedin Ventures (TSX.V:DVI). He operates an independent geological consulting practice, evaluating exploration and mining properties for acquisition purposes.

Results of Operations

For the three months ended December 31, 2018

During the three months ended December 31, 2018, the Company's net loss was $242,126 (2017 - $174,307). The main contributors were:

- Write-off of exploration and evaluation assets of $78,073 (2017 - $Nil) as the Company decided to write-off the costs associated with the Storck Property as it is no longer of interest.
- Personnel fees of $66,177 (2017 - $47,502) which includes management, accounting and corporate compliance fees.
- Advertising, marketing and promotion fees of $16,049 (2017 - $36,067), which includes marketing and promotional fees.
- Consulting fees of $23,045 (2017 - $35,375), which includes market development expenses.

Year ended December 31, 2018

During the year ended December 31, 2018, the Company's net loss was $1,005,957 (2017 - $1,101,129). The main contributors were:

- Write-off of exploration and evaluation assets of $395,574 (2017 - $Nil) as the Company decided to terminate the Flume Property Option Agreement with Commander Resources Ltd and also decided to write-off the costs associated with the Storck Property as it is no longer of interest.
- Personnel fees of $269,086 (2017 - $235,648) which includes management, accounting and corporate compliance fees.
- Advertising, marketing and promotion fees of $98,827 (2017 - $127,602), which includes marketing and promotional fees.
- Office and administration fees of $48,938 (2017 - $60,453), which includes general office and administrative expenses.

Selected Annual Information

	As at and year ended December 31, 2018	As at and year ended December 31, 2017	As at and year ended December 31, 2016
Revenue	Nil	Nil	Nil
Loss for the year	$ (1,005,957)	$ (1,101,129)	$ (379,922)
Comprehensive loss for the year	$ (1,001,542)	$ (1,063,599)	$ (371,092)
Loss per common share, basic and diluted	$ (0.05)	$ (0.07)	$ (0.08)
Weighted Average number of common shares outstanding	21,469,229	16,335,370	4,930,562
Statement of Financial Position Data			
Working capital	$ 392,610	$ 510,033	$ 1,417,783
Total assets	$ 3,150,434	$ 2,824,392	$ 2,002,505

Summary of Quarterly Results

Quarterly results fluctuate depending on the timing of the granting and vesting of stock options and the incurrence of project evaluation expenses and write-off of exploration and evaluation assets.

The following table summarizes selected financial data reported by the Company for the quarter ended December 31, 2018 and the previous seven quarters.

	Dec 31, 2018	Sep 30, 2018	Jun 30, 2018	Mar 31, 2018	Dec 31, 2017	Sep 30, 2017	Jun 30, 2017	Mar 31, 2017
Current assets	$ 445,433	$ 672,464	$ 1,020,830	$ 352,920	$ 564,583	$ 909,266	$ 1,884,583	$1,138,532
Exploration and evaluation assets	$ 2,705,001	$ 2,699,135	$ 2,452,413	$ 2,484,718	$ 2,259,809	$ 2,044,380	$ 1,133,071	$ 773,963
Total assets	$ 3,150,434	$ 3,371,599	$ 3,473,243	$ 2,837,638	$ 2,824,392	$ 2,953,646	$ 3,017,654	$ 1,912,495
Current liabilities	$ 52,823	$ 27,446	$ 139,781	$ 63,161	$ 54,550	$ 41,929	$ 116,613	$ 82,336
Share capital	$ 14,244,029	$ 14,243,622	$ 13,942,444	$ 13,240,608	$ 13,118,108	$ 13,208,938	$ 12,983,938	$ 11,859,091
Net Income (loss)	$ (242,126)	$ (170,332)	$ (469,011)	$ (124,488)	$ (174,307)	$ (172,379)	$ (584,388)	$ (170,055)
Comprehensive Income (loss)	$ (246,542)	$ (175,630)	$ (461,505)	$ (117,865)	$ (185,404)	$ (214,945)	$ (490,195)	$ (170,055)
Basic Income (loss) per share	$ (0.01)	$ (0.01)	$ (0.02)	$ (0.01)	$ (0.01)	$ (0.01)	$ (0.03)	$ (0.01)
Weighted avg. shares	23,889,070	23,439,944	19,792,732	18,676,231	18,381,787	18,122,546	14,582,404	14,198,396

Liquidity and Capital Resources

At present, the Company's operations do not generate cash inflows and its financial success is dependent on management's ability to discover economically viable mineral deposits. The mineral exploration process can take many years and is subject to factors that are beyond the Company's control. See "Risks and Uncertainties".

In order to finance the Company's future exploration programs and to cover administrative and overhead expenses, the Company intends to raise money through the sale of equity instruments and may consider the optioning of its mineral property interests. Many factors influence the Company's ability to raise funds, including the health of the resource market, the climate for mineral exploration investment, and the experience and caliber of its management. Actual funding requirements may vary from those planned due to a number of factors, including the progress of exploration activities. Management believes it will be able to raise equity capital as required in the long term, but recognizes there will be risks involved that may be beyond their control.

Working Capital

As at December 31, 2018, the Company had positive working capital of $392,610 (December 31, 2017 - $510,033).

Cash

Cash decreased by $86,787 during the year ended December 31, 2018, from $403,411 at December 31, 2017 to $316,624 at December 31, 2018.

Cash used in operating activities

Net cash used in operating activities during the year ended December 31, 2018 was $584,728 (2017 - $888,058). Cash was mostly spent on personnel fees, advertising, marketing and promotion, corporate listing and filing fees, and office and administration.

Cash used in investing activities

Total cash used in investing activities during the year ended December 31, 2018 was $513,549 (2017 - $1,416,237). The investing activities were for exploration and evaluation expenditures.

Cash generated by financing activities

Total cash generated by financing activities during the year ended December 31, 2018 was $1,011,490 (2017- $1,174,034), which consisted of funds obtained through private placements (4,122,000 shares).

Risks and Uncertainties

Exploration Stage Company

K2 Gold is engaged in the business of acquiring and exploring mineral properties with the desire of locating and developing economic deposits of minerals. Development of any future properties will only follow upon obtaining satisfactory exploration results. There can be no assurance that K2 Gold's existing or future exploration programs will result in the discovery of commercially viable mineral deposits. Further, there can be no assurance that even if an economic deposit of minerals is located, it can be commercially mined.

Mineral Exploration and Development

The exploration and development of minerals is highly speculative in nature and involves a high degree of financial and other risks over a significant period of time which even a combination of careful evaluation, experience and knowledge may not eliminate. While discovery of a mineral deposit or ore body may result in significant rewards, few properties which are explored are ultimately developed into producing mines. Substantial expenses are required to establish ore reserves by drilling, sampling and other techniques and to design and construct mining and processing facilities. Whether a mineral deposit will be commercially viable depends on a number of factors, including the particular attributes of the deposit (i.e. size, grade, access and proximity to infrastructure), financing costs, the cyclical nature of commodity prices and government regulations (including those relating to prices, taxes, currency controls, royalties, land tenure, land use, importing and exporting of minerals, and environmental protection). The effect of these factors or a combination thereof cannot be accurately predicted but could have an adverse impact on K2 Gold.

No Operating History and Financial Resources

K2 Gold has not achieved profitable operations and has no operating revenues and is unlikely to generate any in the foreseeable future. The Company has sufficient financing to cover its projected funding requirements for the ensuing year. Additional funds will be required for K2 Gold to acquire and explore new mineral interests. K2 Gold has limited financial resources and there is no assurance that sufficient additional funding will be available to fulfill its future obligations or for further exploration and development, on acceptable terms or at all. Failure to obtain additional funding on a timely basis could result in delay or indefinite postponement of further exploration and development and could cause K2 Gold to forfeit its interests in some or all of its properties or to reduce or terminate its operations.

Government Regulation

The current or future operations of K2 Gold, including exploration and development activities and the commencement and continuation of commercial production, require licenses, permits or other approvals from various foreign federal, provincial and local governmental authorities and such operations are or will be governed by laws and regulations relating to prospecting, development, mining, production, exports, taxes, labour standards, occupational health and safety, waste disposal, toxic substances, land use, water use, environmental protection, land claims of indigenous people and other matters. There can be no assurance, however, that K2 Gold will obtain on reasonable terms, or at all, the permits and approvals, and the renewals thereof, which it may require for the conduct of its current or future operations or that compliance with applicable laws, regulations, permits and approvals will not have an adverse effect on any mining project which K2 Gold may undertake. Possible future environmental and mineral tax legislation, regulations and actions could cause additional expense, capital expenditures, restrictions and delays to K2 Gold's planned exploration and operations, the extent of which cannot be predicted.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions there under, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Competition

The mineral exploration and mining business is competitive in all of its phases. K2 Gold will compete with numerous other companies and individuals, including competitors with greater financial, technical and other resources, in the search for and the acquisition of attractive mineral properties. K2 Gold's ability to acquire properties in the future will depend not only on its ability to develop its present properties, but also on its ability to select and acquire suitable prospects for mineral exploration or development. There is no assurance that K2 Gold will be able to compete successfully with others in acquiring such prospects.

Environmental Risks and Hazards

All phases of K2 Gold's operations will be subject to environmental regulation in the jurisdictions in which it intends to operate. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation, provide for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry activities and operations. They also set forth limitations on the generation, transportation, storage and disposal of hazardous waste. A breach of such regulation may result in the imposition of fines and penalties. In addition, certain types of mining operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the viability or profitability of operations. Environmental hazards may exist on the properties in which K2 Gold holds interests or on properties that will be acquired which are unknown to K2 Gold at present and which have been caused by previous or existing owners or operators of the properties.

Commodity Prices

The price of K2 Gold's securities, its financial results and exploration, development and mining activities may in the future be significantly adversely affected by declines in the price of gold and base metals. Gold and base metals prices fluctuate widely and are affected by numerous factors beyond K2 Gold's control such as the sale or purchase of precious or base metals by various dealers, central banks and financial institutions, interest rates, exchange rates, inflation or deflation, currency exchange fluctuation, global and regional supply and demand; production and consumption patterns, speculative activities, increased production due to improved mining and production methods, government regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals, environmental protection and international political and economic trends, conditions and events. The price of gold and base metals has fluctuated widely in recent years, and future serious price declines could cause continued development of K2 Gold's properties to be impracticable.

Further, reserve calculations and life-of-mine plans using significantly lower gold or base minerals prices could result in material write-downs of K2 Gold's investment in mining properties and increased amortization, reclamation and closure charges.

In addition to adversely affecting reserve estimates and its financial condition, declining commodity prices can impact operations by requiring a reassessment of the feasibility of a particular project. Such a reassessment may be the result of a management decision or may be required under financing arrangements related to a particular project. Even if the project is ultimately determined to be economically viable, the need to conduct such a reassessment may cause substantial delays or may interrupt operations until the reassessment can be completed.

Price Volatility and Lack of Active Market

In recent years, the securities markets in Canada and elsewhere have experienced a high level of price and volume volatility, and the market prices of securities of many public companies have experienced significant fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. It may be anticipated that any quoted market for K2 Gold's securities will be subject to such market trends and that the value of such securities may be affected accordingly.

Key Executives

K2 Gold will be dependent on the services of key executives and a small number of highly skilled and experienced consultants and personnel, whose contributions to the immediate future operations of K2 Gold are likely to be of importance. Locating mineral deposits depends on a number of factors, not the least of which is the technical skill of the exploration personnel involved. Due to the relatively small size of K2 Gold, the loss of these persons or K2 Gold's inability to attract and retain additional highly skilled employees or consultants may adversely affect its business and future operations. K2 Gold does not currently carry any key man life insurance on any of its executives. The directors and certain officers of K2 Gold will devote part of their time to the affairs of K2 Gold.

Potential Conflicts of Interest

Certain directors and officers of the Company are, and may continue to be, involved in the mining and mineral exploration industry through their direct and indirect participation in corporations, partnerships or joint ventures which are potential competitors of the Company. Situations may arise in connection with potential acquisitions in investments where the other interests of these directors and officers may conflict with the interests of the Company. Directors and officers of the Company with conflicts of interest will be subject to and will follow the procedures set out in applicable corporate and securities legislation, regulation, rules and policies.

Dividends

K2 Gold has no earnings or dividend record and is unlikely to pay any dividends in the foreseeable future as it intends to employ available funds for mineral exploration and development. Any future determination to pay dividends will be at the discretion of the Board of Directors of K2 Gold and will depend on K2 Gold's financial condition, results of operations, capital requirements and such other factors as the Board of Directors of K2 Gold deem relevant.

Nature of the Securities

The purchase of the Company's securities involves a high degree of risk and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks. The Company's securities should not be purchased by persons who cannot afford the possibility of the loss of their entire investment. Furthermore, an investment in the Company's securities should not constitute a major portion of an investor's portfolio.

Proposed Transactions

There are no proposed transactions that should be disclosed.

Additional Disclosure for Venture Issuers without Significant Revenue

Additional disclosure concerning K2 Gold's general and administrative expenses and exploration and evaluation assets is provided in the Company's Statement of Comprehensive Loss in its audited consolidated financial statements for the year ended December 31, 2018 that is available on K2 Gold's website at www.k2gold.com or on its SEDAR page accessed through www.sedar.com.

Outstanding Share Data

K2 Gold's authorized capital is unlimited common shares without par value. As at April 3, 2019, the following common shares and share purchase warrants were outstanding:

	# of Shares	Exercise Price	Expiry Date
Issued and Outstanding Common Shares	24,479,070		
Share Purchase Warrants	4,000,000	$ 0.10	June 28, 2019
	3,919,000	$ 0.37	June 12, 2019
	179,200	$ 0.45	June 12, 2019
Share Purchase Options	1,180,000	$ 0.30	May 1, 2022
	50,000	$ 0.36	June 12, 2022
Fully Diluted at April 3, 2019	**33,807,270**		

Off Balance Sheet Arrangements

The Company does not utilize off balance sheet arrangements.

Recent Accounting Pronouncements

The accounting policies in these audited consolidated financial statements are consistent with those applied in the Company's audited consolidated financial statements as at and for the year ended December 31, 2018.

The Company has adopted IFRS 9, Financial Instruments and IFRS 15, Revenue from Contracts with Customers from January 1, 2018. The effect of initially applying these standards did not have a material impact on the Company's financial statements.

New and Revised Standards and Interpretations

IFRS 9 Financial Instruments

IFRS 9 was issued by the IASB in November 2009 and replaced IAS 39, Financial Instruments: Recognition and Measurement. IFRS 9 replaces the multiple rules in IAS 39 with a single approach to determine whether a financial asset is measured at amortized cost or fair value and a new mixed measurement model for debt instruments having only two categories: amortized cost and fair value. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. This standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. However, most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9 and, therefore, the accounting policy with respect to financial liabilities is unchanged.

The Company classifies its financial assets into one of the categories described below, depending on the purpose for which the asset was acquired:

Fair value through profit or loss ("FVTPL") – Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the income statement. Realized and unrealized gains and losses arising from changes in the fair value of the financial asset held at FVTPL are included in the income statement in the period in which they arise. Derivatives are also categorized as FVTPL unless they are designated as hedges.

Fair value through other comprehensive income ("FVTOCI") - Investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently, they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income. There is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.

Financial assets at amortized cost - A financial asset is measured at amortized cost if the objective of the business model is to hold the financial asset for the collection of contractual cash flows, and the asset's contractual cash flows are comprised solely of payments of principal and interest. They are classified as current assets or non-current assets based on their maturity date and are initially recognized at fair value and subsequently carried at amortized cost less any impairment.

Management determines the classification of its financial assets at initial recognition.

The adoption of IFRS 9 has had no significant impact on the financial statements as the Company elected to value its marketable securities at FVOCI under IFRS 9 (previously classified as available for sale under IAS 39). Any subsequent gains or losses on these instruments under IFRS 9 will not be reclassified to profit or loss.

IFRS 15 Revenue from Contracts with Customers

The IASB issued IFRS 15, Revenue from Contracts with Customers, which provides a single principle-based framework to be applied to all contracts with customers. IFRS 15 replaces the previous revenue standard IAS 18, Revenue, and the related Interpretations on revenue recognition. The standard scopes out contracts that are considered to be lease contracts, insurance contracts and financial instruments. The new standard is a control-based model as compared to the existing revenue standard which is primarily focused on risks and rewards. Under the new standard, revenue is recognized when a customer obtains control of a good or service. Transfer of control occurs when the customer has the ability to direct the use of and obtain the benefits of the good or service. This standard is effective for reporting periods beginning on or after January 1, 2018.

The adoption of this standard has not had any impact on the Company's financial statements.

IFRS 16 Leases

In January 2016, the IASB issued IFRS 16, replacing IAS 17, "Leases". IFRS 16 provides a single lessee accounting model and requires the lessee to recognize assets and liabilities for all leases on its balance sheet, providing the reader with greater transparency of an entity's lease obligation. This standard is effective for reporting periods beginning on or after January 1, 2019, with early adoption permitted.

The Company is planning to adopt this standard as of its effective date. The management estimates the adoption of the above standard, amendments and interpretations will not have a material impact on the results and financial position of the Company.

Commitments

a) Flow-through shares

In June 2018 the Company issued flow-through shares and, as a result, committed to spend $96,000 in qualifying exploration expenditures in 2018. During the year ended December 31, 2018, the Company fulfilled the above commitment.

b) Lease

The company entered into a lease agreement with a third party to rent an office space commencing May 1, 2018 to April 29, 2021 for $2,165 per month. In addition to the monthly rental payments, the company is charged for the applicable GST costs.

The future rental payments are required as follows:

2019	$25,980
2020	$25,980
2021	$8,660

Transactions with Related Parties

Key management compensation

Key management consist of the Company's directors and officers. In addition to management and consulting fees paid to these individuals, or companies controlled by these individuals, the Company provides non-cash benefits. The aggregate value of compensation with key management for the year ended December 31, 2018 was $246,000 (December 31, 2017 - $456,586) and was comprised of the following:

Payee	Title	Nature of the transaction		Year ended December 31, 2018		Year ended December 31, 2017
Lundy Management Ltd.	Company, controlled by CEO	Management and consulting fees	$	150,000	$	150,000
1108341 BC Ltd.	Company, controlled by VP of Exploration	Management and consulting fees		36,319		-
1108341 BC Ltd.	Company, controlled by VP of Exploration	Exploration expense – field work		59,181		-
Siwash Corporate Services Inc.	Company, controlled by former Corporate Secretary	Consulting fees		500		23,250
Stephen Swatton	CEO	Share-based compensation		-		69,000
Jo Price	VP of Exploration	Share-based compensation				15,877
John Robins	Director	Share-based compensation		-		47,630
Craig Roberts	Director	Share-based compensation		-		47,630
Freddie Leigh	Director	Share-based compensation		-		47,630

Payee	Title	Nature of the transaction	Year ended December 31, 2018	Year ended December 31, 2017
Dayna Leigh	Former Corporate Secretary	Share-based compensation	-	15,877
Robert Scott	CFO	Share-based compensation	-	23,815
Jeff Dare	Corporate Secretary	Share-based compensation	-	15,877
Total			$ 246,000	$ 456,586

Related party transactions and balances not disclosed elsewhere in the audited consolidated financial statements for the year ended December 31, 2018 are as follows:

- The balance payable to related parties at December 31, 2018 was $nil (December 31, 2017 - $Nil). These payables are generally unsecured, non-interest bearing and are expected to be repaid under normal trade terms.

The amounts charged to the Company for the services provided have been determined by negotiation among the parties and, in certain cases, are covered by signed agreements. These transactions were in the normal course of operations and were measured at the exchange value, which represented the amount of consideration established and agreed to by the related parties.

Recent Developments and Outlook

The Company expects to obtain financing in the future primarily through further equity financing, as well as through joint venturing and/or the optioning of the Company's properties to qualified mineral exploration companies. There can be no assurance that the Company will succeed in obtaining additional financing, now or in the future. Failure to raise additional financing on a timely basis could cause the Company to suspend its operations.

The Company's business objectives are to secure financing, fund its general and administrative expenses for the ensuing year, to search for a new property, and fund its working capital requirements.

Financial Instruments and Other Instruments

Overview

The Company has exposure to credit risk, liquidity risk and market risk from its use of financial instruments.

The following presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash and GST recoverable. Cash is held with a major Canadian financial institution and GST recoverable are from Government entities. Management is of the view that all amounts are fully collectible.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations and commitments as they become due. The Company ensures that there is sufficient capital in order to meet short term business requirements, after taking into account cash flows from operations and the Company's holdings of cash and cash equivalents. All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. Management believes that the Company has sufficient funds to meet its obligations as they become due or will be able to obtain financing as required to meet its obligations and commitments. For more details, please refer to Note 1 of the Company's financial statements for the year ended December 31, 2018.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Investments in equity instruments which are classified as fair value through other comprehensive income and are measured at fair value, are listed on public stock exchanges, including TSX-V and OTC-QB. Recently, the markets have experienced extreme volatility. Therefore, sensitivity analysis is performed using 15%. For such investments, a 15% increase in equity prices as at December 31, 2018 would have increased investments in equity instruments by $7,948. An equal change in the opposite direction would have had the equal but opposite effect on the amounts shown above.

Foreign currency risk

In the normal course of business, the Company enters into transactions for the purchase of supplies and services and acquisition of mineral properties, denominated in a currency other than the functional currency of the Company. As a result, the Company is subject to foreign exchange risk from fluctuations in foreign exchange rates, however the Management estimates the risk to be insignificant. The Company has not entered into any derivative or other financial instruments to mitigate this foreign exchange risk. The Company does not have any significant currency risks associated with its financial instruments at December 31, 2018.

Approval

The Board of Directors of K2 Gold has approved the disclosure contained in this MD&A. A copy of this MD&A will be provided to anyone upon request.

Additional Information

Additional Information relating to K2 Gold is on SEDAR at www.sedar.com or by contacting:

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/s/ "Stephen Swatton"

Stephen Swatton
President and Chief Executive Officer

/s/ "Robert Scott"

Robert Scott
Chief Financial Officer