

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

Containing information up to and including May 29, 2018.

The following Management's Discussion and Analysis ("MD&A") should be read in conjunction with the Company's unaudited condensed financial statements for the three months ended March 31, 2018 and the audited financial statements for the year ended December 31, 2017 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 is an exploration stage company involved in the acquisition and exploration of resource properties. On August 15, 2016, the Company entered into an option agreement with Gorilla Minerals Corp. ("Gorilla") for the Wels Property and on March 6, 2017, the Company entered into an option agreement with Commander Resources Ltd. ("Comander") for the Flume Property, which are located in the Yukon Territory. During February 2017, the Company staked areas west and north of the Flume property, which is referred to as the Storck Property ("Storck") by the Company. During March 2017, the Company staked the eastern Moosehorn Range area adjacent to Independence Gold's Moosehorn Property in Central West Yukon, which is referred to as the Ladue Property ("Ladue") by the Company.

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

Highlights

Exploration Update – Summary

a) Wels Property

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

In May, 2017 the Company commenced field preparations for a Phase 1 exploration program at the Wels Gold Property. The Company's Board of Directors approved an initial exploration budget of \$750,000 for the Phase 1 2017 exploration program to be led by Allan Doherty, P.Geo, who has 36 years experience managing exploration projects in the Yukon. A comprehensive and systematic program was planned; comprised of drilling, trenching, soil sampling, and prospecting.

Drilling commenced at the Wels Gold Property in June 2017. A diamond drill program of 1,230m was completed in 11 holes with the goal of extending the Saddle Zone mineralization, which remains open in all directions. The Saddle Zone is just one of three anomalous areas defined by soil sampling over a zone of 3km by 3km within the 6500ha claim block. Core drilling to date has intersected granite with minor late mafic dykes.

On August 10, 2017, the Company announced results from diamond drilling at the Wels Gold Property. The analytical results from the 2017 drill program confirmed the presence of a shallow, well defined high-grade gold mineralized body starting at shallow depths, located within a broader halo of lower grade gold. The Company has now identified visible gold in 3 out of the 15 holes drilled in the Saddle Zone which, combined with the 2014 trenching, indicates the presence of significant quantities of coarse gold. The Company reported that the 2017 soil sampling program was successful in identifying the surface expressions of the three main zones (Saddle, Pekoe and Gunpowder), with additional anomalous zones outlined to the west. The work to date clearly demonstrates that the Wels discovery is significant, and that additional drilling is warranted along strike of the main Saddle Zone to locate the boundaries of mineralization. The Company is reviewing options for continuing work at Wels for the remainder of the 2017 field season.

On September 13, 2017, the Company reported the discovery of a new zone of gold mineralization on the Wels Gold Property, approximately 1.2km southwest of the initial Saddle Zone, as well as the staking of an additional 1,200 hectares on the western margin of the property, increasing the total size of the claims at Wels to approximately 6,000 hectares. One sample from the Gunpowder returned 28.2 g/t and assay results are currently pending for an additional 44 samples collected in follow-up work. The samples collected from the Gunpowder to date appear to be mafic in nature and exhibit multiple alteration and fabric features consistent with faulting. This recent discovery completed a successful summer season of drilling and exploration at Wels, with the recent gold discovery indicating that multiple lithologies on the property may be hosting gold. The Company will collate the results and integrate the data with previous campaigns to design a larger and more comprehensive drill program for 2018. In addition, the Company is considering a property wide airborne VTEM and LIDAR survey program due to recognition of highly altered rocks at Gunpowder in 2018.

On November 6th, 2017 the Company announced further results from its 2017 exploration program at the Wels Gold Property ("Wels" or "the Property"). Gold mineralization has now been discovered in 3 host rocks, granitoids (Saddle), gabbro (Gunpowder) and quartzites (Chai) through grab sample prospecting. Prospecting identified two new areas of mineralization, Gunpowder and Chai. Multiple soil anomalies, particularly Pekoe (1050 by 700m), Gunpowder (700 by 400m), and the most recent discovery Chai (1600 by 300m), require further trenching and prospecting.

On November 8th, 2017 the Company announced that it has completed staking of an additional 26 claims at the Wels Gold Property ("Wels" or "the Property"). Increases property claims by approximately 10% in response to favourable results from the 2017 field exploration program. The Wels Project now covers approximately 6500 ha of prospective ground and consists 313 quartz claims. These new claims were staked on the assessment of anomalous rock grab and soil data analyzed by K2 in 2017 and cover the strike extent of new anomalous target areas including Chai as well as the eastern strike extent of the Saddle.

On April 12th, 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. The Wels Gold Property ("Wels" or "the Property") is located in west-central Yukon Territory in the Traditional Territory of White River First Nation ("WFRN").

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 mineralisation 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 mineralisation. 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 announced that it had completed the staking of an additional 34 claims at the Wels Gold Property located in west-central Yukon Territory in the Traditional Territory of White River First Nation.

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.

b) **Flume Property**

On March 6, 2017, the Company entered into an agreement with Commander to acquire up to 100% interest in the Flume property, located in the Yukon Territory. The Company also completed a staking program of approximately 7,000 Ha to the west and north of the Flume property that covers potential extensions of the regional structures associated with the mineralization at the Flume North and South targets. Structural data has indicated that the Commander tenements may only partially cover the extensions of known mineralization. Integration of historical Freeport data and the results of the recent drilling have indicated that there is a strong likelihood for additional targets to the north and west of the current Commander land package.

On November 6th, 2017 the Company announced further results from its 2017 exploration program at the Flume and Storck property. Soil sampling in the northern section of Flume confirmed a Au-in-soil anomaly approximately 1.2km by 3 km in size immediately adjacent Kestrel Gold's Val-Jual property, where numerous significant soil anomalies have been identified. Prospecting and trenching in the south-central portion of Flume, in the area of historical exploratory drilling, identified surface gold mineralisation within variably silicified, carbonate altered metasedimentary rocks. In addition, a new Au-in-Soil anomaly was also discovered in the south-eastern portion of Flume and first pass "ridge and spur" soil sampling at Storck yielded two Au-in-soil anomalies.

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. The Flume Property is located in the west-central Yukon Territory in the Traditional Territory of Tr'ondek Hwech in First Nation.

The gold system footprint at Ferris increases to 2.5 km x 1.5 km and is marked by a distinct circular Mo and Sr halo, possibly indicative of a skarn type deposit. The gold footprint at Pirate increases to an area covering 3.5 km x 1.5 km and correlates well with As and coincident magnetic structural features that are typical of an orogenic style system. First pass historical 2012 diamond drilling at Pirate (FL12-06; 5.76 g/t Au over 2m, FL12-07; 1.57 g/t Au over 1.12m, and FL12-08; 1.35 g/t Au over 2m) were encouraging but probably

did not accurately test the anomaly (See BRZ:TSX.V press release of November 14, 2012). The distinct geochemical signatures of the both Ferris and Pirate anomalies may indicate that there are multiple modes and sources of gold on the Flume property.

Re-interpretation of the existing rock, soil, and drill sample geochemistry was conducted by Chris Benn, a respected geochemist with 33 years' practical experience in mineral deposit recognition, including 27 years with majors, most recently with Gold Fields Ltd

c) Ladue Property

On April 27, 2017 the Company announced that it had staked and filed 208 claims in the eastern Moosehorn Range area adjacent to Independence Gold's Moosehorn Property in Central West Yukon. The single claim block, collectively known by the Company as the Ladue Property, is located adjacent to a district that has undergone significant historical placer mining activity. It is also close to the location where several gold veins were discovered in the 1970's. The western side of the Moosehorn Range has been extensively explored but the eastern end has witnessed very little exploration activity, probably due to access limitations and less outcrop. The gold veins discovered to date in the Moosehorn range are hosted in several phases of granitoid and felsic-related rocks that are believed to be structurally controlled within a dilational geologic setting.

On November 6th, 2017 the Company announced further results from its 2017 exploration program at the Flume and Storck property. Reconnaissance-style "ridge and spur" soil sampling was conducted at the recently staked Ladue Property in the eastern Moosehorn Range area where numerous Au-in-soil anomalies were identified.

d) Storck Property

During the year ended December 31, 2017, the Company staked certain claims near the Flume property, referred to as the Storck Property.

e) McArthur Creek Property

On May 17, 2018 the Company announced that it had completed staking of 123 State of Alaska mining claims known as the McArthur Creek Property ("McArthur" or "the Property") 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. The new claims are pending filing and official adjudication with the Alaska State Department of Natural Resources in Fairbanks, AK.

The Moosehorn Range area is located along the trace of the arc-related 110 – 70 Ma Tintina Gold Belt, an arcuate band of felsic intrusions extending from southwest Alaska through the Fairbanks, Alaska and Dawson City, Yukon areas, then southeast to the Yukon-British Columbia border. To date, the Moosehorn Range is host to active placer gold mining operations and has produced over 100,000 ounces of placer gold and 4000 ounces of lode gold. While historical exploration has been concentrated on the Canadian portion of the range, the Alaskan side of the range has seen very little modern exploration.

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. On June 28, 2016, the Company completed a non-brokered private placement of 4,000,000 units at \$0.06 per unit for gross proceeds of \$240,000. On October 27, 2016, the Company completed a non-brokered private placement of 8,000,000 units at \$0.25 per unit for gross proceeds of \$2,000,000. On Feb 10, 2017, the Company issued 500,000 shares as per the terms of the signed option agreement with Gorilla on August 11, 2016 (amended on October 21, 2016) to acquire a 90% joint venture

interest (subject an existing 3% net smelter return) in certain mineral property interests located in the Yukon Territory, known as the "Wels Property". On March 15, 2017, the Company issued 100,000 shares as per the agreement with Commander regarding the Flume property.

On June 28, 2017, the Company completed a non-brokered private placement of 2,301,400 units (the "Units") at a price of \$0.35 per Unit and 986,250 flow through shares (the "FT Shares") at a price of \$0.40 per FT Share, for gross proceeds of \$1,199,990 (the "Offering").

Each Unit consisted of one common share of the Company (a "Share") and one-half of one nontransferable common share purchase warrant for a term of eighteen months (the "Warrants"). Each Warrant will entitle the holder thereof to purchase one additional common share of K2 at an exercise price of \$0.55 per common share during the term of the Warrants, subject to the right of the Company to accelerate the expiry of the Warrants. If at any time after October 29, 2017 and during the Warrant Term, the common shares of the Company close at a price at or above \$0.65 per share for more than 10 consecutive trading days (an "Acceleration Event") and the Company elects to accelerate the expiry of the Warrants and give notice, within five days of such Acceleration Event, to the holders that an Acceleration Event has occurred, then the expiry of the Warrants will be accelerated such that the Warrants will then terminate 30 calendar days after the Company gives such notice (the "Accelerated Expiry").

The net proceeds from the Offering will be used by K2 principally towards its exploration program currently being conducted on the Wels Gold property, as well as exploration at its other properties located in the Yukon, and for general working capital purposes.

On July 31, 2017, the Company paid \$20,000.00 in royalties.

On August 11, 2017, the Company issued 500,000 shares and paid \$100,000.00 to Gorilla as per the terms of the signed option agreement with Gorilla on August 11, 2016 (amended on October 21, 2016) to acquire a 90% joint venture interest (subject an existing 3% net smelter return) in certain mineral property interests located in the Yukon Territory, known as the "Wels Property".

On February 6, 2018, the Company issued 500,000 common shares to Gorilla Minerals Corp. pursuant to the Wels agreement.

On April 4, 2018, the Company issued 100,000 common shares to Commander Resources Ltd. pursuant to the Flume agreement.

On April 16, 2018 the Company announced that it had received approval from the TSX Venture Exchange to extend 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.

Senior Management and Stock Options

On May 1, 2017, the Company announced the appointment of Mr. Robert Scott CPA, CA, CFA as Chief Financial Officer. Mr. Scott, brings more than 20 years of professional experience in accounting, corporate finance, and merchant and commercial banking and has served on the management teams and boards of a number of Canadian publicly traded companies.

The Company has also granted, under its Share Option Plan, incentive stock options to certain directors, officers and consultants of the Company to purchase an aggregate of 1,200,000 common shares exercisable for a period of up to five years from the date of grant at a price of \$0.30 per share. This grant is subject to acceptance for filing by the TSX Venture Exchange.

On May 24, 2017, the Company gave notice that Charlton & Company resigned as auditor at the Company's request and Davidson & Company LLP were appointed as auditor of the Company to fill the vacancy.

On June 12, 2017, the Company granted, under its Share Option Plan, further incentive stock options to certain directors, officers and consultants of the Company to purchase an aggregate of 55,000 common shares exercisable for a period of up to five years from the date of grant at a price of \$0.36 per share. 5,000 have subsequently expired due to a consultant no longer working for the Company.

On September 13, 2017, the Company announced the appointment of Jo Price, MBA., M.Sc., P.Geo., as Vice President of Exploration.

Results of Operations

Three months ended March 31, 2018 ("Q1 2018") compared to the three months ended March 31, 2017 ("Q1 2017")

The net loss for the three months ended March 31, 2018 was \$124,488 as compared to \$170,055 in the preceding year. The decrease in net loss is mainly due to the decrease in consulting services.

Advertising, marketing and promotion expenses decreased from \$28,215 in Q1 2017 to \$21,942 in Q1 2018 due to website design and development costs being incurred in Q1 2017.

Consulting expenses decreased from \$38,166 in Q1 2017 to \$nil in Q1 2018 due to external consultants not being engaged in Q1 2018.

Other expenses listed below also grew as the Company increased its operating and administrative activities after the private placements in 2016 and 2017.

- Personnel fees increased from \$57,501 in Q1 2017 to \$62,482 in Q1 2018.
- Travel and conferences increased from \$5,332 in Q1 2017 to \$13,921 in Q1 2018.

Selected Annual Information

	As at and year ended December 31, 2017	As at and year ended December 31, 2016	As at and year ended December 31, 2015
Revenue	Nil	Nil	Nil
Loss for the year	\$ 1,101,129	\$ 379,922	\$ 2,956,313
Comprehensive loss for the year	\$ 1,063,599	\$ 371,092	\$ 2,954,105
Loss per common share, basic and diluted	\$ 0.07	\$ 0.08	\$ 2.25
Weighted Average number of common shares outstanding	16,335,370	4,930,562	1,315,137
Statement of Financial Position Data			
Working capital (deficit)	\$ 510,033	\$ 1,417,783	\$ (192,169)
Total assets	\$ 2,824,392	\$ 2,002,505	\$ 17,164

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 March 31, 2018 and the previous seven quarters.

	Mar 31, 2018	Dec 31, 2017	Sep 30, 2017	Jun 30, 2017	Mar 31, 2017	Dec 31, 2016	Sep 30, 2016	Jun 30, 2016
Current assets	352,920	564,583	\$909,266	\$ 1,884,583	\$1,138,532	\$1,605,074	\$826,092	\$245,638
Exploration and evaluation assets	2,484,718	2,259,809	2,044,380	1,133,071	773,963	397,431	56,061	-
Total assets	2,837,638	2,824,392	2,953,646	3,017,654	1,912,495	2,002,505	882,153	245,638
Current liabilities	63,161	54,550	41,929	116,613	82,336	187,291	940,796	252,467
Share capital	13,240,608	13,118,108	13,208,938	12,983,938	11,859,091	11,674,091	9,963,420	9,965,420
Net Income (loss)	(124,488)	(174,307)	(172,379)	(584,388)	(170,055)	(252,637)	(52,022)	(50,746)
Comprehensive Income (loss)	(117,865)	(185,404)	(214,945)	(490,195)	(170,055)	(261,468)	(49,814)	(34,189)
Basic Income (loss) per share	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.03)	\$ (0.01)	\$ (0.05)	\$ (0.01)	\$ (0.03)
Weighted avg. shares	18,676,231	18,381,787	18,122,546	14,582,404	14,198,396	4,930,562	2,746,822	1,477,026

Liquidity and Capital Resources

Three months ended March 31, 2018

Cash decreased by \$182,918 during the three months ended March 31, 2018, from \$403,411 at December 31, 2017 to \$220,493 on March 31, 2018.

Cash utilized in operating activities during the three months ended March 31, 2018 was \$80,509 (Q1 2017 - \$274,174). The operating activities were mostly for advertising, marketing and promotion, corporate listing and filing fees, office and administration, personnel, professional fees, rent and travel and conferences.

Cash utilized in investing activities during the three months ended March 31, 2018 totaled \$102,049 (Q1 2017 - \$191,532). The investing activities were for exploration and evaluation expenditures.

At March 31, 2018, share capital of \$13,240,608 comprised of 18,881,787 issued and outstanding common shares (December 31, 2017 - \$13,118,108 comprised of 18,381,787 shares issued and outstanding). The \$122,500 increase in share capital came from the 500,000 shares issued as an option payment for the Wels property,

Net loss for the three months ended March 31, 2018 was \$124,488 (Q1 2017 - \$170,055), which increased the deficit from \$13,530,109 at December 31, 2017 to \$13,654,597 at March 31, 2018.

The cumulative effect of the changes in share capital, reserves, AOCI and the net loss during the three months ended March 31, 2018 resulted in the \$4,635 net increase in shareholders' equity, from \$2,769,842 on December 31, 2017 to \$2,774,477 at March 31, 2018.

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.

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 financial statements for the year ended December 31, 2017 that is available on K2 Gold's website at www.k2gold.com or on its SEDAR Page Site accessed through www.sedar.com.

Outstanding Share Data

K2 Gold's authorized capital is unlimited common shares without par value. As at May 29, 2018, the following common shares and share purchase warrants were outstanding:

	# of Shares	Exercise Price	Expiry Date
Issued and Outstanding Common Shares	18,981,787		
Share Purchase Warrants	3,911,000	\$ 0.35	October 27, 2018
	4,000,000	\$ 0.10	June 28, 2019
	1,150,700	\$ 0.55	December 28, 2018
	155,540	\$ 0.55	December 28, 2018
Share Purchase Options	1,200,000	\$ 0.30	May 1, 2022
	50,000	\$ 0.36	June 12, 2022
Fully Diluted at May 29, 2018	29,449,027		

Off Balance Sheet Arrangements

The Company does not utilize off balance sheet arrangements.

Recent Accounting Pronouncements

Recent Accounting Pronouncements adopted:

IFRS 9, "Financial Instruments"

IFRS 9 was issued by the IASB in November 2009 and will replace IAS 39, "Financial Instruments: Recognition and Measurement". IFRS 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 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.

In October 2010, the IASB added requirements for financial liabilities to IFRS 9. These requirements were largely carried forward from the existing requirements in IAS 39, however, fair value changes due to credit risk for liabilities designated at fair value through profit and loss are generally recorded in other comprehensive income.

The final version of this new standard is effective for annual periods beginning on or after January 1, 2018.

Management has assessed the transition from IAS 39 Financial Instruments to IFRS 9 Financial Instruments as having no immediate impact on the financial statements as the Company has elected to value its equity investments a fair value through other comprehensive income. However, any subsequent gains for losses on these instruments under IFRS 9 will not be reclassified to profit and loss.

IFRS 11 Accounting for Acquisitions of Interests in Joint Operations ("IFRS 11") has been amended to provide specific guidance on accounting for the acquisition of an interest in a joint operation that is a business. IFRS 11 is effective on or after January 1, 2016. There is no effect on these financial statements.

IFRS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortization ("IFRS 16 and IAS 38") have been amended to (i) clarify that the use of a revenue-based depreciation and amortization method is not appropriate, and (ii) provide a rebuttable presumption for intangible assets. IFRS 16 and IAS 38 are effective on or after January 1, 2016. There is no effect on these financial statements.

Recent Accounting Pronouncements not yet applied:

IFRS 16, Leases: New standard to establish principles for recognition, measurement, presentation and disclosure of leases with an impact on lessee accounting, effective for annual periods beginning on or after January 1, 2019. The adoption of this standard and amendments is not expected to have a material impact in the Company's financial statements.

Transactions with Related Parties

Key management personnel compensation

Key management personnel 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 to an executive officer. The aggregate value of compensation with key management personnel for the three months ended March 31, 2018 was \$38,000 (Q1 2017 - \$52,500) and was comprised of the following:

	2018		2017	
Personnel	\$	38,000	\$	52,500
	\$	38,000	\$	52,500

Related party transactions and balances not disclosed elsewhere in these financial statements are as follows:

The balance payable to related parties at March 31, 2018 was \$nil (March 31, 2017 - \$2,854) and is included in accounts payable and accrued liabilities. These payables are 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.

Subsequent Events

Financing and Corporate

On May 10 2018, the Company announced its intention to raise \$750,000 by way of a non-brokered private placement consisting of both non-flow through (NFT) and flow-through (FT) unit offerings. The Company will issue up to 2,000,000 NFT Units and 833,333 FT Units for total gross proceeds of up to \$750,000.

Each non-flow-through unit (each, a "NFT Unit") will be issued at a price of \$0.25 and will consist of one common share of K2 and one common share purchase warrant. Each warrant will be exercisable to acquire one common share of K2 at an exercise price of \$0.37 for 12 months from the date of the closing of the Private Placement. The common share purchase warrants will be subject to acceleration at K2's discretion in the event its common shares trade on the TSX Venture Exchange on a volume weighted average price ("VWAP") basis of C\$0.60 or more for a period of ten consecutive trading days.

Each flow-through unit (each, a "FT Unit") will be issued at a price of \$0.30 and will consist of one common share of K2 and one half of one common share purchase warrant. Each whole warrant will be exercisable to acquire one common share of K2 at an exercise price of \$0.45 for 12 months from the date of the closing of the Private Placement. The common share purchase warrants will be subject to acceleration at K2's discretion in the event its common shares trade on the TSX Venture Exchange on a volume weighted average price ("VWAP") basis of C\$0.60 or more for a period of ten consecutive trading days.

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. Also see note 1 of the Company's financial statements for the year ended December 31, 2017.

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. The Company does not currently have any significant interest or equity price risk as it has no significant interest bearing financial instruments nor does it hold any investments in equities of another entity.

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. 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 at March 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