KAINANTU RESOURCES LTD.

Management's Discussion and Analysis

For the 9 Months Ended

September 30, 2022

(Expressed in US Dollars, except stated otherwise)

Kainantu Resources Ltd.

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General: the following Management's Discussion and Analysis ("MD&A") of Kainantu Resources Ltd. ("the Company" or "KRL"), is intended to supplement and help the reader understand the interim condensed consolidated financial statements for the nine months ended September 30, 2022 and is prepared by management using information available as of November 29, 2022. The MD&A has been prepared in accordance with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations of the Canadian Securities Administrators ("NI 51-102"). The MD&A should be read in conjunction with the audited consolidated financial statements and the related notes contained therein which have been prepared under International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The information contained herein is intended to provide investors with a reasonable basis for assessing the financial position and performance of the Company, but not as a substitute for detailed investigation or analysis on any particular issue. The information provided in this document is not intended to be a comprehensive review of all matters and developments concerning the Company. All dollar amounts in this MD&A are quoted in thousands of United States Dollars ("USD"), the reporting currency of the consolidated group, unless specifically noted (see change in accounting policy below). Management is responsible for the preparation and integrity of the financial statements, including the maintenance of appropriate information systems, procedures, and internal controls and to ensure that information used internally or disclosed externally, including the financial statements and MD&A, is complete and reliable. The Board of Directors of the Company (the "Board") have implemented recommended corporate governance guidelines for public companies to ensure transparency and accountability to shareholders. The Board's audit committee meets with management regularly to review the financial statements including the MD&A and to discuss other financial, operating and internal control matters. This MD&A was reviewed by the audit committee and approved and authorised for issue by the Board on November 28, 2022. The information contained within this MD&A is current to November 29, 2022.

Forward Looking Statements: this MD&A contains forward-looking statements, which relate to future events or future performance and reflect management's current expectations and assumptions. Such forward-looking statements reflect management's current beliefs and are based on assumptions made by and information currently available to the Company. All statements, other than statements of historical fact, are forward-looking statements or information. These forward-looking statements can generally be identified as such because of the context of the statements, including such words as "believes", "anticipates", "expects", "plans", "may", "estimates", or words of a similar nature. Forward-looking statements or information in this MD&A relate to, among other things: formulation of plans for drill testing; and the success related to any future exploration or development programs. These forward-looking statements and information reflect the Company's current views with respect to future events and are necessarily based upon a number of assumptions that, while considered reasonable by the Company, are inherently subject to significant operational, business, economic and regulatory uncertainties and contingencies. These assumptions include; success of the Company's projects; prices for gold remaining as estimated; currency exchange rates remaining as estimated; availability of funds for the Company's projects; capital, decommissioning and reclamation estimates; prices for energy inputs, labour, materials, supplies and services (including transportation); no labour-related disruptions; no unplanned delays or interruptions in scheduled construction and production; all necessary permits, licenses and regulatory approvals are received in a timely manner; and the ability to comply with environmental, health and safety laws. The foregoing list of assumptions is not exhaustive. The Company cautions the reader that forward-looking statements and information involve known and unknown risks, uncertainties and other factors that may cause actual results and developments to differ materially from those expressed or implied by such forward-looking statements or information contained in this news release and the Company has made assumptions and estimates based on or related to many of these factors. Such factors include, without limitation: fluctuations in gold prices; fluctuations in prices for energy inputs, labour, materials, supplies and services (including transportation); fluctuations in currency markets (such as the Canadian dollar versus the U.S. dollar); operational risks and hazards inherent with the business of mineral exploration; inadequate insurance, or inability to obtain insurance, to cover these risks and hazards; our ability to obtain all necessary permits, licenses and regulatory approvals in a timely manner; changes in laws, regulations and government practices, including environmental, export and import laws and regulations; legal restrictions relating to mineral exploration; increased competition in the mining industry for equipment and qualified personnel; the availability of additional capital; title matters and the additional risks identified in our filings with Canadian securities regulators on SEDAR in Canada (available at www.sedar.com). Although the Company has attempted to identify important factors that could cause actual results to differ materially, there may be other factors that cause results not to be as anticipated, estimated, described, or intended. Investors are cautioned against undue reliance on forward-looking statements or information. These forward-looking statements are made as of the date hereof and, except as required under applicable securities legislation, the Company does not assume any obligation to update or revise them to reflect new events or circumstances. Mineralisation hosted on adjacent and/or nearby properties is not necessarily indicative of mineralisation hosted on the Company's property**.** The data disclosed in this release relating to drilling results is historical in nature. Neither the Company nor a qualified person has yet verified this data and therefore investors should not place undue reliance on such data, and no representation or warranty, express or implied, is made by the Company, its affiliated companies, or any other person as to its fairness, accuracy, completeness, or correctness.

Qualified Person: the scientific and technical information disclosed in this release has been reviewed and approved by Graeme Fleming, B. App. Sc., MAIG, an independent "qualified person" as defined under National Instrument 43-101, *Standards of Disclosure for Mineral Projects*.

Description of Business and Overview

Business

Kainantu Resources ("KRL" or the "Company") is an Asia-Pacific focused gold mining company with three highly prospective gold-copper projects, KRL South, KRL North and the May River Project (in addition to holding an executed definitive agreement to acquire the Kili Teke Copper-Gold Project ("Kili Teke"). All projects are located in premier mining regions in Papua New Guinea ("PNG"). Both KRL North and KRL South show potential to host high-grade epithermal and porphyry mineralisation, as seen elsewhere in the high-grade Kainantu gold district. The May River project is in close proximity to the world-renowned Frieda River Copper-Gold Project, with historical drilling indicating the potential for significant copper-gold projects.

KRL has a highly experienced board and management team with a proven track record of working together in the region; and an established in-country partner. KRL's strategy is to build shareholder wealth through exploration at its principal Kainantu projects in conjunction with pursuing value accretive corporate initiatives (such as at May River and Kili Teke). The Company intends to continue to develop its portfolio of mining ventures throughout the geologically rich Asia-Pacific region.

Corporate Affairs

The Company was initially incorporated pursuant to the provisions of the Business Corporations Act (British Columbia) on July 4, 2018. KRL was established when the Company completed a qualifying transaction to acquire Kainantu Resources Pte. Ltd. on December 3, 2020. A private placement was completed to raise Canadian Dollars ("CAD") $4.1 million at this time, with further details on the acquisition and placement available in the Audited Financial Statements.

The Company's shares were listed on the Toronto Stock Exchange Ventures Exchange ("TSX-V") under the symbol "KRL" on December 8, 2020. KRL has also obtained a secondary listing on the Frankfurt Stock Exchange ("FSE") under the symbol "6JO", which was announced June 10, 2021.

KRL completed a private placement in January 2022, which was over-subscribed resulting in raising a total of CAD $2.77 million. A subsequent private placement was announced on October 19, 2022 to raise up to CAD $2.50 million. On November 3, 2022, the company completed the first tranche of the placement, securing CAD $1.7 million in funding.

Operations Update, Strategy and Outlook

KRL is focused on developing and progressing exploration and mining projects; seeking to delineate highly prospective ground for precious metals targets and deliver value through the managed deployment of available resources.

To date, the approach has resulted in the development of a portfolio of projects at increasingly advanced stages. The Company's approach has also allowed adjustment to changing business circumstances (which was evident in H1 2022 and into Q3 2022, with KRL moderating some activities, given the election cycle in PNG and broader turbulence in global capital markets).

In Q3, 2022, the Company paused exploration activities in the Kainantu districts due to PNG election activities and the potential for higher civil unrest.

A comprehensive airborne geophysical survey was completed over the Kainantu tenements, with analysis released on June 9, 2022. Key aspects of the airborne geophysics programme included coverage of a total area of 186 km² adjacent to the K92 mine (involving over 1,000 line-kilometres) in survey by Expert Geophysics Ltd ("EGL"); and advanced processing and modelling (with 3D inversion conductivity models, and magnetic susceptibility and magnetization vector models completed by Computational Geosciences Inc). Ongoing analysis and planning for the use of this data occurred during Q3 2022. In relation to geochemical analysis, a summary of sampling appears below in Figure 1.

Figure 1: Samples taken in the 9 months to September 30, 2022

	KRL South		KRL North	May River	
Sample Type	**East Avaninofi**	**Yaoro Ridge**	**EL2558 & 2655**	**Mountain Gate**	**Total**
Pan Concentrate	-	-	21	-	21
Stream Sediments	-	-	-	-	-
Rock Chip & Float	15	-	117	153	285
Soil	17	-	542	17	576
Trench	366	179	-	154	699
QA/QC	21	10	13	15	59
Total	**419**	**189**	**693**	**339**	**1,640**

In relation to sample analysis, it is noted that COVID related delays re-emerged in H1 2022, impacting on the Company's ability to finalise analyses for projects. Few samples were taken in Q3 2022 due to a pause in field work.

The Company is of the view the geophysics analysis, mapping and newly uncovered historical data is likely to lead to further refinement, identification and prioritisation of a number of exploration targets for the Company; likely to host substantial mineralisation.

From a corporate perspective and during Q2 2022, KRL announced a transformational corporate initiative for the Company on the signing of an Asset Sale Agreement with Harmony Gold (PNG) Exploration Limited ("Harmony" or "HGEL"), to acquire Kili Teke, which has a SAMREC compliant inferred mineral resource of 237Mt @ 0.34% Copper (=0.8Mt Cu), 0.24g/t Gold (=1.8Moz Au) and 168ppm Molybdenum (=0.04Mt Mo), as defined in the South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves ("SAMREC").

On September 8, 2022, the Company provided a further update on the Kili Teke Copper-Gold project acquisition.

Further analysis on the Projects and initiatives at each is presented below.

Company Projects

Overview

As noted above, KRL currently holds three projects: KRL North, KRL South and May River (in addition to executing a definitive agreement to acquire Kili Teke).

All tenements are in good standing and renewed (or currently under renewal) in accordance with PNG mining laws and regulations. A summary of the Company's tenements appears in the *Q1 2022 Management Discussion and Analysis*, save that:

- KRL has recently completed Warden's hearings for the renewal of five tenements and the grant of one new tenement at KRL North and South;

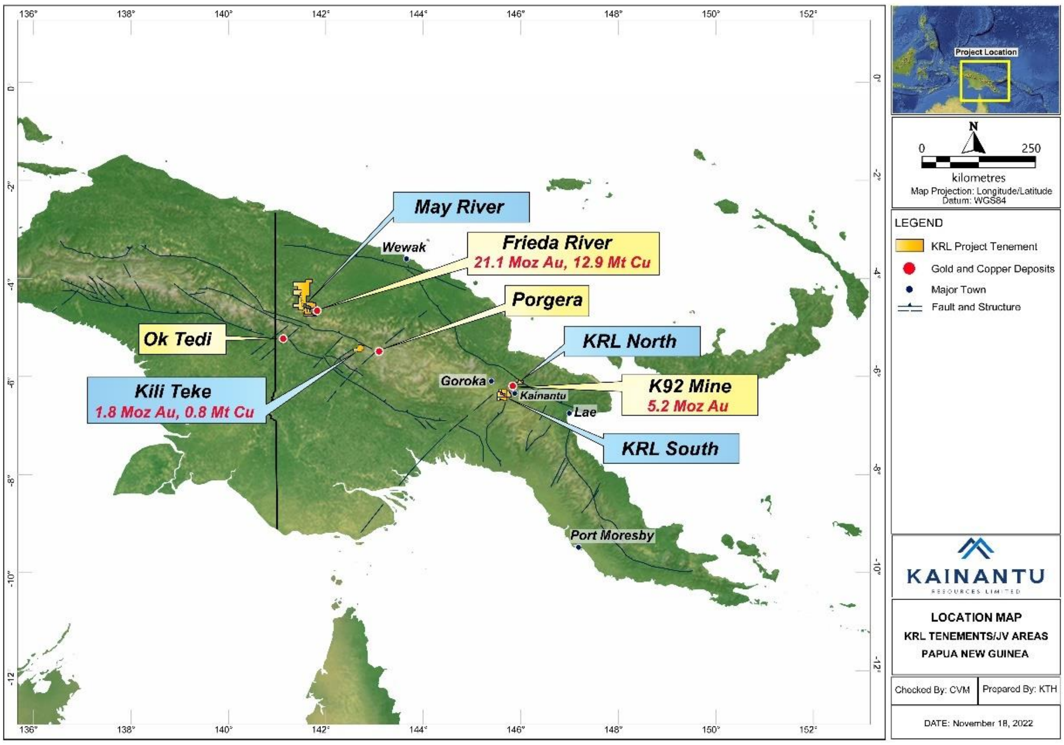
- in relation to May River, EL 2623; 637 km² have been relinquished as part of the 2nd term renewal process, the Company has submitted a new application which includes the relinquished area;

- at May River, EL 2736 has been granted, area 51 km² and includes parts of the former Niuminco tenement (EL 2527), located next to the Frieda River prospects; and

- at KRL North, an additional application for a licence was made for a highly prospective area identified from the geophysics studies known as Young Creek (or EL 2755) for an area covering 331 km².

Inclusive of these areas, the total area held by the Company is 3,608 km². On closing the acquisition to acquire the Kili Teke, an additional area of 252km² will be added to the portfolio. Geographically represented within PNG, KRL's projects including May River and Kili Teke (subject to acquisition) are set out in Figure 2:

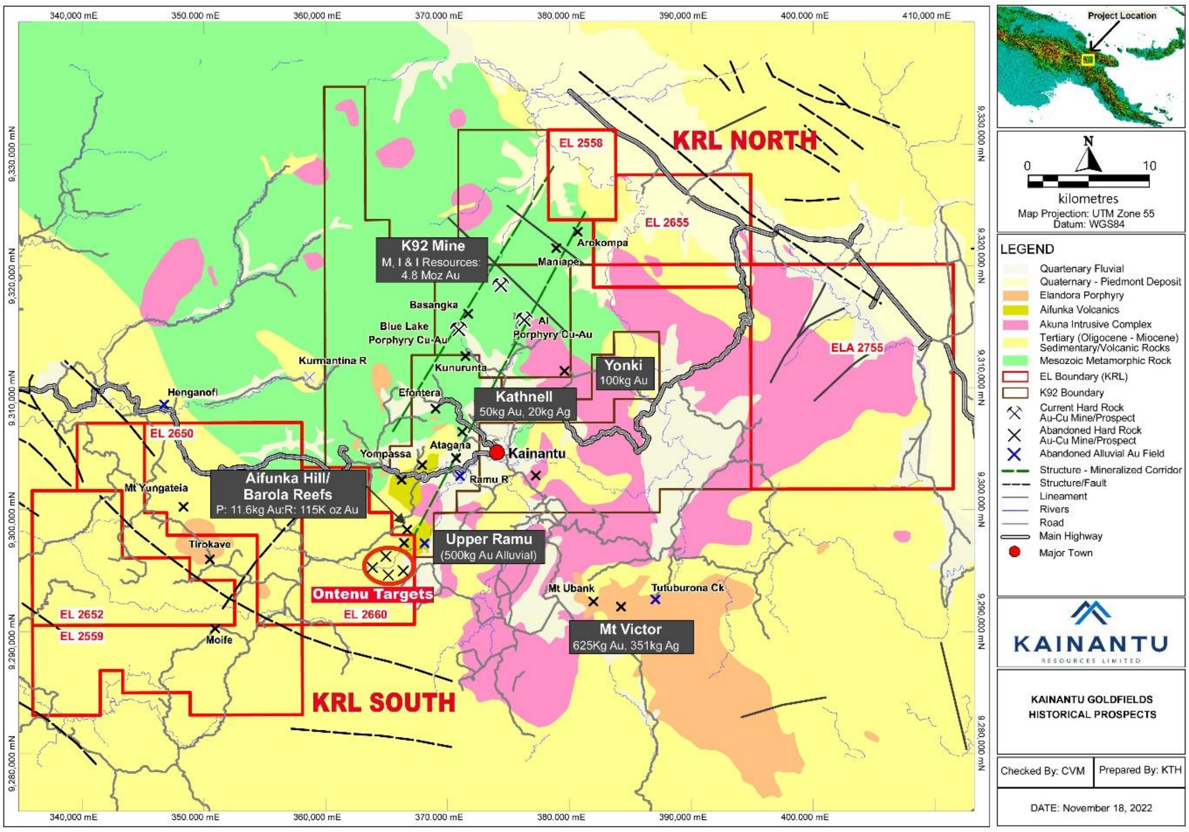
Figure 2: KRL Exploration Package in PNG



For further details on the Projects, the PNG Mineral Resources Authority's ("MRA") official cadastre mapping record can be viewed at https://portal.mra.gov.pg/Map/.

KRL's foundation projects in the Kainantu region are geographically presented in Figure 3 below.

Figure 3: KRL Kainantu Region Projects: KRL North & KRL South



KRL North

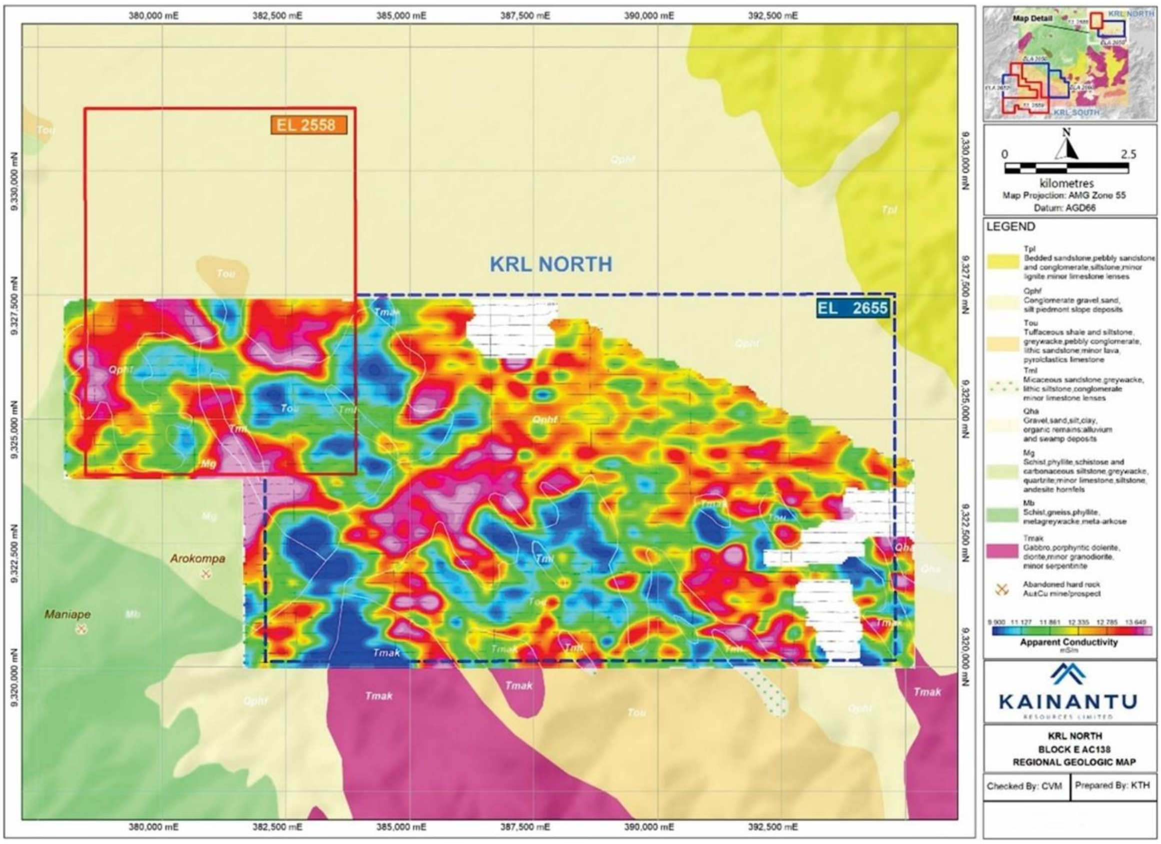
KRL North sits along strike, NNE, on the mineralized corridor representing a portion of the Kainantu Transfer Structure. From initial studies, it appears the Kainantu Transfer Structure is evident in the area in two significant mineralised vein systems within the tenement package of K92 Mining Inc. ("K92"), both within three to four km of the SW corner of EL 2558. While non-JORC compliant (or subject to an NI 43-101 technical report), historic data indicated a resource of 560,000 oz Au at 2.2 g/t at Maniape; and 798,000 oz Au at 9.0 g/t at Arakompa. Given their proximity to the Company's tenements, both the Maniape and Arakompa vein systems are relevant to KRL North. A key focus for the Company has been (and remains) assessing the potential high grade mineralisation extending into KRL North from the adjacent Bilimoia Mineral Field (being the prime source of high grade gold feed to the K92 mill).

In this regard, the recently conducted airborne geophysics in H1 2022 and historic aeromagnetic data has confirmed the proximity and certain similarities, notably structure, between KRL North and the Bilimoia Mineral Field at K92, with this regarded as highly encouraging for the Company.

Specifically in relation to the geophysics analysis, two large magnetic anomalies were identified in highly permeable structural environments to the SW and SE of EL 2655, KRL North, with both interpreted as possible porphyries. The southwest body appears bound by a prominent highly conductive NE trending fault and is associated with a ring feature (in addition to peripheral precious and base metal mineralisation to the N and NW). The SE body occupies a complex structural zone of prominent intersecting NE and NW faults, some of which are highly conductive and appear associated with a recently identified zone of low temperature hydrothermal alteration and mineralisation in the Young Creek area (supporting the rationale for applying for an exploration licence – ELA 2755 over this area).

Please refer to Figure 4 below, with interpretive mapping from EGL, potentially evidencing preliminary apparent conductivity at KRL North on trend; while also identifying a number of high conductivity areas such as the Southern Ring feature, the NE trending Ramu Gorge Fault and at the Young Creek area.

Figure 4: Apparent conductivity mapping of KRL North
(Note: blanked areas are due to interference caused by powerlines)



In addition to and in support of the MT survey, soil sampling at KRL North during H1 2022 involved taking a total of 693 samples (inclusive of grid soil sampling over ¾ of the southern ring feature, boundary shared with K92).

The ridge and spur soil lines across the southern half produced two coherent clusters of Au anomalies and one spot high. The western Au anomaly cluster comprises 6 weak to moderately anomalous values (up to 69ppb Au) along ~300m of a N-S trending ridge centred around the southern ring feature. The eastern anomaly covers a mainly E-W trending ridge with 3 high values (115 to 329ppb Au) amidst background values, located adjacent to the eastern border of the project.

Rock samples returned a high of 2.28ppm Au (and associated 9.4ppm Ag, 2,477ppm As, 200ppm Sb, 418ppm Pb, & 1,254ppm Zn) adjacent to the border with K92's EL 693. It is hosted in a small, oxidized ENE trending vertical fracture in weakly chlorite-sericite altered phyllite hosting weakly disseminated py-cpy-aspy.

Samples returned Cu-anomalous results (356-2,755ppm) with associated Ag, Pb, & Zn highs (6.6ppm, 11,908ppm, & 9,993ppm respectively) again adjacent to K92's EL 693. It is possible they may have derived from the western portion of the southern ring feature. They are hosted in both phyllite and a fine-grained quartz veined intrusive, all displaying significant disseminated py-po-cpy-sphal/gal. The location of many of the above anomalous samples suggest that elements of the Maniape/Arakompa structural trend may extend into the SW sector of EL 2558. This is further supported by the relative increase in frequency of quartz veining mapped within that area.

The sampling appears to build on the geophysical analysis and indicates a zonation of metal content is indicative of a potentially mineralised porphyry with peripheral quartz-base metal-Au-Ag epithermal veins; with two potential targets providing encouraging results.

Overall, this suggests the presence of three significant mineralisation occurrences and controlling structures similar to those seen at Bilimoia mineral field. Detailed analysis on the prospective nature of the area and these results will be released in the near future. During Q3 2022, further field work commenced at KRL North as part of a campaign to move towards drilling targets.

KRL South

KRL South is located around the Tirokave River, where substantial alluvial gold mining has historically occurred in the catchment area. As with KRL North, KRL South also sits along elements of the Kainantu Transfer Structure. The area has been of particular interest to KRL, given the presence of extensive outcrops with identified Akuna Igneous complex rocks and a large body, including scattered dykes and plugs, of the Elandora Porphyry (as seen at K92).

At KRL South, the initial focus of the Company has centred around the Tirokave area, where mapping in conjunction with significant geochemical results (inclusive of one sample of 40 g/t Au) led to identifying prospects in 2021; inclusive of East Avaninofi and Yaoro Ridge.

In H1 2022, geophysical analysis was completed over the area and a manual trenching programme undertaken at East Avaninofi and Yaoro Ridge.

Geochemical Analysis

A total of 57 test pits were manually dug from which 19 benches were excavated for a cumulative total of 362 meters of exposed bedrock for sampling. Deep colluvium (>1.5m for safety purposes) in many of the pits precluded further digging. A total of 389 semi-continuous chip from bench, outcrop grab/rock chip samples were collected including 15 QAQC samples. Semi- continuous chip sampling was done on a 1m interval and depending on mineralization sampling interval was adjusted.

The highest Au value recorded in this program is 2m @ 5.95ppm Au, with supporting associated elements (14.5ppm Ag, 1,409ppm As, 1,388ppm Pb, 440ppm Zn, 8.1ppm Bi) sampled from Bench 21. Other rare spotty highs were scattered within the trenches from the farthest southeast to the north western portions of the area of interest.

In addition, Cu values were noted to be more consistent and widespread with a mean similar to the background found in the previous extensive soil sampling program over both ring features. This background ranged from 150ppm-250ppm Cu, depending on location, with the highest result of 711ppm Cu. and is considered quite high in a global sense, possibly hinting at a large nearby source(s) underlying the Tirokave area.

Observations from test pits and trenches completed during H1 2022 intersected expected mineralised zones and confirmed regional trends results; with low temperature alteration/mineralization apparent.

Subject to the results from this area justifying further work, the Company will look to define drilling targets for a programme to lead to the development of a maiden mineral resource at KRL South. Alternatively, further field work in this area of influence may be a more efficient use of Company resources (depending on further analysis of both geochemical and geophysical results). Any move towards a drilling programme at KRL South will also involve ensuring appropriate compensation arrangements are in place (where relevant) with the community and landholders.

Geophysical Analysis

In relation to the airborne geophysics programme, magnetic signatures indicated a possible offshoot from the main batholithic Elandora Porphyry complex occupying the centre of the Tirokave area. This offshoot appears to underly the largely phyllic altered, stockwork veined area immediately west/adjacent to the East Avaninofi Prospect and is consistent with skarn mineralisation mapped and sampled. An additional prospect (Mt. Yungateia) was also identified in the Tirokave area of interest. Analysis indicated a coincident, partly concentric conductivity/magnetic high (including a strong and extensive conductivity high orientated SE towards the Tebeo Ridge prospect, previously mapped and observed in 2021.

In addition, a number of interesting regional targets were observed as part of the MT survey at KRL South, especially in the Ontenu area. KRL provide an update on the regional potential and opportunities on September 14, 2022 highlighting the prospective nature of the area and supported by earlier work by Barrick Gold Corp.

Ongoing field work and analysis by the Company has identified a cluster of mineralised porphyry and intrusion related targets around Ontenu, a highly fertile area, centred on the north-east trending Kainantu Transfer Structure. Encouraging geophysical survey results also support the potential of Ontenu for extensive bulk grade with attendant higher-grade mineralisation, making this an area of heightened focus for the Company.

Three high priority targets have been identified, based on structural, geochemical and geophysical signatures discussed above. The Company intends to conduct a focussed, grided soil sampling programme (circa 1,000 samples in total) at these targets, in addition to further mapping and rock sampling.

The intention is to produce zoned geochemical and alteration mapping to aid in vectoring towards drill targets (with potential to move towards a focused drill programme in the near term).

The Company views the Ontenu area as extremely encouraging for potential economic Cu-Au-Ag±Mo mineralisation at KRL South.

May River

May River is located less than 15km from the PanAust owned, world-renowned Frieda River project. Historic drilling has returned substantial intercepts of near-surface gold mineralisation coupled with strong geochemical signatures have also been obtained from sampling suggesting the presence of gold and copper.

There are five main prospects that have been identified within the May River Project - Skiraisa, Foya, Eserebe, Mountain Gate and Iku Hill. As noted above the Company was awarded EL 2756 which will be incorporated into the broader May River Project area. The May River Project has potential to add significant value to the Company's platform with copper/gold exposure in close proximity to the world class Frieda River project.

During H1 2022, a follow-up expanded work program was completed, focused on the Mountain Gate prospect. This particular prospect was identified for further work because of the positive results from previous exploration and indications of a potential gold rich porphyry copper system with an upflow zone near Koras Creek. Additionally, the work programme aimed to identify other satellite porphyry deposits and two potential epithermal prospects.

Work included mapping and sampling of old trenches, proximal drainage, ridgeline soil sampling and exploration of peripheral drainages.

A total of 339 samples were collected with initial results and observations from the exploration campaign have been extremely encouraging. Geochemical results have indicated the presence of a gold rich porphyry copper system in the area, supported by the initial petrology report.

Highlights of the programme included:

- outcrops with mineralisation and alterations observed;
- a new prospect identified; and,
- the possible upflow zone for a Cu-Au porphyry was identified.

Final analysis has been prepared on the Mountain Gate programme and will be released shortly.

The Company is currently vectoring in on viable drill targets with a 4-diamond drill hole program, potentially to commence during in H1 2023.

Kili Teke Copper-Gold Project

During H1 2022, the Company announced the execution of a definitive agreement to acquire 100% of the Kili Teke from Harmony Gold (PNG) Exploration Limited "HGEL"), a wholly owned subsidiary of Harmony Gold Mining Company Limited ("Harmony").

Kili Teke is a significant advanced exploration porphyry gold-copper project with an existing mineral resource, and potential for further re-optimization and discoveries to increase overall value.

The Kili Teke project comprises EL 2310 and is located approximately 40km west-northwest of the Porgera gold mine, in the Koroba-Kopiago District of Hela Province, PNG. EL 2310 was granted to HGEL in May 2014 and has been renewed three times. The EL remains in good standing and is currently subject to a further renewal application at the end of the current term in May 2022 with Wardens hearing now scheduled for December 2022. Pending renewal, the EL remains on foot with KRL entitled to continue to explore the project as is customary under PNG mining law.

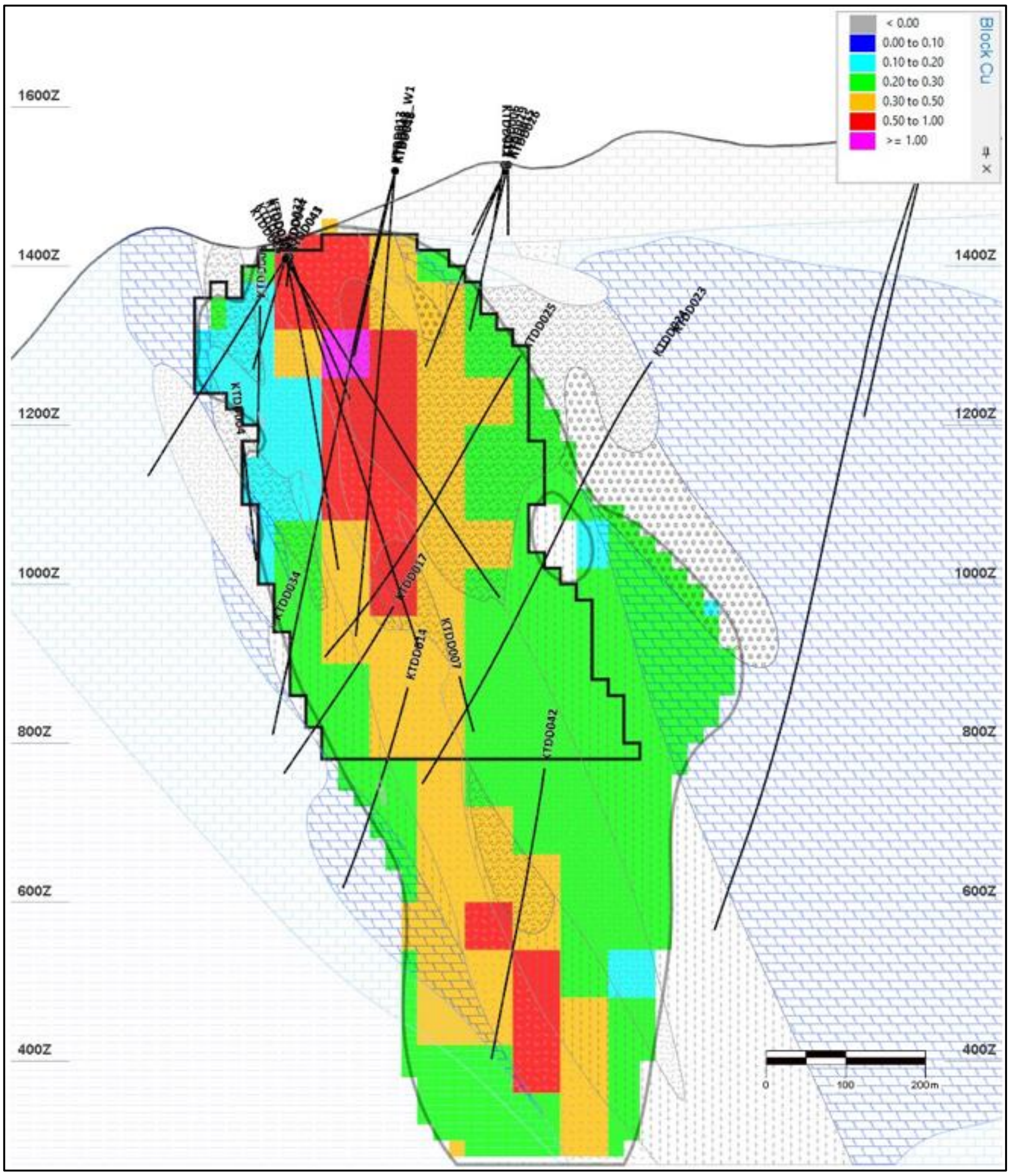
Kili Teke lies within the Papuan Fold Belt, a mixed terrane of limestone and clastic sediments which have been strongly folded and thrusted during the evolution of the New Guinea magmatic island arc, on the northern margin of the Australian tectonic plate. Numerous felsic and intermediate plutons, generated from the subducting Australian plate, are intruded into these sediments, and several are host to, or are associated with, large porphyry Au-Cu and epithermal Au deposits, respectively, including Ok Tedi (3.4Mt Cu, 12.5Moz Au*), Frieda River (12.9Mt Cu, 21.1Moz Au), Porgera (10.4Moz Au), and Mt Kare (2.1Moz Au). *Pre-production figures.

The Kili Teke deposit consists of various skarn units, a high sulphide "shell" zone, numerous hydrothermal breccias and mineralised porphyries centered on the Yalopi Creek area and extending under the limestone cap to the east and north. The limestone cap which forms the top of the main ridge currently obscures the extent of the underlying intrusives.

An Inferred Mineral Resource of 237Mt @ 0.34% Cu (=0.8Mt Cu), 0.24g/t Au (=1.8Moz Au) and 168ppm Mo (=0.04Mt Mo), with an effective date of 30 June 2021 has been established by Harmony for the project in accordance with the South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves (SAMREC, 2016 Edition) (www.samcode.co.za), which is recognised and accepted for the purposes of National Instrument 43-101, Standards of Disclosure for Mineral projects ("NI 43-101").

In developing the Kili Teke project, HGEL drilled 54 holes (for 36,325m), at an estimated cost of USD $20 million. The mineral reserve and notable drill samples can be observed in Figure 5 below.

Figure 5: Kili Teke Inferred Mineral Resource model with key drill intercepts



The project presents significant exploration resource upside, with near surface, high-grade Au skarn mineralisation not yet included in the defined Mineral Resource and potential for re-optimisation, bringing Kili Teke significantly closer to production as an open pit mine to increase economic returns.

The acquisition of Kili Teke will also provide KRL with immediate ownership of a quality exploration project in a region well known to KRL management and stakeholders. The Company views the acquisition as transformational for KRL and presents a number of opportunities for the Company given the clear development nature of Kili Teke (beyond early-stage greenfield exploration).

KAINANTU

KRL's focus will be to close the acquisition of Kili Teke, re-establish community engagement and embark on a detailed review of options to reoptimize the project.

During Q3, 2022, the Company took steps to complete a NI43_101 technical report for the project, another step towards closing the transaction (in addition to re-engaging community groups).

Corporate Development Initiatives

As noted above, the key corporate initiative for KRL in 2022 was execution of a definitive agreement with Harmony to acquire Kili Teke. Key commercial terms include the following:

- initial cash consideration of $1 million, payable in two cash instalments: $0.5 million on closing; and $0.5 million on receipt of post-closing regulatory approvals (expected in early 2023);
- KRL will work towards a Preliminary Economic Assessment, then a Feasibility Study. If KRL views the Project positively at each step, KRL to make further payments to HGEL of $3 million and $4 million respectively;
- KRL to pay HGEL a 1.5% net smelter royalty from future mine revenue; and,
- potential for Harmony to become a strategic investor in KRL, with HGEL to be issued warrants equal to 9.9% of the issued share capital of KRL on closing (with each warrant exercisable at CAD $0.28 per share or a 25% premium to the KRL 30-day VWAP to April 5, 2022).

Closing is subject to the Company satisfying various closing condition, including (at its discretion) raising funds to close the transaction with a funding round commenced in Q4 2022.

In addition to Kili Teke, the Company continues to review other corporate initiatives; with a priority on consolidating the current portfolio of quality projects.

Capital Markets

KRL announced a CAD $1.5 million private placement in late 2021, with pricing set at CAD $0.18 per share with a full attaching warrant priced at CAD $0.36 for 36 months. Due to strong investor demand the Company increased the size of the placement twice. The first tranche closed on January 4, 2022, raising CAD $1.67 million followed by the second tranche on January 21, 2022 with gross proceeds totalling CAD $2.77 million.

A subsequent private placement was announced on October 19, 2022 to raise up to CAD $2.50 million. On November 3, 2022, the Company completed tranche 1 of the placement, securing CAD $1.70 million in funding. A secondary tranche offering for the remaining CAD $0.8 million is expected to be completed in December 2022.

Environmental, Social & Governance (ESG)

The Company is committed to ensuring a sustained approach to project development, in conjunction with local communities and remains focused on maintaining a strong social licence. Positive outcomes were evident from community support at Wardens' Hearings in Kainantu district when granting and consolidating rights to explore. Where practical the Company engages local labour and acquires supplies and produce from local communities we operate in.

The Company continues to work closely with the MRA and government at a national level, with the application for EL 2736 now granted on August 24, 2022 and subsequently EL 2755 and 2756 illustrating the Company's standing and reputation within PNG.

Human Resources

Given some instability towards the end of H1 2022 due to the electoral cycle in PNG, field activities were suspended. Teams were re-mobilised in Q3 2022.

Summary of Financial Results

All results are presented in United Stated Dollars unless otherwise noted.

Results for 9 months ended September 30, 2022

The Company is focused on the exploration programmes outlined above, with the cost of considerable exploration activities occurring during 2022 of $1.78 million being capitalised. These costs include major expenses on sampling, assaying and analysis by a team of national and expatriate geologists and technical consultants. In addition, all support costs associated with supplies, logistics, transport, and accommodation are also included. Our policy is to capitalise all exploration costs (explained in detail under accounting policies below).

Closing cash and receivables are $0.32 million with $0.14 million cash and $0.18 million of non-trade receivables. During 2022 after raising $1.90 million net of costs, cash used in operating activities was $0.71 million and $1.65 million for investing activities.

The Company recorded a net loss of $0.78 million (2021 - $1.11 million) and a loss per share of $0.002 (2021 - $0.002) for 2022. The decrease in the net loss of $0.33 million is attributed to the following:

- the non-recurring listing expense (2021 - $0.34 million) recognised in 2021 relating to the acquisition;
- share-based payments reduced to $4k (2021 - $0.23 million) for stock options granted and vested during 2022 under the Company option plan, a non-cash item;
- board and executive fees of $0.26 million a small increase from prior year (2021 - $0.20 million);
- Corporate relations costs of $0.25 million with the increase (2021 – $0.06 million) associated with advisory and investor engagement strategy for the Company; and
- Corporate and administrative costs of $0.16 million have increased (2021 – $0.09 million) primarily due to travel and related expenses after boarders reopened.

Selected Financial Information

The following is a summary of selected financial information through to Q3 2022 and Q3 2021, with prior year end financial information provided for reference and comparison. The Company has transitioned to a calendar reporting cycle and following the current transitional period future analysis will be presented on a conventional quarterly and annual basis.

In thousands of United States Dollars		9 months ended September 30, 2022	13 months ended December 31, 2021	10 months ended September, 2021	11 months ended November 30, 2020
Total revenues	**$**	Nil	Nil	Nil	Nil
Loss for the period	**$**	**(782)**	**(1,776)**	**(1,106)**	**(231)**
Cash		145	650	1,095	-
Exploration and evaluation assets		5,944	4,166	3,874	2,712
Total Assets	**$**	**6,757**	**5,508**	**5,545**	**3,430**
Total Liabilities	**$**	**618**	**451**	**410**	**867**

Notes to the summary financial information above:

Revenue

- the Company has no revenues to date.

Loss for the period

- the loss through Q3 2022 is $0.78 million a reduction of $0.33 million compared to 2021 which included non-recurring one-off listing expense and non-cash share-based payments; and
- the loss in 2021 increased compared to 2020 primarily due to the listing expense and remuneration costs including non-cash share-based payment expenses with engagement of the board and executive teams.

Assets

- assets increased in 2022 from 2021 after the completion of the private placement in January and ongoing capitalised exploration and evaluation costs during 2022;
- exploration and evaluation expenditure is capitalised pending the determination of technical feasibility and commercial viability; increasing by $1.78 million during 2022 with increased activity compared to 2021 $1.16 million.
- for the two most recent annual periods the breakdown of the material components of exploration and evaluation expenditure are as follows:

In thousands of United States Dollars		9 months ended September 30, 2022	13 months ended December 31, 2021	10 months ended September 30, 2022	11 months ended November 30, 2020
Acquisition Costs	$	-	-	-	2,331
Assay and analysis		62	157	155	35
Consultants and contractors		529	324	179	87
Employees and labour		656	534	454	116
Field, camp and supply		233	167	130	74
Travel and accommodation		133	107	91	34
Vehicles, logistics and support		165	165	153	35
Total	**$**	**1,778**	**1,454**	**1,162**	**2,712**

Liabilities

- liabilities have increased in 2022 due to amounts payable to related parties with trade and other payables broadly in line 2021, liabilities reduced during 2021 after repayment of 2020 working capital loans.

Summary of Quarterly Results

The following is a summary of quarterly financial information and results for the most recent eight quarters.

In thousands of United States Dollars		Quarter ended September 30, 2022	Quarter ended June 30, 2022	Quarter ended March 31, 2022	Quarter ended December 31, 2021
Working capital	**$**	(244)	437	1,344	420
Share based payments & Listing expense		-	-	4	415
Net loss		(261)	(258)	(263)	(670)
Basic loss per share (cents)		(0.004)	(0.004)	(0.004)	(0.02)

In thousands of United States Dollars		Quarter ended September 30, 2021	4 months ended June 30, 2021	Quarter ended February 28, 2021	Quarter ended November 30, 2020
Working capital	**$**	760	1,423	2,065	(609)
Share based payments & Listing expense		-	-	566	-
Net loss		(164)	(155)	(787)	(189)
Basic loss per share (cents)		(0.004)	(0.003)	(0.02)	(0.05)

Discussion of Quarterly Results

The Company focused on advancing the initial exploration program during 2020 after the mineral properties were acquired, with financing and the listing process completed late in the year.

A qualifying transaction was completed on December 3, 2020, including a concurrent financing with a significant one-off non-recurring listing expense and non-cash share-based payment expense recognised. The Company is focused on exploration at a number of mineral properties with the policy to capitalise these costs to exploration and evaluation assets pending the determination of technical feasibility and commercial viability.

Net losses from professional fees, corporate and administrative, board and executive fees remain relatively constant in line with corporate activities since acquiring the mineral properties. Share-based payments and the listing expense are separately disclosed given the non-cash and non-recurring nature respectively.

Liquidity and Capitalisation

Working Capital

As at September 30, 2022, the cash balance was $0.15 million (December 31, 2021 - $0.65 million) with short term liabilities of $0.62 million (December 31, 2021 - $0.45 million).

During the period ended Q3 2022:

- Operating Activities: cash used in operating activities amounted to $0.71 million including normal operating costs and prepayments.
- Investing Activities: cash used in investing activities was $1.65 million with cash outflows for exploration and evaluation of $1.64 million.
- Financing Activities: net cash from financing after deducting issuance costs was $1.90 million.

As of the date of this MD&A, the Company has no outstanding commitments except for minimum spending requirements on exploration licences. The Company has not pledged any of its assets as security for loans, or otherwise and is not subject to any debt covenants.

Long-Term Liabilities

The Company had no long-term liabilities as at September 30, 2022 or as at December 31, 2021.

Related Party Transactions

Related Party Entities

As at September 30, 2022, $0.16 million was due to related parties Asia Pacific Energy Ventures Pte. Ltd ("APEV") and Pacific Energy Ventures Limited (PEC") which is related by Director shareholding, for recharged expenses to be reimbursed under a shared services agreement (2021 – $0.04 million).

During the reporting period the Company incurred expenses through a shared services agreement totalling $0.07 million (2021 - $0.10 million) for office space, administrative and provision of other support services provided by APEV. The agreement and expenses are incurred on arms length terms; and have been approved by the independent directors of the Company.

Key Management Personnel

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The Company has determined that key management personnel consist of executive and non-executive members of the Board and executive management team.

Key management personnel compensation comprised fees paid and share-based compensation related to the fair value of the stock options granted to these key management personal. Fees paid to key management personal in 2022, were $0.30 million (2021 - $0.27 million).

Recognition of share-based payments expense is included in the consolidated financial statements on a graded vesting basis. During 2022 share-based compensation for the key management personnel amounted to $nil million (2021 - $0.23 million).

Off Balance Sheet Arrangements

The Company has no undisclosed off-balance sheet arrangements or financing structures in place.

Shares on Issue

As at the reporting date, 60,393,226 common shares were issued and outstanding with 5,452,772 in escrow.

In addition, 5,000,000 deferred consideration shares will be issued for nil consideration where the Company establishes an inferred resource, 5,071,667 stock options are outstanding with 2,956,667 exercisable at a weighted average exercise price of CAD $0.20 and 28,475,310 warrants are outstanding, exercisable at a weighted average exercise price of CAD $0.37.

Critical Accounting Policies

The Company's significant accounting policies are described in Note 6 of its audited consolidated financial statements for the year ended December 31, 2021. These accounting policies can have a significant impact on the financial performance and financial position of the Company.

Significant Judgements and Estimates

The preparation of the interim financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, and contingent liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Critical judgments in applying accounting policies

Reverse Acquisition and Continuing Parent

On December 3, 2020, the Company and Kainantu Resources Pte. Ltd. completed the qualifying transaction which constituted a reverse acquisition. The shareholders of Kainantu Resources Pte. Ltd. obtained control of the Company.

The transaction was accounted for as a reverse acquisition in accordance with the guidance provided in IFRS 2, *Share-based Payments* and IFRS 3, *Business Combinations*. As the Company did not qualify as a business according to the definition in IFRS 3, the reverse acquisition did not constitute a business combination.

It has been determined Kainantu Resources Pte. Ltd. issued shares for the net assets of the Company and to obtain a listing status. Accordingly, no goodwill or intangible assets were recorded and for accounting purposes, Kainantu Resources Pte. Ltd. (legal subsidiary) was treated as the accounting parent company and the Company (legal parent) was considered the accounting subsidiary in these interim consolidated financial statements.

As Kainantu Resources Pte. Ltd. was deemed to be the acquirer for accounting purposes, its assets, liabilities and operations since incorporation are included in the interim consolidated financial statements for the period ended December 30, 2020, at their historical carrying value (continuing parent). The Company's results of operations are included after the date of the acquisition.

The purchase price consideration being the equity instruments issued by Kainantu Resources Pte. Ltd. is based on the fair value per share for shares acquired by vendors at the transaction price of CAD

$0.07 and the shares retained by the shareholders of the Company based on the capital raising price of CAD $0.20. Options and warrants issued were fair valued applying black-scholes option pricing.

The difference between the consideration and the identifiable assets received was recognised in the statement of loss and comprehensive loss as a listing expense are detailed in Note 2 of its audited consolidated financial statements for the year ended December 31, 2021.

Change in Financial Year End

On July 29, 2021, the Company announced a change of financial year end to December 31 from November 30 as outlined in Note 4c of the audited consolidated financial statements. On this basis, the financial results are presented on a transitional basis for the 13 months ended December 30, 2021. After the transition year, future results will be presented on a conventional quarterly and annual basis from 2022.

Change in Presentation Currency

Effective December 3, 2020, the Company changed its presentation currency to USD from CAD. This change in presentation currency was made to better reflect the group's business activities where the main operating entity adopts USD as the functional currency, see Note 4d of the audited consolidated financial statements.

The Company's non-USD functional currency entities have been translated to the USD dollar in accordance with IAS 21, *The Effects of Changes in Foreign Exchange Rates*.

As noted above, financial information is presented in the new presentation currency and amounts are translated to the USD as follows:

- the consolidated income statements and consolidated statements of comprehensive income are translated into the presentation currency using the average exchange rates prevailing during each reporting period;
- assets and liabilities on the consolidated statements of financial position were translated using the period-end exchange rates; and
- shareholders' equity balances were translated using historical rates based on rates in effect on the date of material transactions.

As a result of the change in presentation currency all amounts in this MD&A are expressed in USD unless otherwise noted.

Other critical judgments are the basis of preparation on a going concern basis and accounting policies on determination of functional currency and impairment of non-current assets.

Key sources of estimation uncertainty

Exploration and Evaluation Assets

Exploration and evaluation, including the costs of acquiring licenses and directly attributable general and administrative costs, initially are capitalised as exploration and evaluation assets. The costs are accumulated by areas of interest pending the determination of technical feasibility and commercial viability.

The application of the accounting policy for exploration and evaluation expenditure requires judgment in determining whether future economic benefits are likely, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalised, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalised is recognised in loss in the period that the new information becomes available.

Share-Based Payments

The determination of fair value of share-based compensation associated with stock options and finders' fee warrants require assumptions with respect to volatility, expected life and discount rates. Changes in these assumptions impact the share-based compensation recognised in profit or loss over the vesting period of the stock options.

Other significant estimates include the value of deferred tax assets, evaluated based on the probability of realisation which is currently assessed as improbable that such assets will be realised and accordingly a value for deferred tax assets is not recognised.

Risks and Uncertainties

The Company is exposed to risks which may have a material effect on financial position, comprehensive income, cash flows and operations. Risks and uncertainties the Company considers material in assessing its financial statements are described below.

Liquidity risk

Liquidity risk is the risk the Company will not be able to meet its financial obligations as they become due. The Company ensures there is sufficient capital to meet short term business requirements after taking into account cash and cash equivalents. All financial liabilities including accounts payable and accrued liabilities and loans from related party, are classified as current. As at September 30, 2022 the Company's financial liabilities include accounts payable and accrued and other liabilities of $0.62 million all of which are due within twelve months, with available cash and cash equivalents of $0.15 million.

Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty is unable to fulfil its contractual payment obligations and arises primarily from the Company's financial assets. The Company is mainly exposed to credit risk on its cash and cash equivalents. Credit risk exposure is limited through depositing cash with high-credit quality financial institutions. The carrying value of these financial assets represents the maximum exposure to credit risk.

Market risk

Market risk is the risk of loss that may arise from changes in market factors and prices such as interest rates, foreign exchange rates, and commodity and equity prices. The Company is currently not exposed to any material market risks.

Foreign currency risk

Foreign currency risk is the risk that the Company's financial performance will be affected by fluctuations in the exchange rates between currencies. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities in Canada, Singapore and PNG and is exposed to risk from changes in the USD, CAD, Singapore dollar and the PNG Kina. The Company manages this foreign currency risk by matching payments in the same currency where possible and monitoring movements in exchange rates.

Other risk factors

The Company faces a variety of other risk factors encompassing operational, geological, environmental, licencing, financing, commodities prices and COVID-19 which are outlined below.

Exploration and Operational Risks

The Company's operations are focused on mineral exploration and evaluation which involve a high degree of risk. No assurance can be given the acquisition of and exploration of resource properties will result in discovery of an economic mineral deposit which will be subsequently advanced to commercial production. To mitigate this risk the focus of the Company is on areas which are prospective for economic deposits and in the proximity of current mining operations.

The Company's operations are subject to hazards and risks normally associated with exploration, any of which could result in risk of injury, to property or the environment. Operations may also be subject to disruptions caused by physical geography, environmental, extreme weather and community interrelations which are outside the Company's control.

The Company's operations depend on the availability of adequate services and infrastructure including reliable air service, roads access including bridges, power sources, accommodation and water supply. Without appropriate services and infrastructure activities may be delayed and could result in higher costs.

Licenses

The Company's mineral exploration activities are subject to the issue, renewal and maintaining licenses from appropriate government authorities. Failure to renew, transfer or the loss of a license may impact the Company's operations. The Company is also required to meet minimum expenditure amounts on the exploration licenses to maintain them in good standing.

Country Risk

The Company is subject to risks associated with the political, social and economic stability of the host country and events or changes in the business environment which are out of the control and could adversely affect operations or the value of the company's assets.

Financing

The Company will require additional funding with no revenues from operations and expects to incur operating losses in future periods on exploration projects, new business opportunities and working capital costs. The Company has relied upon equity subscriptions to date and will likely continue to depend upon these sources to finance its activities, with finite financial resources the ability to advance its projects will depend upon the ability to secure near and long-term financing. There can be no assurances that the Company will be successful in raising the desired level of financing on acceptable terms. These financing requirements may result in dilution of existing shareholders and the inability to obtain financing may result in delay or postponement of operations.

Gold and metal prices

The value and price of the Company's common shares, the Company's financial results, and exploration, development and mining activities of the Company, if any, may be significantly adversely affected by declines in the price of metals. Mineral prices fluctuate widely and are affected by numerous factors beyond the Company's control such as interest rates, exchange rates, inflation or deflation, global and regional supply and demand, and the political and economic conditions of mineral producing countries throughout the world.

COVID-19

The Company's business could be adversely affected by ongoing widespread global contagious diseases. In particular, the recent outbreak of COVID-19 has had a negative impact on the ability to freely travel and processing of field samples. The Company cannot accurately predict the impact COVID-19 will have on activities in the future, including the ability to obtain financing, the severity of the disease, the duration of the outbreak, and the length of travel and quarantine restrictions imposed by governments of affected countries.