



**Management Discussion and Analysis
For the six month period ended
November 30, 2018**

Kapuskasing Gold Corp.
Management Discussion & Analysis
Six Month Period Ended November 30, 2018

Overview:

This Management Discussion and Analysis of the financial condition and results of operations ("MD&A") of Kapuskasing Gold Corp. (the "Company" or "KAP") has been prepared based upon information available to the Company as at January 25, 2019 and should be read in conjunction with the unaudited interim condensed financial statements for the three and six month period ended November 30, 2018 and related notes thereto (the "current statements") and the audited financial statements and notes thereto as at and for year ended May 31, 2018 and 2017. All financial data in this MD&A is reported in Canadian dollars and has been prepared in accordance with International Financial Reporting Standards ("IFRS").

Caution Regarding Forward-Looking Information:

Certain information contained in this MD&A may constitute forward-looking information, which is information regarding possible events, conditions or results of operations of the Company that is based upon assumptions about future economic condition and courses of action and which is inherently uncertain. All information other than statements of historical fact may be forward-looking information. Forward-looking information is often, but not always, identified by the use of words such as "feel", "anticipate", "budget", "plan", "continue", "estimate", "expect", "forecast", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe", and similar words or phrases (including negative variations) suggesting future outcomes or statements regarding an outlook. Forward-looking information contained in this MD&A includes, without limitation, our expectations regarding anticipated exploration activities and results and financing activities and other factors on our operating results, and the performance of global capital markets, commodity prices and interest rates.

Forward-looking information involves known and unknown risk, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information. The Company believes the expectations reflected in the forward-looking information are reasonable but no assurance can be given that these expectations will prove to be correct and readers are cautioned not to place undue reliance on forward-looking information contained in this MD&A. Some of the risks and other factors which could cause results to differ materially from those expressed in the forward-looking information contained in this MD&A include, but are not limited to: risks relating to exploration results, market fluctuations, commodity price fluctuations and the strength of the Canadian, U.S. and other economies.

Readers are cautioned that the foregoing lists of factors are not exhaustive. Although the Company has attempted to identify important factors that could cause actual events and results to differ materially from those described in the forward-looking information, there may be other factors that cause events or results to differ from those intended, anticipated or estimated. The Corporation undertakes no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as otherwise required by law. All of the forward-looking information contained in this MD&A is expressly qualified by this cautionary statement.

Nature of the Business:

Kapuskasing Gold Corp. is a corporation under the laws of British Columbia whose common shares are listed on the TSX Venture Exchange ("TSXV") under the trading symbol "KAP". It is a "reporting" company in the provinces of British Columbia, Alberta and Ontario. KAP is a mineral exploration company that is actively engaged in exploring for precious and base metals in Canada.

Overall Performance:

The economic climate for early stage natural resource companies remained soft in 2018, making it difficult for companies to secure the financing required to advance projects through additional exploration work. The Company believes that this market condition will remain in the short-term. As commodity prices begin to move upward, either due to basic supply demand metrics or due to outside economic forces, normalcy will begin to return to the junior markets, allowing for companies to expand on exploration programs.

KAP acquired a portfolio of projects in the province of Newfoundland and Labrador to complement its current projects in Ontario. The new focus has provided the Company and its shareholders exposure to the battery technology metals sector as the properties have the potential to host either cobalt or vanadium as a by-product of the primary metals. The initial focus of exploration will be on the Lady Pond Copper/Cobalt Property.

Kapuskasing Gold Corp.

Management Discussion & Analysis Six Month Period Ended November 30, 2018

Recent financings:

On October 23, 2018, the Company closed a total of 4,000,000 units at a price of \$0.02 per unit pursuant to a discretionary waiver of the \$0.05 minimum pricing requirement granted by the TSX Venture Exchange for aggregate gross proceeds of \$80,000. Each unit consists of one common share and one share purchase warrant. Each warrant will entitle the holder to purchase one share at \$0.05 for 24 months from the date of issuance.

On October 30, 2017 the Company closed a non-brokered private placement of 2,220,000 units of the Company at a price of \$0.05 per unit for gross proceeds of \$111,000. Each unit consists of one common share in the capital of the Company and one common share purchase warrant. Each warrant will be exercisable into one common share at \$0.075 for a period of 12 months from the closing of the financing.

On August 1, 2017 the Company closed a non-brokered private placement of 1,300,000 units of the Company at a price of \$0.05 per unit for gross proceeds of \$65,000. Each unit consists of one common share in the capital of the Company and one common share purchase warrant. The Company has also closed a non-brokered private placement of 2,500,000 flow-through units of the Company at a price of \$0.06 per flow-through unit for gross proceeds of \$150,000. Each flow-through unit consists of one common share and one warrant. Each warrant will be exercisable into one non-flow-through common share at \$0.10 for a period of 24 months from the closing of the financing. A cash commission of \$10,500 was paid to an arms' length finder.

On June 12, 2017, the Company closed a non-brokered financing of 2,960,000 units of the Company at a price of \$0.05 per unit for gross proceeds of \$148,000. Each unit consists of one common share in the capital of the Company and one common share purchase warrant. Each purchase warrant will be exercisable into one common share at \$0.10 for a period of 24 months from the closing of the financing. The Company also closed a non-brokered private placement of up to 886,664 flow-through units of the Company at a price of \$0.06 per unit for gross proceeds of \$53,200. Each flow-through unit consists of one common share and one half share purchase warrant, each whole warrant exercisable at \$0.10 into one common share of the Company for a period of 24 months from the closing of the financing.

Stock options:

On October 12, 2017 the Company granted options to acquire a total of 2,750,000 common shares of the Company to employees, consultants, officers and directors at an exercise price of \$0.05 per share for a period of 5 years.

Selected Financial Information:

The following shows the Corporation's operating results for the year ended May 31, 2018 and the two most recently completed fiscal years. The subsequent table represents selected quarterly results for the eight most recently completed quarters.

Results of Operations	May 31, 2018	May 31, 2017	May 31, 2016
Net income (loss)	(823,042)	(672,784)	78,092
Income (loss) per share, basic and diluted	(0.01)	(0.02)	0.00
Total assets	430,350	792,923	558,842
Total liabilities	71,267	108,089	65,566
Shareholders' equity	359,083	684,834	493,276

Kapuskasing Gold Corp.

**Management Discussion & Analysis
Six Month Period Ended November 30, 2018**

Quarterly results of operations \$ (unaudited)

	Three Months Ended			
	Nov. 30, 2018	August 31, 2018	May 31, 2018	Feb. 28, 2018
	\$	\$	\$	\$
(Loss) for the period	(38,063)	(27,440)	(607,067)	(55,004)
Basic and diluted income (loss) per share	(0.00)	(0.00)	(0.01)	(0.00)
	Nov. 30, 2017	August 31, 2017	May 31, 2017	Feb. 28, 2017
	\$	\$	\$	\$
Income (loss) for the period	(106,001)	(54,970)	(92,371)	(450,236)
Basic and diluted income (loss) per share	(0.00)	(0.00)	(0.00)	(0.01)

Three Months Ended November 30, 2018 and 2017

The Company had a net loss of \$38,063 or \$0.00 per share for the three months ended November 30, 2018 compared to \$106,001 or \$0.00 per share for the three months ended November 30, 2017. The loss for the three month period ended November 30, 2018 decreased as compared to the same period in 2017, primarily due to a decrease in share based compensation as no options were issued in the current period.

Variances in the remaining expenditures are as follows:

Consulting fees were \$21,000 for the three months ended November 30, 2018 compared to \$11,004 for the three months ended November 30, 2017. The increase in consulting fees is due to lower fees in the comparable period on transition to new consultants.

Investor relations for the three months ended November 30, 2018 was \$4,418 compared to \$45,560 for the three months ended November 30, 2017. The fees were higher in the same period in 2017 due to greater investor relations costs. These costs are largely based on the timing of financing activities and when additional consultants are required. The Company is continuing its efforts in raising the capital needed to further advance the properties.

Transfer agent and filing fees for the three months ended November 30, 2018 was \$4,741 for stock exchange fees, transfer agent fees and the electronic filing of disclosure documents on SEDAR compared to \$1,452 for the three months ended November 30, 2017. The increase in costs are due timing of various press releases and filings.

Six Months Ended November 30, 2018 and 2017

The Company had a net loss of \$65,503 or \$0.00 per share for the six months ended November 30, 2018 compared to \$160,971 or \$0.00 per share for the six months ended November 30, 2017. The loss for the six month period ended November 30, 2018 decreased as compared to the same period in 2017, primarily due to a decrease in share based compensation as no options were issued in the current period.

Variances in the remaining expenditures are as follows:

Consulting fees were \$39,675 for the six months ended November 30, 2018 compared to \$21,604 for the six months ended November 30, 2017. The increase in consulting fees is due to lower fees in the comparable period on transition to new consultants.

Investor relations for the six months ended November 30, 2018 was \$6,599 compared to \$70,965 for the six months ended November 30, 2017. The fees were higher in the same period in 2017 due to greater investor relations costs. These costs are largely based on the timing of financing activities and when additional consultants are required. The Company is continuing its efforts in raising the capital needed to further advance the properties.

Kapuskasing Gold Corp.

Management Discussion & Analysis Six Month Period Ended November 30, 2018

Transfer agent and filing fees for the six months ended November 30, 2018 was \$6,084 for stock exchange fees, transfer agent fees and the electronic filing of disclosure documents on SEDAR compared to \$7,015 for the six months ended November 30, 2017. The decrease in costs are due timing of various press releases and filings.

Year Ended May 31, 2018 and 2017

The Company had a net loss of \$823,042 or \$0.01 per share for the year ended May 31, 2018 compared to a net loss of \$672,784 or \$0.02 per share for the year ended May 31, 2017. The loss for the year ended May 31, 2018 is higher than the prior year, due primarily to the write down of exploration and evaluation assets in 2018 in the amount of \$590,039 compared to \$427,621 in the current year.

Variances in the remaining expenditures are as follow:

Consulting and professional fees were \$50,525 for the year ended May 31, 2018 compared to \$70,975 for the year ended May 31, 2017. Consulting fees are lower than the comparable period because management third party marketing contracts expired and were not renewed at higher levels.

Share-based compensation was \$97,000 during the year ended May 31, 2018 compared to \$80,234 in 2017 as options were granted in both periods. See note 8 of the audited financial statements for the years ended May 31, 2018 and 2017 for details on valuation of stock options granted for the two years.

Shareholders' information for the year ended May 31, 2018 was \$22,574 for stock exchange fees, transfer agent fees and the electronic filing of disclosure documents on SEDAR compared to \$27,940 for the year ended May 31, 2017. The decrease in costs over the prior year period is due to the cost of filing disclosure documents with regards to the acquisition of the Newfoundland properties in the prior period.

Investor relations for the year ended May 31, 2018 was \$107,239 compared to \$76,489 for the year ended May 31, 2017. The fees are higher than the same period in 2016 due to greater investor relations costs; these costs are largely based on the timing of financing activities and when additional consultants are required. The Company is continuing its efforts in raising the capital needed to further advance the properties.

Additional Information for Venture Issuer's Without Significant Revenue

<u>For the six month period ended November 30,</u>	<u>2018</u>	<u>2017</u>
General and administration:		
Consulting ¹	\$ 39,675	\$ 21,604
Investor relations	6,599	70,965
Office and miscellaneous	1,868	8,706
Professional fees ²	11,277	11,032
Share-based compensation ⁴	-	97,000
Transfer agent and filing fees ³	6,084	7,015
	<u>\$ 65,503</u>	<u>\$ 216,322</u>

Notes:

1. Consulting and investor relations expenses increased by \$18,071 from the comparative period. In the comparative year, fees were lower due to transition of management.
2. Professional fees increased by \$245 from the comparative period. Professional fees remained consistent with prior year.
3. Transfer agent and filing fees decreased from the comparative period by \$931. These expenses fluctuate with the number of financings completed and the number of shares issued and public filings completed.
4. Share-based compensation of \$nil was recorded in 2018 compared to \$97,000 in the prior period. See note 7 of the unaudited interim condensed financial statements for the three and six month periods ended November 30, 2018 and 2017 for details.

Kapuskasing Gold Corp.
Management Discussion & Analysis
Six Month Period Ended November 30, 2018

Exploration properties:

The following table represents the amounts expended acquiring and exploring the Company's mineral properties as at November 30, 2018 and May 31, 2018:

	Acquisition net \$	Exploration \$	Write downs \$	November 30, 2018 \$	May 31, 2018 \$
Daniel's Harbour	79,000	575	-	79,575	54,575
Sterling	29,000	67,217	-	96,217	90,217
Lady Pond	69,495	154,167	-	223,662	222,089
Total	177,495	221,959	-	399,454	366,881

Lady Pond, Kings Court, Alexis, Hayes, Cape Charles, Indian Head, Iron Mountain, Ross Lake, Newfoundland and Labrador

On April 3, 2017, the Company entered into a Mineral Property Acquisition Agreement to acquire a 100% interest in eight separate properties located in the province of Newfoundland and Labrador. As consideration for the properties, the Company was required to issue 7,500,000 common shares (issued at a fair value of \$375,000), and make a cash payment of \$5,000 (paid). The vendors shall retain a 3.0% net smelter return royalty ("NSR") interest, or where applicable, a 3.0% net profit return royalty ("NPR"). The Company retains the option to buy back 2.0% of the NSR (or NPR) for \$1,000,000.

Management exercised judgment in allocating the total consideration of \$380,000 to the eight properties based on the number of claims acquired for each property.

In addition to the claims acquired under the Mineral Property Acquisition Agreement, the Company acquired through staking a 100% interest in 15 claims that form part of the Lady Pond Project.

As at May 31, 2018, the Company did not renew the claims on Kings Court, Alexis, Hayes, Cape Charles, Indian Head, Iron Mountain and Ross Lake, as such, the properties were written off.

Daniels Harbour Property, Newfoundland

On May 10, 2017, the Company signed a non-binding Letter of Intent to purchase a 100% undivided interest in 42 claims comprising the Daniels Harbour Property located on the Great Northern Peninsula of Newfoundland. Under the proposed terms, the Company can acquire the property for staged cash payments totaling \$60,000 (\$10,000 paid), issuing 1,750,000 common shares (1,000,000 shares issued) to the vendor, and carrying out \$100,000 in exploration by the second anniversary of TSX-V acceptance of the agreement.

The vendor shall retain a 3.0% NSR interest, 2.0% of which can be purchased by the Company for \$2,000,000.

On September 10, 2017, the Company entered into an agreement to acquire the Daniels Harbour Property according to the terms of the Letter of Intent.

On September 14, 2017, the Company executed and finalized the formal option agreement to earn a 100% interest in the Daniels Harbour Zinc Property located on the Great Northern Peninsula of Newfoundland, approximately 10 km's north east of the community of Daniels Harbour.

Kapuskasing Gold Corp.

Management Discussion & Analysis Six Month Period Ended November 30, 2018

Pursuant to the Agreement, the Company may earn a 100% interest in the Daniels Harbour Property for total consideration of 1,750,000 shares, \$60,000 in cash payments and a work commitment of \$100,000 within the 24 months following TSX-V approval. The Vendor shall retain a 3% net smelter royalty ("NSR") interest. The Company retains the option to buy back 2% of the NSR for \$2,000,000. In the event the Company delineates a 43-101 compliant resource of 5,000,000 tonnes of ore grade zinc (Grade of at least 7% Zn), the vendor will receive a one-time bonus payment equating to CDN\$50,000 payable in cash or shares at the election of the Company on the day of which said report is filed on SEDAR.

On February 8, 2018, the Company executed the asset purchase agreement for a 100% interest in the DH Unity Claims consisting of 30 claims (750 hectares) in the Daniels Harbour area, situated nearby the Company's Daniels Harbour Zinc Property. The Company can purchase a 100% interest in the DH Unity Claims Property for total consideration of 300,000 shares (issued), and a \$1,950 one time cash payment.

Sterling Property, Newfoundland

On August 21, 2017, the Company entered into an agreement to acquire a 100% undivided interest in 28 claims comprising the Sterling Property located in Newfoundland. Under the terms of the agreement, the Company can acquire the property for staged cash payments totaling \$25,000 (\$5,000 paid), issuing 1,800,000 common shares (800,000 shares issued) to the vendor, and carrying out \$250,000 in exploration by the fourth anniversary of TSX-V acceptance of the agreement.

The vendor shall retain a 3.0% NSR interest, 2.0% of which can be purchased by the Company for \$2,000,000.

Risks and Uncertainties

The following discussion outlines a number of risks that management believes could impact the Company's business.

Financial Risk

Additional funds may be required in the future to finance exploration and development work. The Company has access to funds through the issuance of additional equity and borrowing. There can be no assurance that such funding will be available to the Company under current economic conditions. Furthermore, even if such financing is successfully completed, there can be no assurance that it will be obtained on terms favourable to the Company or that it will provide the Company with sufficient funds to meet its objectives, which could adversely affect the Company's business and financial condition.

Title to Properties

Although the Company has taken reasonable measures to ensure proper title to its properties, there is no guarantee that titles to any of its properties will not be challenged or impugned. Third parties may have valid claims underlying portions of the Company interests.

Industry Conditions

Mineral resource exploration and development involves a high degree of risk that even a combination of careful assessment, experience and know-how cannot eliminate. While the discovery of a deposit may prove extremely lucrative, few properties that undergo prospecting ever generate a producing mine. Substantial amounts may be required to establish ore reserves, develop metallurgical processes and build mining and processing facilities at a given site. There can be no assurance that the exploration and development programs planned by the Company will result in a profitable mining operation. The economic viability of a mineral deposit depends on a number of factors, some of which relate to the particular characteristics of the deposit, particularly its size, grade and proximity to infrastructure, as well as the cyclical nature of metal prices and government regulations, including those regarding prices, royalties, production limits, importation and exportation of minerals, and environmental protection. The impact of such factors cannot be precisely assessed but may prevent the Company from providing an adequate return on investment.

Government Regulation

The Company's activities must comply with the applicable legislation on exploration and development, environmental protection, obtaining of permits, and authorization of mining operations in general. The Company believes that it is in compliance in all material respects with such laws. Changing government regulations could have an adverse impact on the Company's operations.

Kapuskasing Gold Corp.
Management Discussion & Analysis
Six Month Period Ended November 30, 2018

Events After The Reporting Period

On December 6, 2018, the Company and Ubique Minerals Limited (“Ubique”) announced that they signed a Letter of Intent (“LOI”) which contemplates Kapuskasing granting Ubique an option to earn a 55% or greater interest in Kapuskasing’s Daniel’s Harbour Zinc property in western Newfoundland. The property comprises 42 claim units covering an aggregate area of 1,326 hectares, adjoining Ubique’s Daniel’s Harbour property to its west and making for a contiguous property area of more than 4,000 hectares.

The LOI provides the companies with a short time frame in which to complete due diligence and a definitive agreement. Pursuant to the LOI, Ubique could exercise the option by making the work and payment commitments as follows:

- On the date of signing of the definitive agreement, \$10,000 cash and 500,000 shares of Ubique;
- Prior to March 9, 2019, a minimum work expenditure of \$12,000 and file an assessment report;
- Prior to September 15, 2019, a minimum work expenditure of \$100,000 inclusive of the \$12,000 above;
- Prior to the 1 year anniversary from the definitive agreement date, \$10,000 in cash and an additional 300,000 common shares of Ubique;
- Prior to February 28, 2020, make a minimum additional work expenditure of \$200,000;
- Prior to the 2 year anniversary from the definitive agreement date issue an additional 200,000 common shares of Ubique;
- Prior to February 28, 2021, a minimum additional work expenditure of \$300,000, of which expenditures will include any payments and commitments needed to be made to the underlying vendors of the optioned property;
- Upon Ubique having made the above expenditures and payments; Ubique will have earned a 55% interest in the property. Ubique will be granted the option to earn an additional 15% interest in the property by spending an additional \$400,000 on exploration and paying the underlying vendors a cash payment of \$40,000 as required by the underlying agreement with the vendors.

Upon UBQ earning either a 55% or 70% interest in the property, the companies will form a joint venture to continue exploration, or KAP may elect to grant UBQ the right to earn an additional 5% interest in the property for every additional work expenditure of \$100,000 to a limit of 95% ownership by UBQ, at which time the agreement provides for KAP’s interest to be converted to a 2% Net Smelter Royalty (“NSR”). UBQ will then have the right to buy back 1.75% of the NSR for \$2,000,000. The underlying vendors are entitled to a NSR of 3% of which 2% may be repurchased for \$2,000,000. In addition, the underlying vendors are entitled to a bonus payment in the event that the Operator delineates a National Instrument 43-101 compliant resource of a minimum of 5,000,000 tonnes of ore with a grade of at least 7% zinc.

Liquidity and Capital Resources:

The Company has a history of operating losses and negative cash flows from operations. While management identifies projects of merit for acquisition, the Company will remain reliant on capital markets for future funding to meet its ongoing obligations.

Additional funding will be required for future exploration of the new acquisitions, and for general working capital.

Off Balance-Sheet Arrangements:

The Company has no off-balance sheet arrangements at the time of this Management Discussion and Analysis.

Kapuskasing Gold Corp.
Management Discussion & Analysis
Six Month Period Ended November 30, 2018

Related Party Transactions:

During the six month period ended November 30, 2018, the Company entered into transactions with related parties comprised of directors, officers and companies with common directors as follows:

<u>Related party</u>	<u>Nature of transactions</u>
Jonathan Armes, President & CEO	Consulting fees
James Fairbairn, former CFO	Consulting fees
Marco Guidi, CFO	Consulting fees

Included for the six month periods ended November 30, 2018 and 2017 are the following items paid or accrued to key management personnel and/or companies with common directors. The Company has identified its directors and certain senior officers as its key management personnel. Exchange amounts are the amounts agreed upon by the transacting parties.

	<u>2018</u>	<u>2017</u>
Consulting	\$ 39,500	\$ 18,500
Stock based compensation	-	60,000
Totals	\$ 39,500	\$ 78,500

As at November 30, 2018, included in accounts payable and accrued liabilities is \$34,000 (May 31, 2018 - \$20,000) payable to directors and officers.

Financial Instruments:

As at November 30, 2018, the Company's financial instruments consist of cash and accounts payable and accrued liabilities. The fair value of these financial instruments approximate carrying value since they are short term in nature and are receivable or payable on demand.

The Company is exposed to varying degrees to a variety of financial instrument related risks. The Board approves and monitors the risk management processes. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit Risk

Credit risk is the risk of potential loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash. The Company limits the exposure to credit risk by only investing its cash with high-credit quality financial institutions.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure and financial leverage as described in Note 10 of the unaudited interim condensed financial statements for the three and six month periods ended November 30, 2018 and 2017.

The Company monitors its ability to meet its short-term exploration and administrative expenditures by raising additional funds through share issuance when required. All of the Company's financial liabilities have contractual maturities of 30 days or due on demand and are subject to normal trade terms. The Company does not have investments in any asset backed deposits.

Kapuskasing Gold Corp.
Management Discussion & Analysis
Six Month Period Ended November 30, 2018

In the normal course of business, the Company enters into contracts that give rise to commitments for future minimum payments. The following table summarizes the Company's significant commitments and corresponding maturities:

		<1 year	1 – 3 Years	Total
Accounts payable and accrued liabilities	\$	79,402	-	\$ 79,402

Foreign Exchange Risk

The Company currently does not have significant foreign exchange risk as all of its transactions are in Canadian dollars.

Interest Rate Risk

The Company is not exposed to significant interest rate risk.

Commodity Price Risk

The Company's ability to raise capital to fund exploration activities is subject to risks associated with fluctuations in the market price of mineral resources. The Company closely monitors commodity prices to determine the appropriate course of action to be taken.

Fair Value Measurements

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The fair value of cash is determined based on "Level 1" inputs which consist of quoted prices in active markets for identical assets. As at November 30, 2018, the Company believes that the carrying values of accounts payable and accrued liabilities approximates its fair value because of their nature and relatively short maturity dates or durations.

Assets measured at fair value on a recurring basis were presented on the Company's Statements of Financial Position as of November 30, 2018 as follows:

		Level 1	Level 2	Level 3	Total
Cash	\$	65,325	-	-	\$ 65,325

Critical Accounting Estimates and Judgments:

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual experience may differ from these estimates and assumptions.

The effect of a change in accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Information about critical accounting estimates and judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements are discussed below:

Kapuskasing Gold Corp.
Management Discussion & Analysis
Six Month Period Ended November 30, 2018

Judgements

Exploration and evaluation expenditures

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after an expenditure is capitalized, information becomes available suggesting that the recovery of the expenditure is unlikely, the amount capitalized is written off in the profit or loss in the period the new information becomes available.

Title to mineral property interests

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

Estimates

Share-based payment transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 7 of the unaudited interim condensed financial statements for the three and six month periods ended November 30, 2018 and 2017.

Deferred taxes

The Company recognizes the deferred tax benefit related to deferred income and resource tax assets to the extent recovery is probable. Assessing the recoverability of deferred tax assets requires management to make significant estimates of future taxable profit. To the extent that future cash flows and taxable profit differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the reporting date could be impacted. In addition, future changes in tax laws could limit the ability of the Company to obtain tax deductions in future periods from deferred income and resource tax assets.

Kapuskasing Gold Corp.
Management Discussion & Analysis
Six Month Period Ended November 30, 2018

Accounting Policies:

The Company prepares its financial statements in conformity with IFRS. These unaudited condensed consolidated interim financial statements have been prepared on the basis of accounting policies and methods of computation consistent with those applied in the Company's May 31, 2018 annual financial statements.

Adoption of New Standards

The Company has adopted the following new standards, along with any consequential amendments, effective June 1, 2018. These changes were made in accordance with the applicable transitional provisions.

IFRS 9 Financial Instruments ("IFRS 9") – In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments, bringing together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9's key changes include but are not limited to eliminating the previous IAS 39 categories for financial assets of held to maturity, loans and receivables, and available for sale and (ii) replacing IAS 39's incurred loss model with the expected credit loss model in evaluating certain financial assets for impairment. In implementing IFRS 9, the Company updated the financial instrument classifications within its accounting policy as follows:

	IAS 39	IFR 9
Cash	Fair Value through profit or loss	Fair Value through profit or loss
HST and other receivables	Loans and receivables, measured at amortized cost	Amortized cost
Accounts payable and accrued liabilities	Financial liabilities at amortized cost	Financial liabilities at amortized cost

There was no material impact on the Company's condensed consolidated interim financial statements upon adoption of this standard.

New standards not yet adopted

IFRS 16 - In 2016, the IASB issued IFRS 16, Leases ("IFRS 16"), replacing IAS 17, Leases and related interpretations. The standard introduces a single on-balance sheet recognition and measurement model for lessees, eliminating the distinction between operating and finance leases. Lessors continue to classify leases as finance and operating leases. IFRS 16 becomes effective for annual periods beginning on or after January 1, 2019, and is to be applied retrospectively. Early adoption is permitted if IFRS 15, Revenue from Contracts with Customers ("IFRS 15") has been adopted. The Company does not expect a significant impact from the amendments on the Company's financial statements.

Legal Matters:

None outstanding.

Disclosure Controls and Procedures:

On November 30, 2018, the Company carried out an evaluation of the effectiveness of its disclosure controls and procedures as required by Canadian securities laws. Based on this evaluation, management has concluded that the Company's disclosure control and procedures were effective to provide reasonable assurance that information required to be disclosed in the Company's annual filings and interim filings and other reports filed or submitted under Canadian securities laws is recorded, processed, summarized and reported within the time periods specified by those laws, and that material information is accumulated and communicated to management as appropriate to allow timely decisions regarding required disclosure.

The Company has designed internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

The Company has a limited number of employees and therefore internal controls that rely on segregation of duties are not possible in some cases. In these instances, the Company relies on senior management review and approval to ensure that the controls are as effective as possible.

Kapuskasing Gold Corp.
Management Discussion & Analysis
Six Month Period Ended November 30, 2018

Outstanding Share Data:

As of January 25, 2019, the number of common shares of the Company outstanding, or reserved for issue under convertible securities, is as follows:

Common Shares	Number
Shares outstanding	63,777,650
Options outstanding	5,200,000
Warrants outstanding	15,453,332
Fully diluted share capital	84,430,982

Current Directors and Officers:

Jonathan Armes, CEO, President and Director
Marco Guidi, CFO
James Fairbairn, Director
Garry Clark, Director