KAINANTU RESOURCES LTD.

Management's Discussion and Analysis

For the 6 Months Ended

June 30, 2023

(Expressed in US Dollars, except stated otherwise)

Kainantu Resources Ltd.

Management's Discussion and Analysis
June 30, 2023

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 three months ended June 30, 2023 and is prepared by management using information available as of [August 30], 2023. 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[August 29, 2023. The information contained within this MD&A is current to August 29, 2023.

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.sedarplus.ca). 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

KRL is a Canadian listed emergent Asia-Pacific gold and precious metals exploration company, with a focus on Papua New Guinea ("PNG"), where it holds highly prospective tenements in the world renowned Kainantu region. KRL also controls a highly prospective project in the Frieda River region of PNG, the May River Project.

On April 6, 2022, KRL announced the execution of an Asset Sale Agreement with Harmony Gold (PNG) Exploration Limited ("Harmony" or "HGEL") to acquire the Kili Teke project which includes an Inferred Resource of 237Mt @ 0.34% Copper ("Cu") with 0.8 million tonnes Cu, 0.24 grams per tonne gold ("Au") (1.8M ounces Au) and 168 ppm Mo for a total of 802 kt of Cu, 1.8M oz of Au and 40Kt Mo (at 0.2% Cu cut-off), as defined to the NI 43-101 standard.

KRL's strategy is to build shareholder wealth through exploration at its principal Kainantu projects (with the clearly stated objective of defining a resource over time); while also pursuing value accretive corporate initiatives to develop a portfolio of mining ventures in the geologically rich Asia-Pacific region.

The Company has a credentialed management with regional expertise focused on this objective; while also aligning with a highly regarded in-country partner in PNG: Asia Pacific Energy Ventures Pte Ltd ("APEV").

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. Further placements have subsequently occurred as detailed below.

The Company's shares were listed on the Toronto Stock Exchange Ventures Exchange ("TSX-V") under the symbol "KRL" on December 8, 2020. During the period, KRL also obtained a secondary listing on the Frankfurt Stock Exchange ("FSE") under the symbol "6JO". This secondary listing provides increased capital market exposure for KRL in European markets, amongst other attributes.

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. Further information on the company's projects is available below and on the company's website at https://kainanturesources.com/projects/overview/.

Company Projects

Overview

The following table summarises KRL's tenements and associated rights to explore in PNG.

Figure 1: Project Tenement Summary

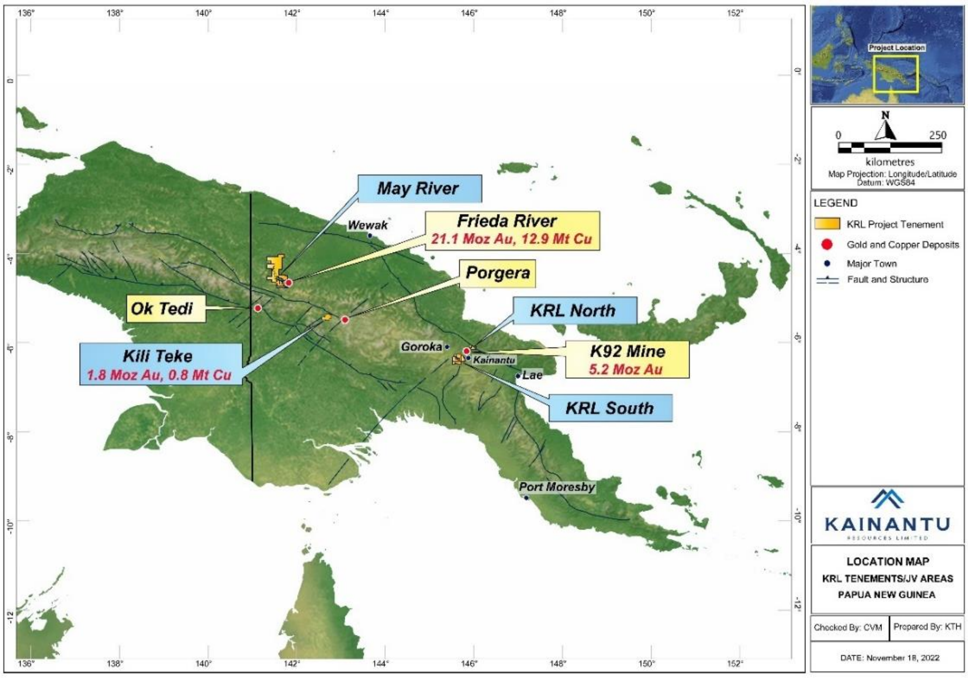
KRL Reference	Exploration Licence Number	Current Holder	Size (km ²)	Current Term Ending	Term
KRL North	EL 2558	KRL	41	Aug 28, 2022	Second
	EL 2655	PEC *	89	Nov 11, 2022	First
	ELA 2755	KRL	331	-	Application
KRL South	EL 2559	KRL	225	Aug 28, 2022	Second
	EL 2650	PEC *	143	Aug 13, 2022	First
	EL 2660	PEC *	102	Nov 11, 2022	First
	EL 2652	PEC *	126	Aug 13, 2022	First
May River	EL2603	Hardrock **	331	Jan 13, 2024	Third
	EL2623	Hardrock **	1,272	Jan 13, 2024	Third
	EL 2736	KRL	51	28 Jul, 2024	First
	EL 2756	KRL	1,357	Aug 27, 2024	First
Kili Teke	EL 2310	HGEL ***	252	May 23, 2022	Renewal – Fifth

NB: All tenements noted to expire during 2022 are currently in the renewal process with no expected impediments and are deemed current tenure by PNG law.

* Pacific Energy Consulting Limited ("PEC") holds tenements subject to exclusive options agreement in favour of KRL with tenements to be transferred at the commencement of the second term.
** Hardrock holds tenements. On April 3, 2023 KRL announced the completion of its acquisition of Hardrock Limited.
*** HGEL hold tenement EL 2310 which is subject to a sale agreement with conditions to be satisfied prior to transfer on completion.

Inclusive of these areas, the total area held by the Company is 3,608 km². On closing the Kili Teke acquisition, an additional area of 252km² will be added to the portfolio. Geographically represented within PNG, KRL's projects 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/.

Geology

The Company's foundation projects tenements are EL 2558 (20 kilometres NE of Kainantu town) and EL 2559 (25 kilometres SW of Kainantu town). Significant work has also been undertaken in EL2560 (the 'regional' project).

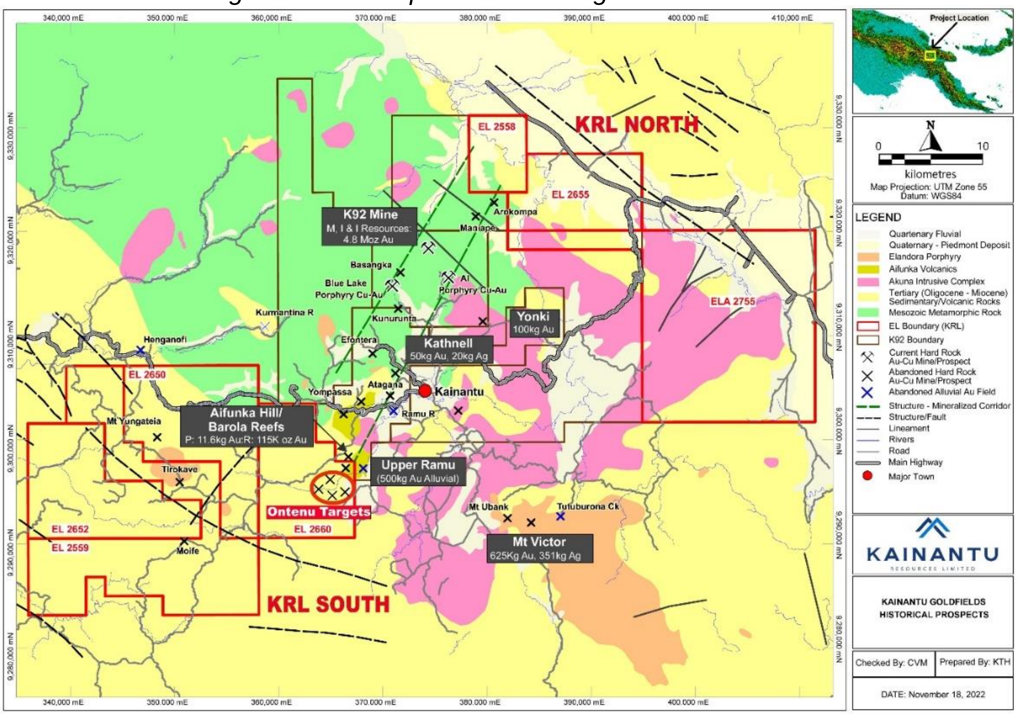
KRL South is located around the Tirokave River, where substantial alluvial gold mining has historically occurred in the catchment area. KRL South is centred along the Kainantu transfer structure, which has hosted a number of successful high grade mining operations and is approximately 34 km SW of the K92 Mining Inc ("K92") gold-silver-copper mine.

The area is of particular interest 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 in other successful projects in the region). While regional targets are prospective across the tenement, the Company's immediate focus is around the Tirokave area, with indicators of epithermal mineralisation.

KRL North sits along strike, NNE, on the mineralized corridor representing a portion of the Kainantu Transfer Structure. Airborne geophysics and historic aeromagnetic data have indicated proximity and certain similarities, notably structure, between KRL North and the Bilimoia Mineral Field which also hosts ground mined by K92.

At KRL North, the Kainantu transfer structure appears to control 2 significant mineralised vein systems within the tenement package of K92, both within 3 to 4 km of the SW corner of KRL North. 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 Maniope; and 798,000 oz Au at 9.0 g/t at Arakompa. Given their proximity to the Company's tenements, both the Maniope and Arakompa vein systems are relevant to KRL North. Current field work and the geophysics airbourne survey are focused on establishing continuity.

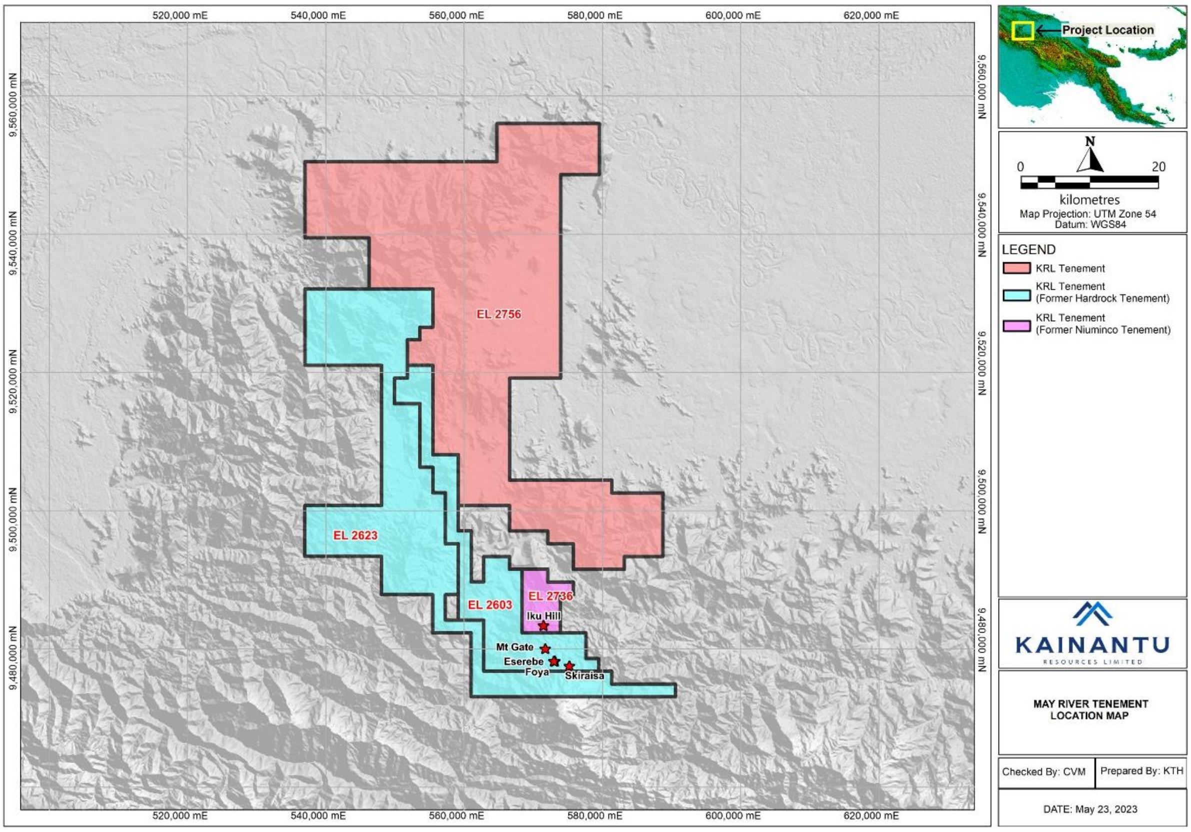
Figure 3: KRL Exploration Package – North & South



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 four main prospects that have been identified within the May River project - Skiraisa, Foya, Eserebe, and Mountain Gate, the project adds significant value to the Kainantu Resources platform with close proximity copper/gold exposure; in addition to the Iku Hill prospect.

Figure 4: May River Tenement Portfolio

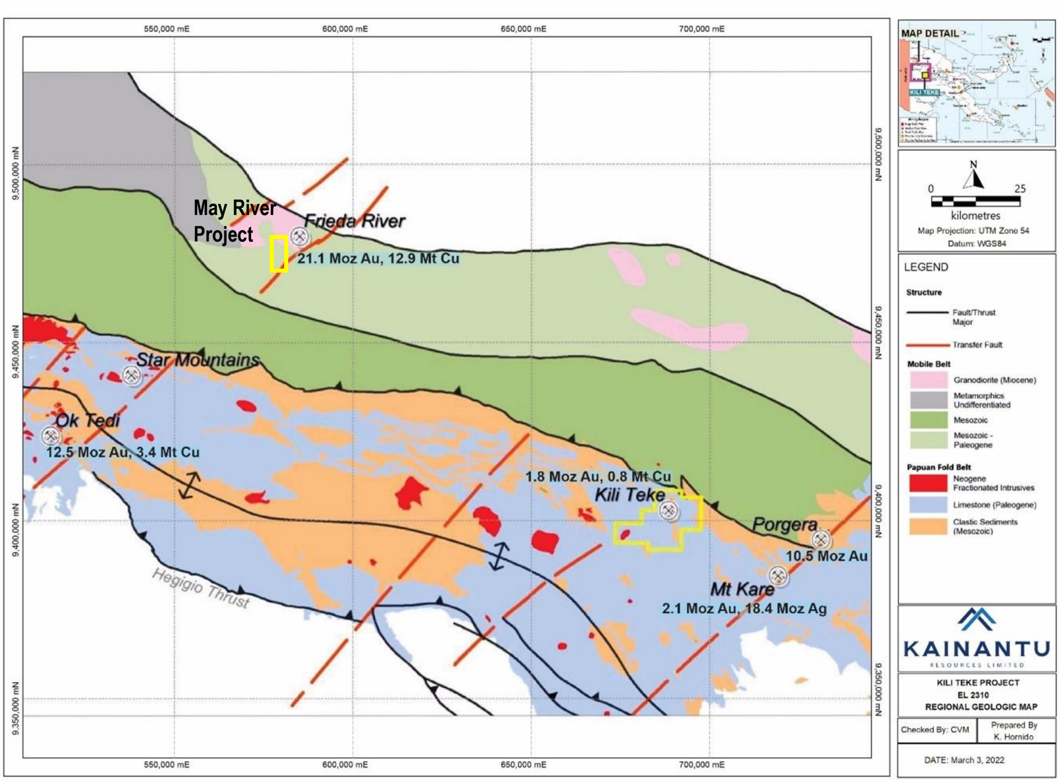


Kili Teke is situated only ~40km West of the Pogera gold mine. The project lies within the Papuan Fold Belt, a mixed terrane of limestone and clastic sediments which have been strongly folded and thrusted during the evolution of the New Guinea magmatic island arc, on the northern margin of the Australian 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.

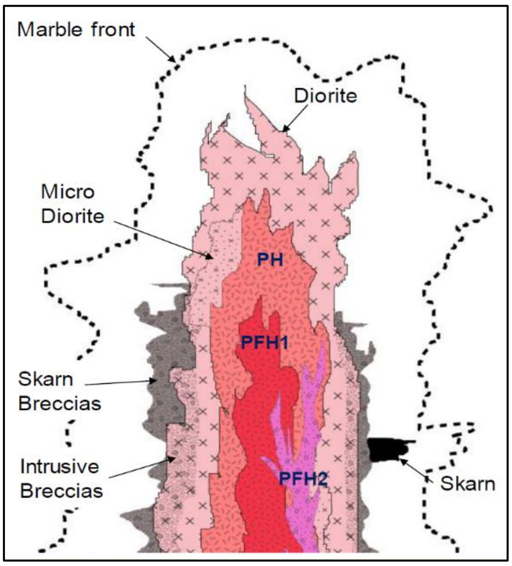
These world-class ore deposits are all located close to major deep-seated transfer faults which accommodate lateral slip between adjacent segments of the Australian plate, as it moves northwards.

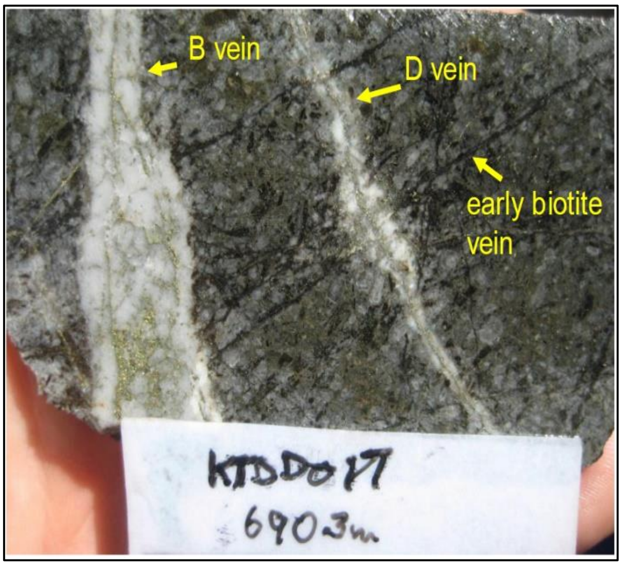
Figure 5: May River and Kili Teke Regional Project Locations



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 extend 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.

Figure 6 (Left): Schematic Cross Section
Figure 7 (Right): Hornblende Porphyry (PH) with visible vein assemblages





The Company believes there is significant potential to increase the deposit tonnage and grade as mineralisation has been shown to extend to surface, along strike and remains open at depth.

Historic work by Harmony Gold Exploration Limited (HGEL or Harmony), including drilling of over 36,000m has contributed to the definition of a SAMREC compliant 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 (SAMREC is the South Africa equivalent comparable to NI 43-101). On January, 12, 2003 the Company filed a National Instrument 43-101 compliant Technical Report confirming such resource. Further information is detailed in the Corporate Development Initiatives section below.

Exploration Operations Update

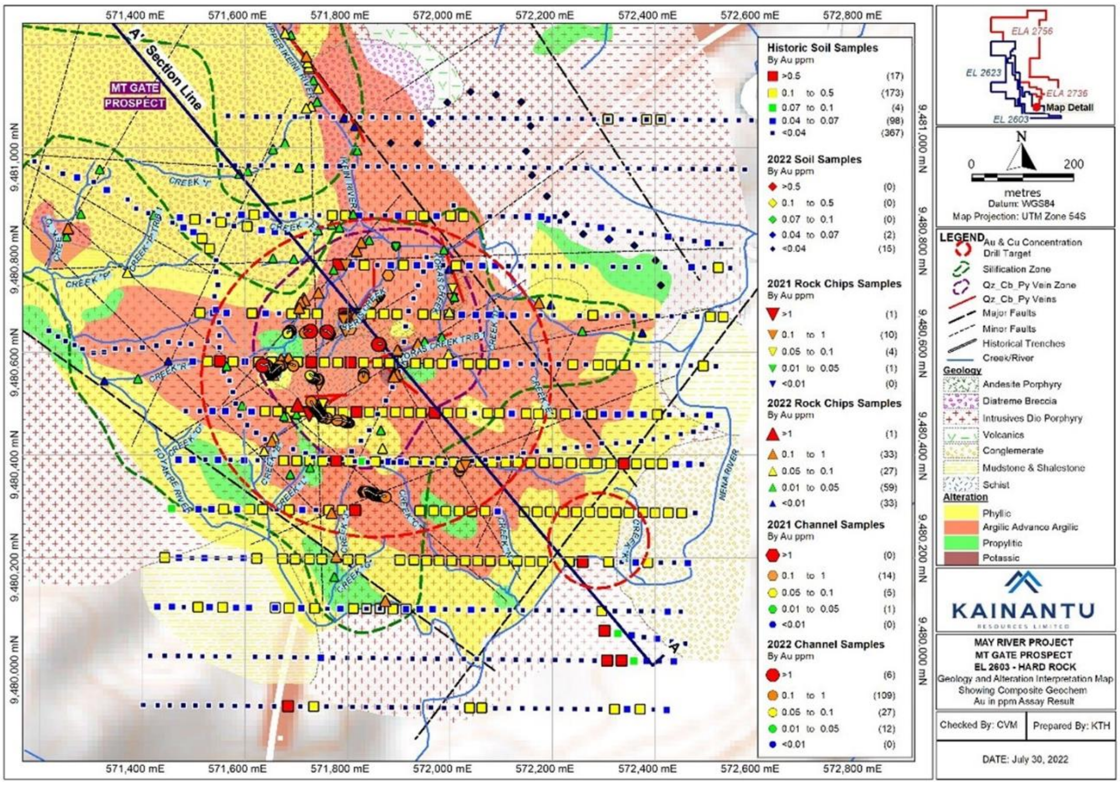
During the period ended June 30, 2023, the Company focused activities towards the KRL South, May River and Kili Teke projects. Some field work was also undertaken at KRL North. Further detail on progress at each project is detailed below.

Mountain Gate Prospect, May River Project

On February 15, 2023, the Company announced the completion of a highly successful study that was undertaken at the Mountain Gate Prospect within the May River Project.

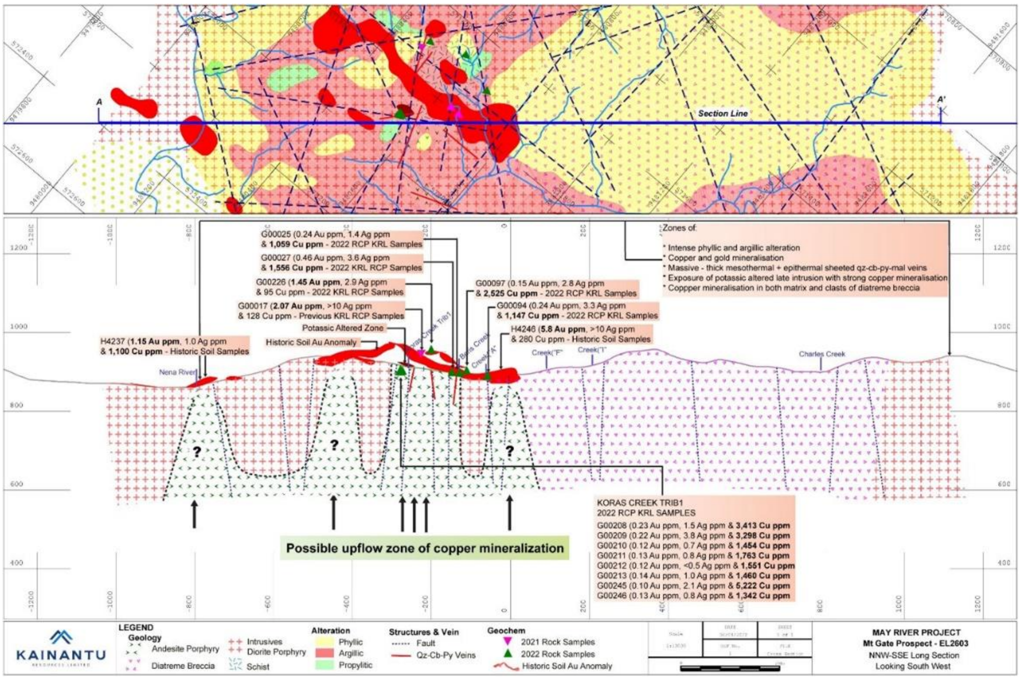
Analysis was completed on a total of 324 samples taken from the surface and from trenching work. Significant Au-Cu assay results were collected, with assay results ranging from 1,342 ppm (0.13%) Cu to 5,222 ppm (0.52%) Cu, covering a distance of 194 m (with weaker anomalous gold values ranging from 0.05ppm to 0.23ppm Au also reported).

Figure 8: Comparative Au(ppm) Geochemistry from the Mountain Gate Sample Grid



The Company believes this location is likely a possible upflow zone of a porphyry (displayed in figure 9 and, along with several other outcrops containing Au-Cu mineralization and alteration distributed within a 700m x 1,400m area. This suggests a shallow Au-rich porphyry copper body(s) underlies the Mountain Gate Prospect.

Figure 9: Possible upflow zone of copper mineralisation at May River Project



KRL has identified multiple areas of mineralisation and altered outcrops the Mountain Gate Prospect area and surrounds. This includes two previously unidentified areas hosting epithermal style quartz veins peripheral to the porphyry target.

Ikeini Creek is located to the north of the Mountain Gate Prospect and is a popular location for local gold panning. KRL has identified a 2.5m width of a vein in the banks of the creek returned 0.43ppm Au; and a quartz vein displaying clear evidence of epithermal texture (banded and partly chalcedonic) was noted in an area of historic airborne VTEM/ZTEM anomalism to the WNW of the Mountain Gate Prospect.

Figure 10: Mineralised outcrop at Koras Creek, Mountain Gate. Pervasive disseminations of cp, bo, cov, az & mal, hosted by andesite porphyry, intruding metasediments and diorite porphyry

KRL believes there is a distinct possibility that the entire Skygate Belt (i.e., all known prospects in the Project) will prove to be a coherent >5km-long geochemical anomaly.

Ontenu Prospect, KRL South Project

As announced on March 3, 2023, initial results have been received and analysis completed following a work program which was undertaken during H2 2022. Ongoing field work and analysis has identified a cluster of interpreted mineralized porphyry and intrusion related targets around Ontenu, a highly Au-Cu fertile area demonstrated by historic exploration results. Encouraging geophysical survey results also support the potential of Ontenu for extensive bulk grade with attendant higher-grade mineralization, making this an area of heightened focus for the Company.

Ontenu Prospect Background

In relation to the Company's geophysical survey, strongly anomalous areas were highlighted around the Ontenu Prospect. Specifically, several discrete zones of high apparent conductivity along both NW and NE trends were apparent, as set out in Figure 11 below. A central zone at the intersection of the most prominent NW and NE trending structures coincides with a stockwork zone in a landslide exposure returning highly anomalous Au geochemistry; historically reported by Barrick. Further zones in both NW and NE directions appearing to be prospective and underlain by discrete magnetic highs.

Figure 11: Ontenu area conductivity model

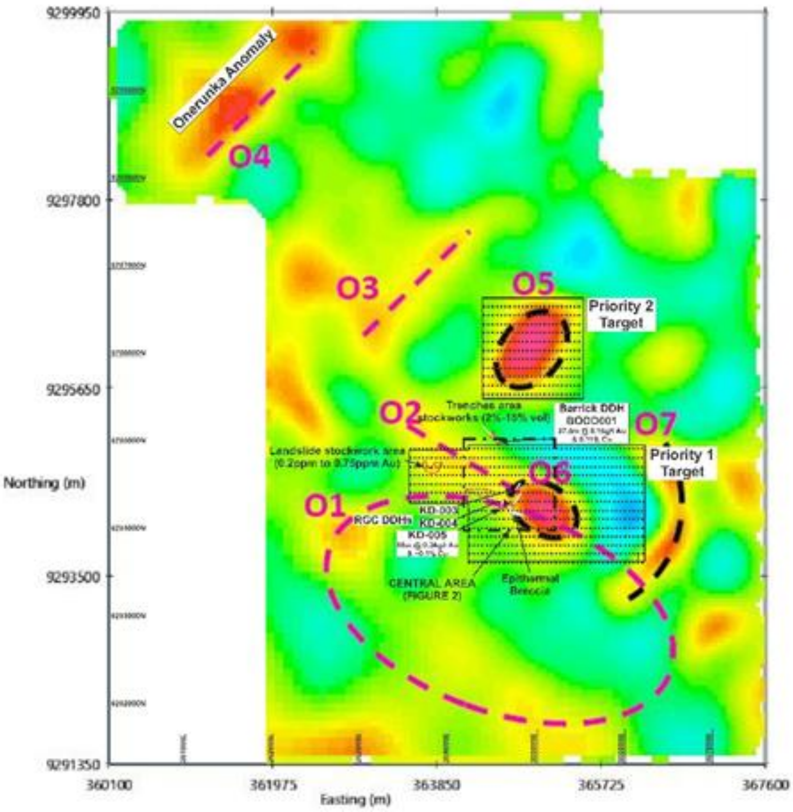


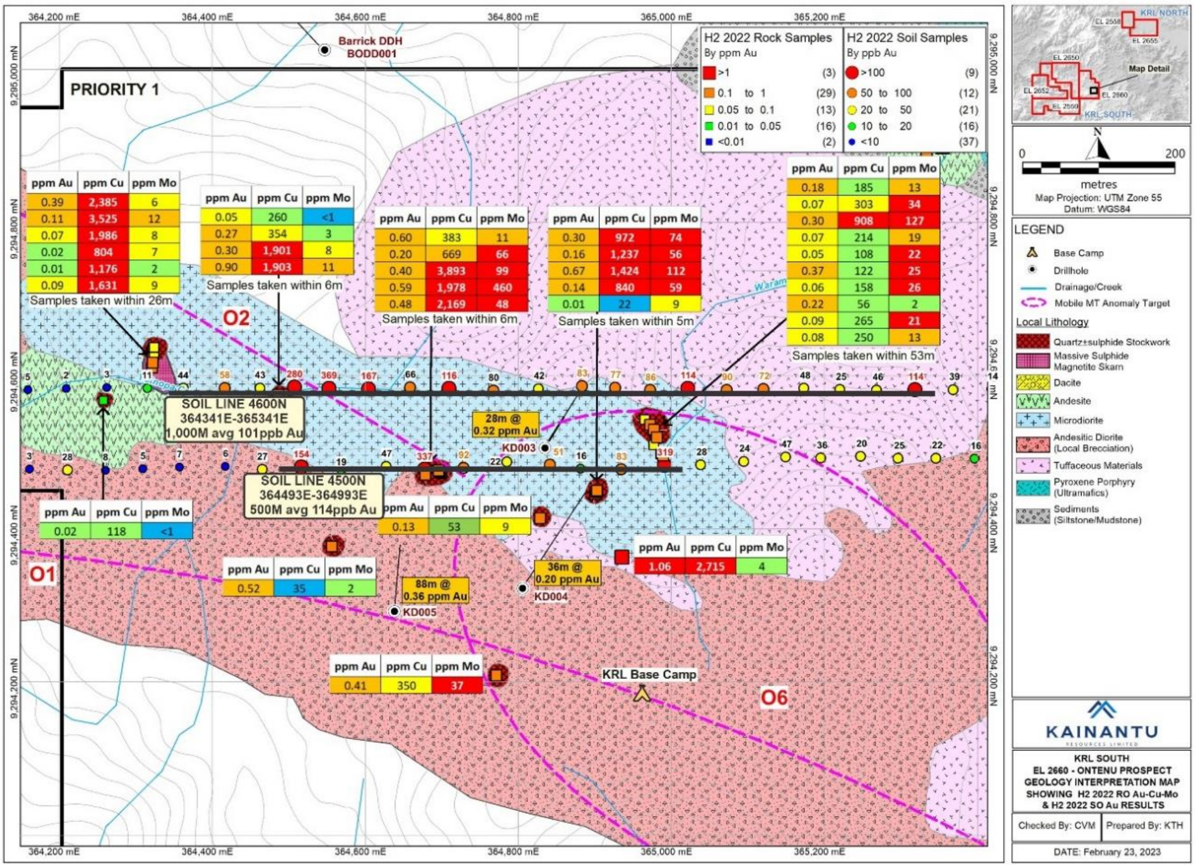
Figure 11 also demonstrates the apparent conductivity anomalies from the MMT survey with historic data from past explorers, along with the outlines of KRL targets identified for more detailed work. Two prominent apparent conductivity anomalies (O5 and O6, the tops of both interpreted as ~200m below surface), in addition to a curvilinear conductor (O7), all occur in the vicinity of the prospects historically defined. While not the focus of previous operators' exploration activities, O5 is the strongest and most depth-persistent conductor in all areas surveyed by the Company and may represent a significant under-explored shallowly buried mineralization system (albeit there is more current available research on O6, making it the immediate focus for the Company).

The O6 anomaly partially underlies the most focussed and successful exploratory work undertaken by prior explorers and is associated with a coincident NW trending linear conductivity and magnetic anomaly (O2), which appears to represent a significant controlling structure. Coincidentally, this is the same orientation as the high-grade Kora-Irumafimpa-Judd epithermal vein system underlaying K92's operations.

Field work and analysis

Work focussed on implementing a planned programme over the O6 target and surrounds that included verification of previous exploration (DDH pads and trench excavations), mapping and re-sampling selected trenches, gridded soil sampling (14 soil lines with 100m NS spacing and 50m E-W sampling interval), and 19.5km of creek traversing, mapping, and sampling, focussing on the identification of lithologies, alteration and mineralization styles, and controlling structures. The surface projection of the O6 apparent conductivity high can be identified in Figure 12 by the pink dashed oval shape towards the bottom right of the chart area.

Figure 12: Geological interpretation map of Ontenu P1Central area displaying H2 2022 Au-Cu-Mo rock geochemistry including Au soil geochemistry.



Intrusive lithologies, including ultramafics, microdiorite, andesite, and dacite are hosted by siltstone, likely the Omaura Formation (which is hornfelsed and occasionally skarnified). Hydrothermal alteration mapped within the prospect affects all observed lithologies to some degree.

Mineralization is present in all lithologies, but found to be more prevalent in the intrusives, particularly within the microdiorite and andesite, as moderately disseminated pyrite-chalcocite±bornite±covellite and occasional sheeted and stockwork quartz-sulphide veins/veinlets. Of particular interest is one rock float sample (interpreted close to source and assaying 1.06ppm Au) exhibiting vuggy residual quartz hosting enargite mineralization, suggesting the remnants of a mineralized lithocap remaining in some areas.

During the mapping and sampling programme, a total of two E-W grid soil lines across the center of the Priority 1 area (Figure 12) were completed with 95 soil samples taken from the C horizon, varying from 0.8m to 2.1m depth. Outcrop, trench, and creek traverse mapping and sampling saw a total of 63 largely mineralized rock chip samples taken.

Rock Geochemistry

Gold results from fire assay, along with ICP results of 52 elements recently became available for the 63 rock chip samples taken. The Au results of these samples taken over the Priority 1 target area (3.8km^2, Figure 12 above) are remarkably consistent within a narrow range up to 1.55ppm Au, with only 2 of the samples falling below the detection limit of 0.005ppm Au; of these, 26 samples above an arbitrary limit of 0.2ppm Au average 0.45ppm Au.

The highest Cu value is 3,893ppm with 17 out of the 63 samples submitted returning >800ppm Cu; The highest Mo is 460ppm with 27 samples from the 63 returning >10ppm Mo; highest Ag values, up to 20.8ppm, are mainly associated with the highest Au values.

Descriptions of sampling and assay procedures by prior explorers' annual reports of Ontenu and other areas in the Kainantu District appear to follow industry standards. Based on this, together with the initial favourable comparison of the geological descriptions and geochemical results from the P1 area, lead KRL to view the prior explorers' geochemical results as reliable for the Company's further work.

The top 10 rock sample results by key commodity are displayed in Figure 13 below. The table contains results from both KRL's H2 2022 program (samples numbers prefixed by "E") and the prior explorer's historic sampling programs.

Figure 13: KRL and RGS Rock Sample Multi-element Result Highlights

Sample No.	Au (g/t)	Sample No.	Cu (%)	Sample No.	Ag (g/t)	Sample No.	Mo (ppm)
19479	15.00	19509	3.17	19479	960	E00031	460
19586	4.38	19503	1.89	19481	167	19507	170
19595	3.18	19527	0.92	19503	75	19534	154
19488	2.40	19514	0.43	19488	50	19484	143
19560	2.15	E00030	0.39	19586	36	E00036	127
19220	1.91	E00016	0.35	19511	27	19526	117
19591	1.90	19484	0.29	19487	26	19643	114
19481	1.88	E00049	0.27	19658	24	E00046	112
19216	1.81	19488	0.27	19218	22	E00030	99
E00010	1.55	19568	0.25	E00047	20.8	19479	99

Soil Geochemistry

From a total of 95 samples at 50m spacing from 2 E-W lines 100m apart transecting the center of the Priority 1 area, 2 distinct groups of contiguous strongly anomalous Au (max 369ppb) are revealed: a 1,000m length averaging 101ppb Au and a 500m length averaging 114ppb Au, Figure 13, above. Cu (max 733ppm) and Mo (max 310ppm) display a close correlation with Au values.

The distribution of multi-element anomalous soils samples indicates at an early stage an association with the altered and mineralized microdiorite exposed along the northern edge of the surface projection of the O6 conductivity target, and extending further WNW, likely influenced by the O2 structural target. Clearly, further soil sampling may increase confidence on this observation; in addition to highlighting other prospective targets in the P1 area.

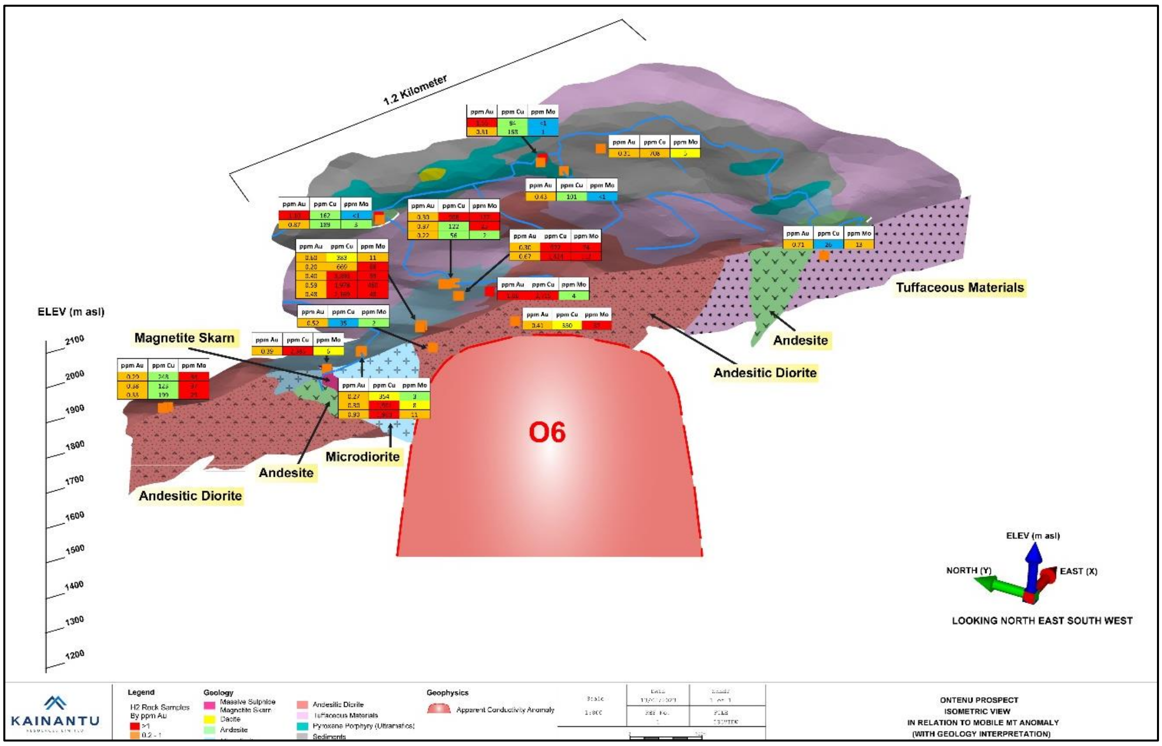


Figure 14: Ontenu Priority 1 area conductivity model (interpreted by Computational Geoscience Inc) shown spatially related to the interpreted geology and KRL's H2 2022 Au-Cu-Mo rock geochemistry map. (High resolution version available here)

Interpretation

A preliminary interpretation incorporating observed geology with the geochemical results (and spatially relating them to the conductivity model generated by the MobileMT survey) are set out in Figure 14 above.

The model suggests a large depth-persistent highly conductive body shallowly underlying widespread relatively consistent Au-Cu-Ag-Mo mineralization associated with a largely hydrothermally altered intrusive complex, accompanied by peripheral skarn and evidence of remnant mineralized lithocap. KRL is of the view that the O6 anomaly represents the core of a substantial shallowly buried gold-rich porphyry copper body.

Corporate Development Initiatives

Kili Teke Project NI43-101 Technical Report Completion

As announced on January 12, 2023, the Company reported the filing of the Kili Teke Copper-Gold Project Technical Report. The report relates to the Company's ongoing acquisition from Harmony Gold (PNG) Exploration Limited ("Harmony") of the Kili Teke project, initially disclosed on April 6, 2022.

The Technical Report was authored by Independent Qualified Person, Mr. Graeme Jon Fleming of GJF Geological Services who is a Qualified Person as defined by National Instrument 43-101 *Standards of Disclosure for Mineral Projects* ("NI 43-101"). The report is available in the Kili Teke Project page on the Company's website (https://kainanturesources.com/projects/kili-teke-project/) and under the Company's profile on SEDAR at www.sedar.com.

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.

Technical Report Highlights

The most recent mineral resource estimate ("MRE") for Kili Teke was completed by Harmony in 2017. The estimate detailed an Inferred Mineral Resource of 237Mt @ 0.34% Cu, 0.24g/t Au and 168ppm Mo, for a total of 802kt of Cu, 1.81Moz of Au and 40kt Mo (at a 0.2% Cu cut-off). This has been confirmed and restated in the current Technical Report.

The MRE does not include skarn mineralisation into the resource which is expected to increase the Cu and Au grades by 5% and 4%, respectively, and to increase the respective metal contents by 11% and 10% – representing significant upside potential.

KRL has conducted a preliminary mining study and identified the opportunity to upgrade the open-pittable resource by infill drilling. KRL believes that an open-pit mine could generate robust economic returns if more high-grade mineralisation can be delineated with the upper reaches of the deposit. The excluded skarn material represents a clear target for future infill drilling.

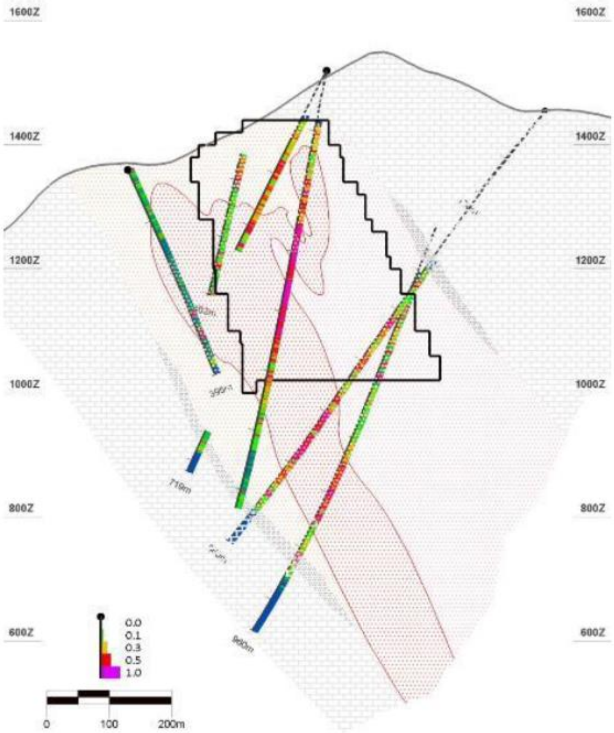
Kili Teke Project Overview

The Kili Teke project comprises of 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. Pending renewal, the EL remains on foot with KRL entitled to continue to explore the project as is customary under PNG mining law.

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 January 12, 2023 has been published by the Company in accordance with the NI43-101 standard.

In developing the Kili Teke project, HGEL drilled 54 holes (for 36,325m), at an estimated cost of US$20 million. With multiple work streams ongoing in PNG, Harmony has taken a strategic decision to sell the Kili Teke project to KRL as a credible junior explorer to allow exploration on the project to continue with a dedicated focus. The mineral reserve and notable drill samples can be observed in figure 15 below.

Figure 15: 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 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, given the clear development nature of Kili-Teke (beyond early-stage greenfield exploration).

Hardrock Limited Acquisition

On April 3, 2023, the Company announced the completion of the acquisition of the remaining 90% equity interest of Hardrock. Pursuant to a Share Sale Agreement KRL will issue 18 million common shares with a fair value of CAD $1.44 million to the shareholders of Hardrock. In addition, any expenditures incurred by KRL on the May River Project to the date of the acquisition will also be considered as consideration for the acquisition.

Following TSX-V approval, the common shares were issued on April 13, 2023 with the shares subject to a voluntary escrow of twelve months for half the shares and twenty-four months for the remaining shares.

Capital Markets

KRL announced the commencement of a CAD$2.5 million private placement on October 19, 2022. The first tranche of the placement was completed on November 3, 2022 raising CAD $1.7 million.

The second and final tranche of the private placement was completed on January 24, 2023. The placement was fully subscribed, raising gross proceeds of CAD $2.5 million.

On May 30, 2023 the Company announced a Convertible Note (the "Notes") fundraising to issue Convertible Loan Debentures for a total of up to CAD $1.8 million, with commitments received for CAD $1.4 million. On June 22, 2023, the Company announced the closing of subscriptions for Notes totalling CAD $0.5 million.

Subsequent Events

On July 4, 2023, the Company announced the appointment of Mr. Martin Cooper to act as CFO; with the removal of Mr. Bart Lendrum (the prior CFO) occurring contemporaneously.

On July 18, 2023 the Company announced the closing of a second tranche of Notes, raising CAD $ 0.3 million.

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. Scheduled Warden Hearings for the period have been completed successfully and they are listed for MAC and Ministers signature. All tenements remain in good standing with KRL remaining in close contact with the MRA regarding progress.

KRL's community relations programs have proven to be very effective through proactive and ongoing engagement with representatives from local clans and stakeholders. Community sentiment continues to be supportive of KRL's work. Where practical the Company engages local labour and acquires supplies and produce from local communities we operate in.

The Community Relations team continues its focus on developing and maintaining good relationships within all the communities by:

- Establishing and maintaining positive community relations through effective communication and consultation;
- Effectively managing community grievances; and
- Minimising the adverse impact of KRL work in the community and environment.

Summary of Financial Results

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

Results for the 6 month period ended June 30, 2023

The Company is focused on the exploration programmes outlined above, with the cost of ongoing exploration activities occurring during the period of $0.47 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).

The closing cash position was $0.59 million during the period end the company announced further funding through the placement of a Convertible Loan Debenture securing commitments for CAD $0.8 million of a total up to CAD $1.80 million. During the period ended to June 30, 2023, cash used in operating activities was $0.39 million and net investing cash outflows were $0.46 million (inclusive of exploration expenditure and additions to investments).

For the period ended June 30, 2023, the Company recorded a net loss of $0.63 million (2022 - $0.52 million) and a loss per share of $0.008 (2022 - $0.001) for the period. The increase in the net loss of $0.1 million is mainly attributed to professional and legal costs associated with the note funding.

Selected Financial Information

The following is a summary of selected financial information for the most recent period and prior periods, with prior year end financial information provided for reference and comparison. The Company is transitioning 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		6 months ended June 30, 2023	12 months ended December 31, 2022	6 months ended June 30, 2022	13 months ended December 31, 2021
Total revenues	$	Nil	Nil	Nil	Nil
Loss for the period	$	**(631)**	**(1,485)**	**(521)**	**(1,776)**
Cash		585	331	428	649
Exploration and evaluation assets		6,670	6,198	5,509	4,166
Total Assets	$	**8,477**	**7,609**	**6,815**	**5,508**
Total Liabilities	$	**1,682**	**708**	**413**	**451**

Notes to the summary financial information above:

Revenue

- the Company has no revenues to date.

Loss for the period

- the loss in the 6-month period has [increased] compared to the prior year 6-month period primarily due to increases in professional fees.

Assets

- assets have increased as at June 30, 2023 from the prior period primarily due to an increase in exploration and evaluation assets;
- exploration and evaluation expenditure were capitalised pending the determination of technical feasibility and commercial viability; increasing by $0.47 million during the period; and
- for the most recent quarterly and annual periods the breakdown of the material components of exploration and evaluation expenditure are as follows:

In thousands of United States Dollars		6 months ended June 30, 2023	12 months ended December 31, 2022	6 months ended June 30, 2022	13 months ended December 31, 2021
Assay and analysis	$	60	62	6	157
Consultants and contractors		122	641	282	324

Employees and labour		144	744	229	534
Field, camp and supply		68	230	59	167
Travel and accommodation		20	126	74	107
Vehicles, logistics and support		58	229	65	165
Total	**$**	**472**	**2,032**	**715**	**1,454**

Liabilities

- liabilities have increased from the prior periods due to an increase on accounts payable and accrued liabilities.

Summary of Quarterly Results

The following is a summary of quarterly financial information and results for the most recent 8 quarters.

In thousands of United States Dollars		Quarter ended June 30, 2023	Quarter ended March 31, 2023	Quarter ended December 31, 2022	Quarter ended September 30, 2022
Working capital	**$**	(170)	(322)	(206)	(244)
Share based payments expense		-	-	181	-
Net loss for the period		(631)	(311)	(703)	(261)
Basic loss per share (cents)		(0.008)	(0.004)	(0.01)	(0.004)

In thousands of United States Dollars		Quarter ended June 30, 2022	Quarter ended March 31, 2022	Quarter ended December 31, 2021	Quarter ended September 30, 2021
Working capital	**$**	437	1,344	420	760
Share based payments / Listing expense		-	4	415	-
Net loss for the period		(258)	(263)	(670)	(164)
Basic loss per share (cents)		(0.004)	(0.004)	(0.02)	(0.004)

Discussion of Quarterly Results

Throughout 2021 and 2022 into 2023 the Company has focused on exploration activities at the mineral properties in PNG 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 June 30, 2023, the cash balance was $0.59 million (June 30, 2022 - $0.43 million) with short term liabilities of $1.1 million (June 30, 2022- $0.78 million).

During the period ended June 30, 2023:

- Operating Activities: cash used in operating activities amounted to $0.39 million (2022 – $0.84 million).
- Investing Activities: net cash used in investing activities was $0.46 million (2022 - $1.24 million) with cash outflows for exploration and evaluation of $0.43 million (2022 – $1.23 million).
- Financing Activities: net cash received from financing after deducting issuance costs was $1.21 million (2022 – $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 is not subject to any debt covenants and has not executed a pledge on any of its assets as security for loans although expects to pledge subsidiary shares on closing of the Convertible Debenture announced on 30 May 2023.

Long-Term Liabilities

On May 30, 2023 the Company announced the Notes fundraising to issue Convertible Loan Debentures for a total of up to CAD $1.8 million. Subscription to date is CAD $1.8 million. On June 22, 2023 the Company completed on an initial round of Notes subscriptions for CAD $0.5 milllion.

Key terms of the Notes include; shares of the Singapore subsidiary pledged as security; a term of 36 months; which after 12 months the Notes are convertible into units at CAD $0.08 per unit; with each unit consisting of a common share and share purchase warrant exercisable at CAD $0.12 to a common share within the 36 month term; interest rate per annum of 10%; and with acceleration based on weighted average share price hurdles.

Related Party Transactions

Key Management Personnel

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the group as a whole. The group has determined that key management personnel consist of executive and non-executive members of the Board and corporate officers.

Key management personnel compensation comprised share-based compensation related to the fair value of the stock options granted to these key management personnel and its recognition in these consolidated financial statements on a graded vesting basis. Fees paid to key management personal the period ended June 30, 2023, were $0.17 million (2022 - $0.17 million) including director remuneration of $0.04 million (2022 - $0.04 million).

During the period ended June 30, 2023, share-based compensation for the key management personnel amounted to $[nil] (2022 - $nil).

Related Party Entities

As at June 30, 2023, $0.05 million (2022 - $0.13 million) was due from related parties Asia Pacific Energy Ventures Pte. Ltd ("APEV") and Pacific Energy Consulting Limited ("PEC") which are related by way of common director.

In the period ended June 30, 2023 the group incurred expenses through fees charged under the shared services agreement totalling $0.04 million (2022 - $0.04 million) for office space, administrative and provision of other support services provided by APEV and PEC. The agreement and expenses are incurred on arm's length terms and have been approved by the independent directors of the Company.

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, 101,427,956 common shares were issued and outstanding with zero shares subject to 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 4,301,667 exercisable at a weighted average exercise price of CAD $0.20 and 51,748,567 warrants are outstanding, exercisable at a weighted average exercise price of CAD $0.30.

Critical Accounting Policies

The Company's significant accounting policies are described in Note 6 of its audited consolidated financial statements for the period ended June 30, 2023. 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.

Key sources of estimation uncertainty

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.

Income Taxes

The value of deferred tax assets are 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.

Investments in Privately Held Companies

The fair value of any shares which are not listed or traded upon a stock exchange are originally recorded at cost, any subsequent adjustments are made to reflect any changes in value as a result of an independent third-party transaction. Downward adjustments to the carrying values are also made when there is evidence of a decline in value, as indicated by an assessment of the financial condition of the investment based on operational results, forecasts and other developments.

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 June 30, 2023 the Company's financial liabilities include accounts payable and accrued and other liabilities of $0.89 million all of which are due within twelve months, with available cash and cash equivalents of $0.18 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.

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.

Subsequent Events

On July 4, 2023, the Company announced the appointment of Mr. Martin Cooper at CFO; immediately replacing Mr. Bart Lendrum (the former CFO).

On July 18, 2023, the Company announced the closing of a second tranche of Notes, for proceeds of CAD $0.3 million.