South Pacific Metals Corp

(formerly Kainantu Resources Ltd.)

Management's Discussion and Analysis

For the Twelve Months Ended December 31, 2024

(Expressed in US Dollars, except where stated otherwise)

General: the following Management's Discussion and Analysis ("MD&A") of South Pacific Metals Corporation ("the Company" or "SPMC"), is intended to supplement and help the reader understand the condensed interim consolidated financial statements for the twelve months ended December 31, 2024 and is prepared by management using information available as of March 3, 2025. 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"). During the twelve months ended December 31, 2024, the Company changed its financial year-end to March 31. The MD&A should be read in conjunction with the annual audited consolidated financial statements for the year ended December 31, 2023 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 authorized for issue by the Board on March 3, 2025.

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. Mineralization hosted on adjacent and/or nearby properties is not necessarily indicative of mineralization 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 herein has been compiled by South Pacific Metals Corp from both their own exploration and review of exploration by previous explorers. This work has been reviewed and approved by Darren Holden, BSc (Hons), PhD, and Fellow of the Australasian Institute of Mining and Metallurgy. Dr. Holden is an employee of GeoSpy Pty Ltd, a geological advisory company and is a "qualified person" as defined under National Instrument 43-101, Standards of Disclosure for Mineral Projects.

Description of Business and Overview

Business

South Pacific Metals Corporation ("SPMC" or the "Company") is an Asia-Pacific focused exploration company with four highly prospective copper-gold projects: Anga , Osena , May River, and Kili Teke. All projects are located in premier mining regions in Papua New Guinea ("PNG"). Both Anga and Osena show potential to host high-grade epithermal and porphyry mineralization, 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 porphyry and epithermal gold discoveries along with volcanogenic massive sulphide (VMS) Cu-Au-Ag-Zn discoveries. Kili Teke has an NI 43-101 inferred resource of 237Mt @0.62% CuEq* along with extensional high-grade Cu-Au-Ag-Zn skarn and alkalic epithermal gold potential.

SPMC has a highly experienced board and management team with a proven track record of operating in the region with an established in-country partner. SPMC's strategy is to build shareholder value through exploration at its principal Kainantu projects in conjunction with pursuing value accretive corporate initiatives 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. SPMC was established when the Company completed a qualifying transaction to acquire Kainantu Resources Pte. Ltd. on December 3, 2020.

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.

On February 6, 2024, the Company changed its name to "South Pacific Metals Corp." and its trading symbol changed to "SPMC". The Company trades on the OTCQB under the symbol "SPMEF".

Operations Update, Strategy, and Outlook

SPMC is focused on mineral exploration, discovery and future development in the world-class mineral provinces of Papua New Guinea (PNG). The Company holds multiple exploration licenses (tenements) across four core projects (Figure 1).

During the reporting period, the Company continued work on its main projects, including database construction and validation of previously collected information, exploration planning and targeting along with laboratory submission of previously collected and as yet un-assayed samples.

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

**Information on the Kili Teke mineral resource estimate can be found in the independent technical report titled "Independent Technical Report on the Geology, Mineralization, and Recommended Exploration of the Kainantu Project, Papua New Guinea" dated November 18, 2022, which was prepared by Graeme J. Fleming, B. App. Sc., MAIG, and prepared in accordance with National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("NI 43-101"). Mr. Fleming is a "qualified person" under NI 43-101 and is an independent consultant to the Company, who has approved and verified* *the data and information as related to the mineral resource estimate. Reference should be made to the full text of the Technical Report, which is available for review on SEDARplus at www.sedarplus.ca.*

Company Projects

Overview

SPMC is focused on mineral exploration, discovery and future development in the world-class mineral provinces of Papua New Guinea (PNG). The Company holds multiple exploration licenses (tenements) across four core projects:

- Anga Project located ~130 km WNW of Lae. The project contains several mineralized prospects immediately adjoining K92 Mining Inc.'s Kainantu Mine leases, 3 km along strike from K92's Arakompa Discovery;
- Osena Project located ~130 km WNW of Lae. The project contains several mineralized prospects adjoining K92 Mining Inc.'s Kainantu Mine leases and proximal to K92's Aifunke Prospect;
- May River Project, located approximately 200 km SW of the port of Wewak in the Western Highlands. The project hosts several historically drilled gold and copper mineralized deposits immediately adjoining PanAust Ltd's large scale Frieda River Copper-Gold Porphyry Project and;
- Kili Teke Project, located ~40 km west of the Porgera Gold Mine in the Western Highlands of PNG. Kili Teke includes a previously announced porphyry copper-gold mineral resource estimate and numerous other skarn, porphyry and alkalic epithermal prospects targets.

All exploration licenses are in good standing and renewed (or currently under renewal) in accordance with PNG mining laws and regulations. A summary of the Company's exploration licenses appears in Table 1 below.

Table 1: Summary of South Pacific Metals Tenements

License	Project	Status	Application Date	Grant Date	Expiry Date	Sub Blocks	Area (km^2)
EL 2655	Anga	Pending Renewal	23/01/2020	12/11/2020	11/11/2024	26	88.9
EL 2755	Anga	Active	23/03/2022	31/10/2023	30/10/2025	97	331.7
EL 2558	Anga	Pending Renewal	16/11/2017	29/08/2018	28/08/2024	12	41.0
EL 2660	Osena	Pending Renewal	24/02/2020	12/11/2020	11/11/2024	30	102.6
EL 2559	Osena	Pending Renewal	16/11/2017	29/08/2018	28/08/2024	66	225.7
EL 2650	Osena	Pending Renewal	5/11/2019	14/08/2020	13/08/2024	42	143.6
EL 2652	Osena	Pending Renewal	14/11/2019	14/08/2020	13/08/2024	37	126.5
EL 2310	Kili Teke	Pending Renewal	25/10/2013	24/05/2014	23/05/2024	74	253.1
ELA 2756	May River	Application	23/03/2022	-	-	398	1361.2
EL 2603	May River	Pending Renewal	1/10/2018	14/01/2020	13/01/2024	75	256.5
EL 2623	May River	Pending Renewal	28/02/2019	14/01/2020	13/01/2024	92	314.6
EL 2736	May River	Pending Renewal	4/10/2021	28/07/2022	27/07/2024	15	51.3
							3,296.8

Notes: Pending Renewal tenements remain as active licenses that are currently in the process of being extended for a new term.

Inclusive of these areas, the total area held by the Company is 3296.8 km^2. SPMC's projects are set out in **Figure *1***:

Figure 1 Location of Projects

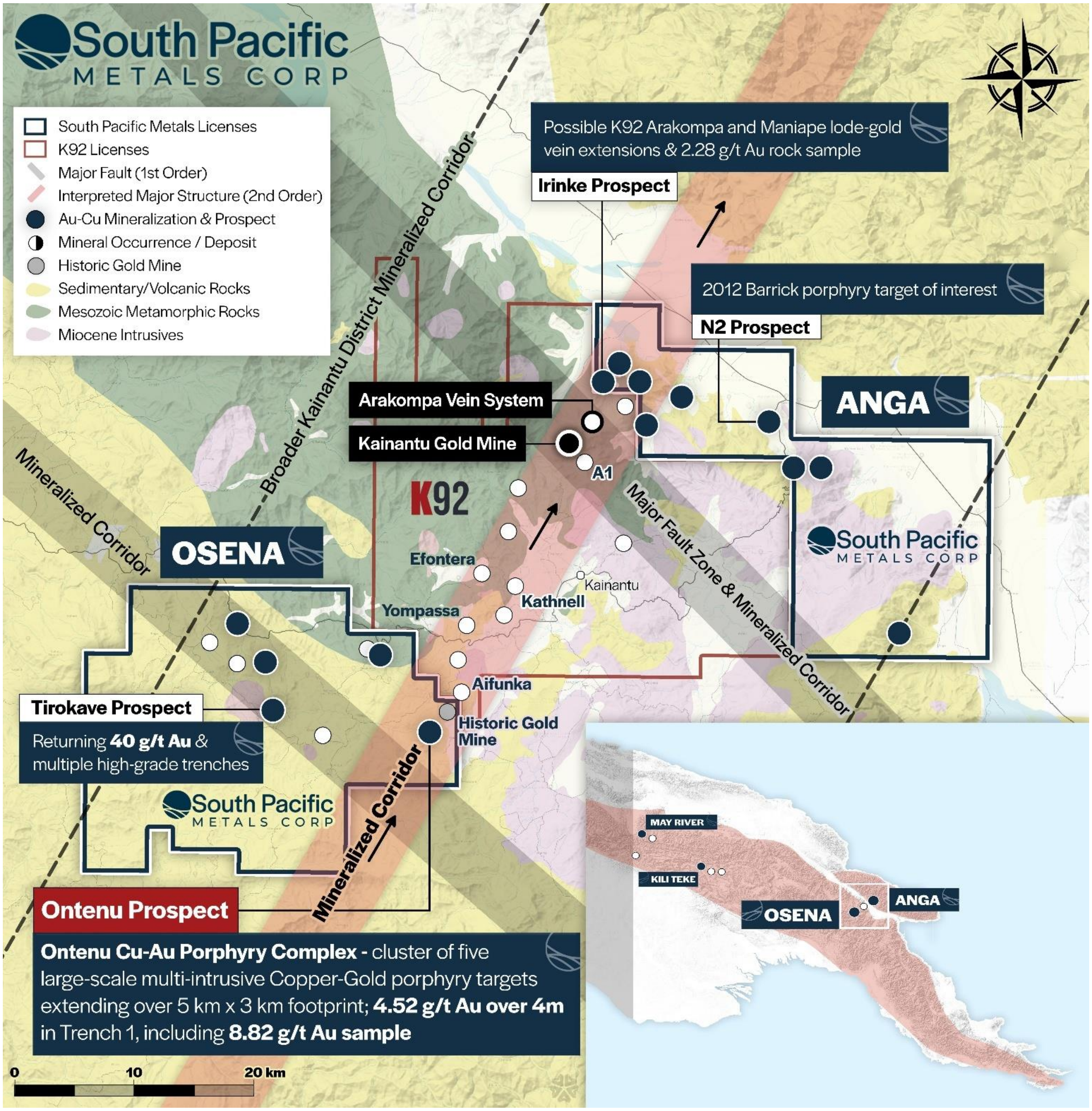
Anga Project

The Anga Project (formerly KRL North) sits along strike, NNE, on the mineralized trend representing a portion of the Kainantu Transfer Zone (KTZ) (Figure *2*). K92 Mining Ltd. is currently actively mining the Kora-Judd Au-Cu-Ag vein system located within KTZ. Furthermore, K92 Mining Ltd.'s Arakompa and Maniape Prospects are located within 3 km of SPMC's Anga Project boundary.

Previous work at the Anga Project has included stream-sediment sampling, soil sampling, mapping/reconnaissance rock chip sampling and geophysics. Gold in soil anomalies extend over wide areas along with rock chips / float samples up to 2.28 g/t Au and 2.7% Cu have been identified on the Anga Project (Figure *3*). Similarly to K92 Mining Ltd.'s area, mobile magnetotellurics show strong apparent conductivity on the Anga Project suggestive of a substantial alteration and sulphide developed system.

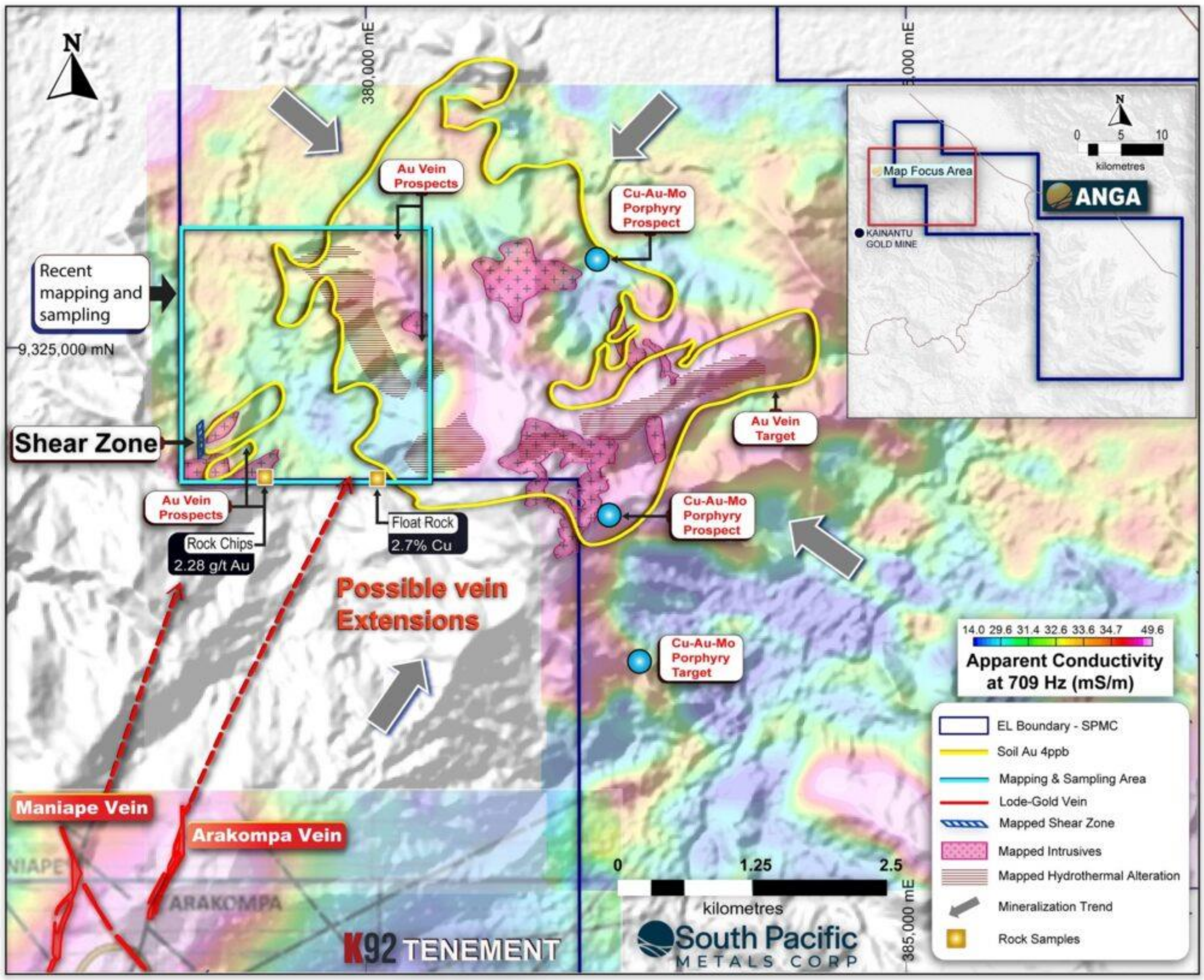
During the reporting period, the Company completed a full review of the Anga Project data and completed a preliminary surface sampling program. The data review included the validation of previously collected data and construction of new data systems. Specific targets have been identified and a work program was designed. Field crews mobilized in July, 2024 (see news release July 25, 2024) for a three week soil/rock sampling and reconnaissance mapping program ahead of drill planning. The in-field portion of the program was completed in August 2024 (see news release September 5, 2024). Results yielded several areas of interest requiring follow up work as announced November 23, 2024. These include a new shear zone discovery, with sulfide-bearing, strongly phyllic altered diorite extending over 17 m by 2 m, hosting up to 0.4 g/t Au and showing several geological similarities to K92's Arakompa lode gold-copper-silver vein including a strong Bi-Te metal signature in surface samples; and high-grade gold-carbonate-base metal veins including a cluster of up to 50 cm wide northeast oriented structures up to 25 m in length which returned up to 2.28 grams per tonne ("g/t") Au in a rock sample from 2022 sampling. The surface program results have defined a 2 km-wide mineralized NE trending corridor at SW Anga Project in the Irinke area, with orientation and strike continuations comparable to K92's Arakompa discovery located only 3 km to the southwest.

Figure 2 The Anga Project Regional Geology



Readers are cautioned that mineral deposits on adjacent properties are not indicative of mineral deposits on the Company's properties.

Figure 3 The Anga Project soil sampling contours, apparent conductivity (mobile MT) and significant rock results



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Osena Project

The Osena Project (formerly KRL South) is located around the Tirokave River, where substantial alluvial gold has been recovered historically (**Figure 4**). As with Anga, Osena also sits along elements of the Kainantu Transfer Structure. The area has been of particular interest to SPMC, 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 identified at K92).

At the Osena Project, the initial focus of the Company was centered 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.

The Ontenu Prospect is located to the SE of Tirokave and consists of strong copper and gold in soil anomalies with coincident geophysical anomalies. Locally, an intrusive andesitic diorite breccia and microdiorite intrudes sediments and volcanics (Figure 5). Ontenu sits along strike, within the Kainantu Transfer Structure, of K92's projects. Previous (historic) drilling has focused on the near surface and includes mineralization from surface of 88m @ 0.36g/t Au (KD005), 36m @ 0.2g/t Au (KD004) and 28m @ 0.32g/t Au. The 2022 Mobile MT survey identified several distinct conductivity and magnetic highs including the O6 and O2 priority targets, which are inferred to be potentially mineralized porphyry bodies at ~300m depth.

Figure 4 Osena Project Regional Geology

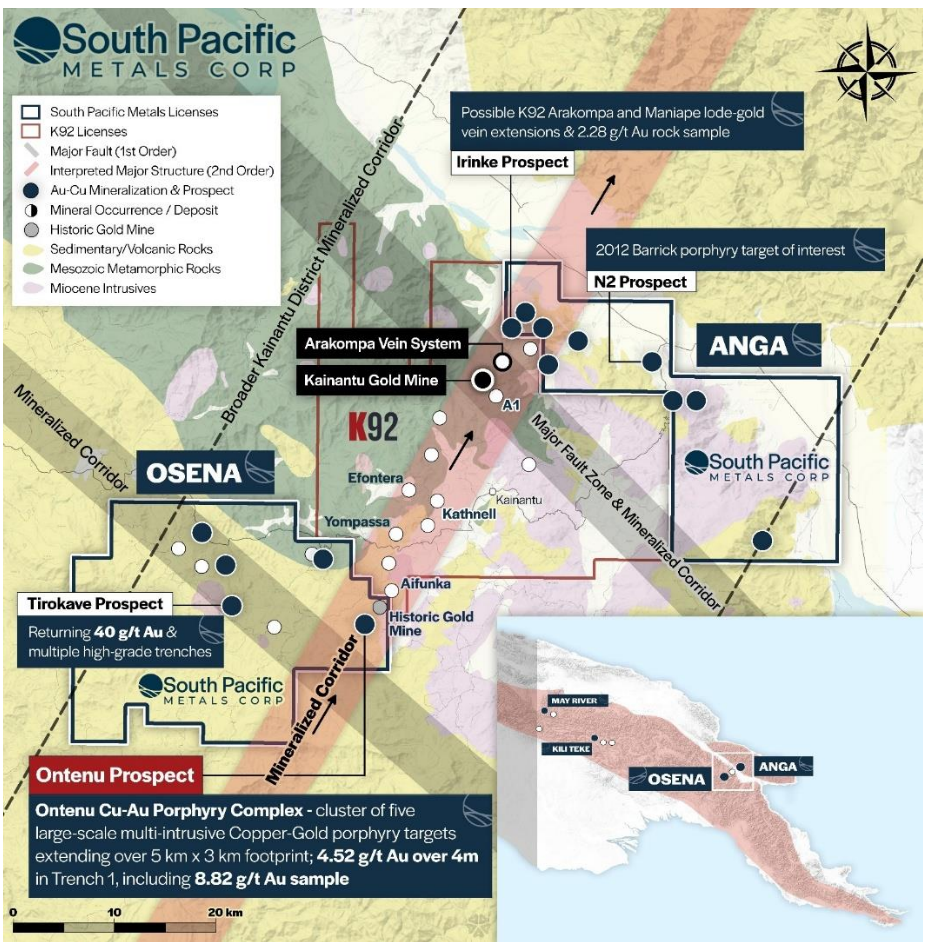

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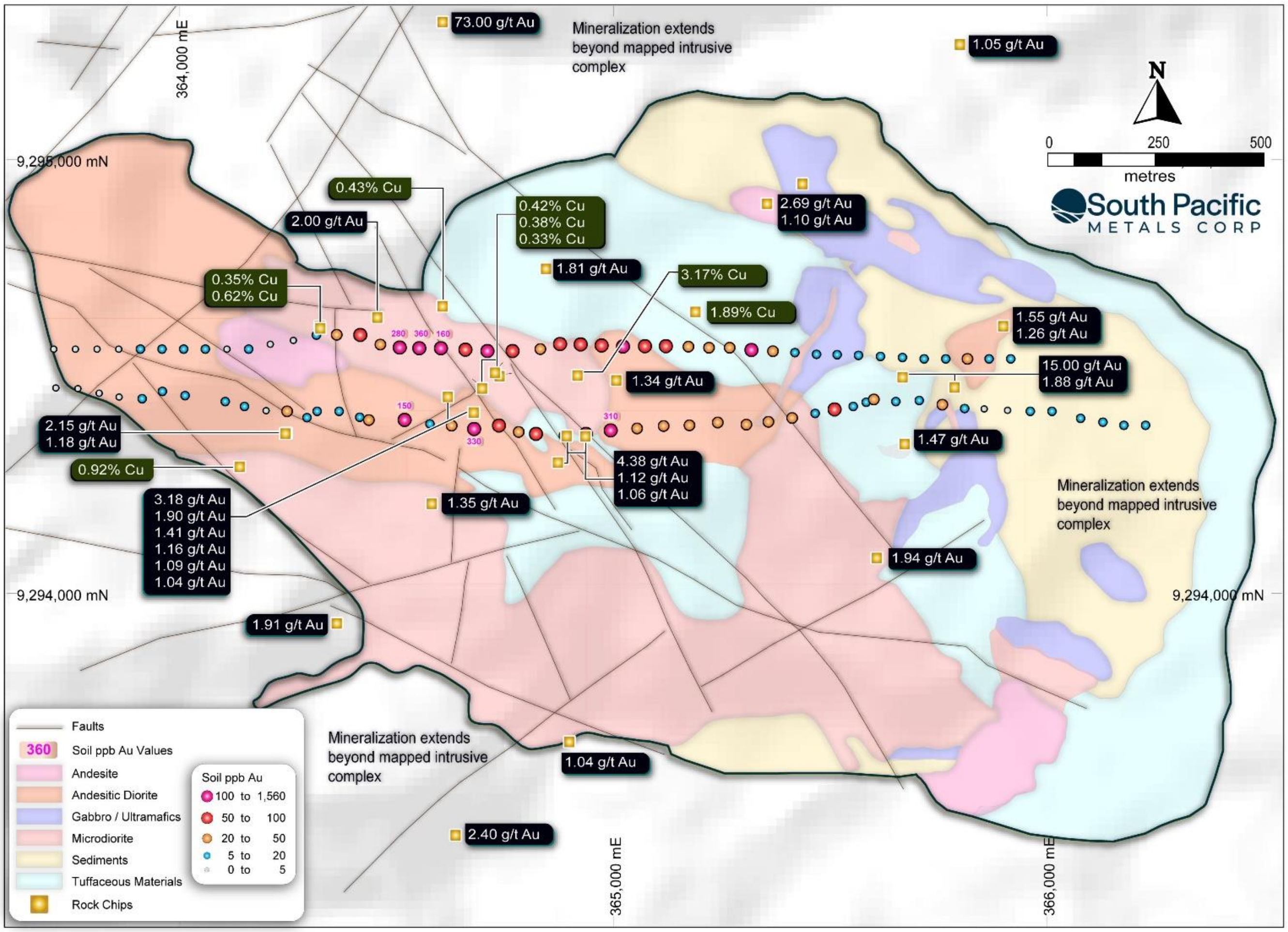
Figure 5 Gold in soils and rock chips at Ontenu Prospect.



During the reporting period, new management at SPMC commenced a full review of the Osena Project technical data. This work included the validation of previously collected data and construction of new data systems. Soil, trench and rock chip samples collected in late 2023 under previous management were submitted to ITS (Intertek) laboratory for assaying. Initial results of this program returned encouraging results, as reported August 27, 2024 (**Figure 6** & **Figure 7**):

Highlights:

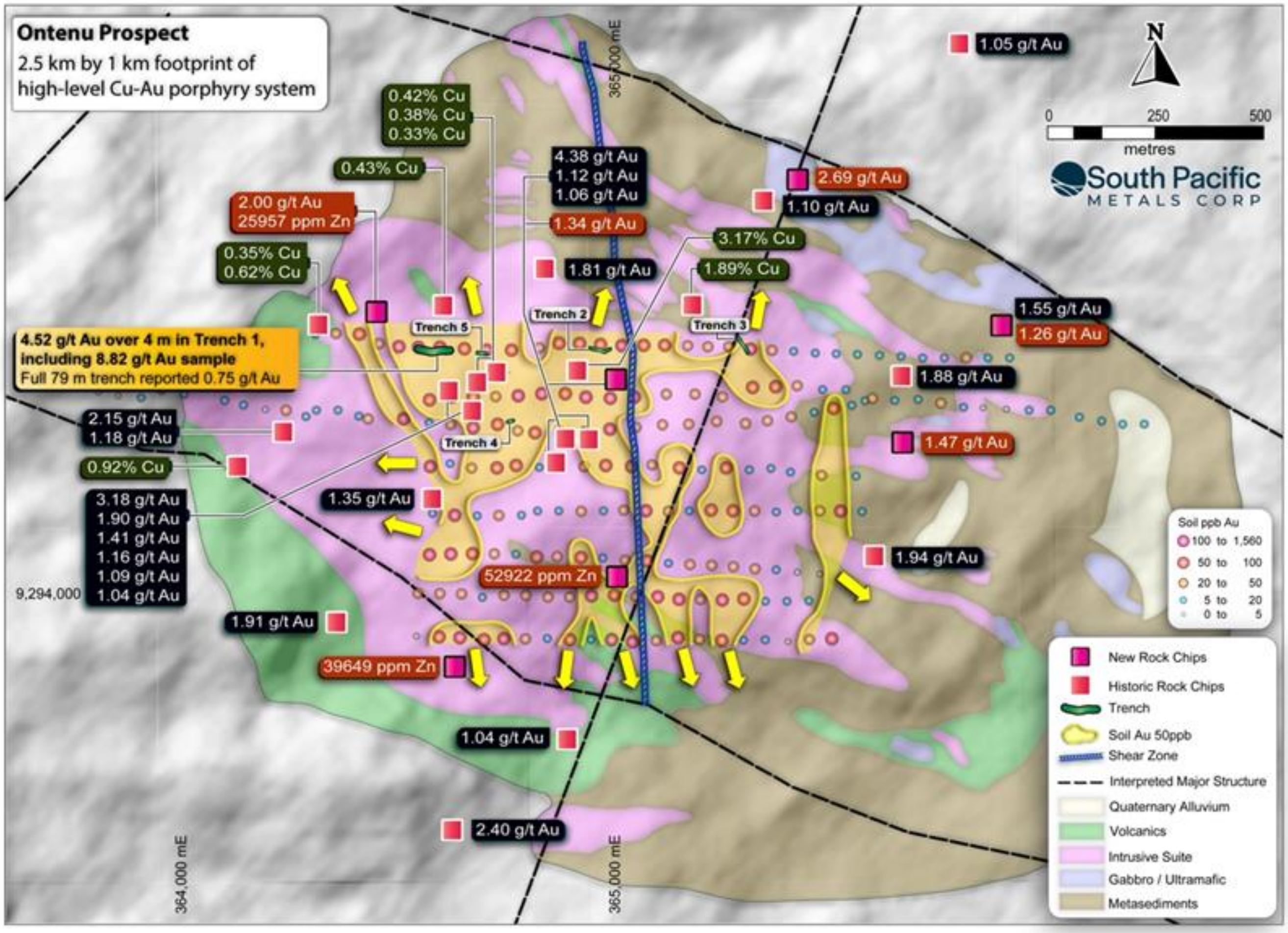
- **Trench 1** returned significant results including a peak trench rock sample value of **8.82 g/t Au, 13.8 g/t Ag, 0.25% Cu, 580 ppm Mo, 0.93% Zn.**
- **Trench 1 was 79 m averaging 0.75 g/t Au, 981 ppm Cu, 1.73 g/t Ag, 1877 ppm Zn, including:**
    - **16 m averaging 1.25 g/t Au, 0.15% Cu, 0.18% Zn; and**
    - **4 m averaging 4.52 g/t Au, 0.13% Cu, 0.23% Zn (see Figure 6).**
- **Trench 1 mineralization occurs across the entire 79 m trench** and is expected to extend to the east and west over more than 200 m width.

- Regional rock samples returned up to **2.69 g/t Au, 71.3 g/t Ag, 0.26% Cu, 5.3% Zn (Figure 7)**.
- **The Ontenu Prospect is part of an interpreted multi-intrusive, large-scale gold-copper porphyry system spanning an area of at least 2.5 km by 1 km.**

Metal signatures (Au-Te-Bi) in assayed soils and rocks suggest a later metal-bearing event overprinting an earlier porphyry Cu-Au-Mo event, similar to that observed at other major deposits such as at the Kainantu and Porgera Mines.

Figure 6 Trench 1 at Ontenu Cu-Au Prospect Gold and Copper Results

Figure 7 Ontenu Cu-Au Prospect Recent Soil and Rock Sample Results



In a continued review of the Ontenu district, a number of satellite targets emerged, as reported October 16 2024 (**Figure 8**):

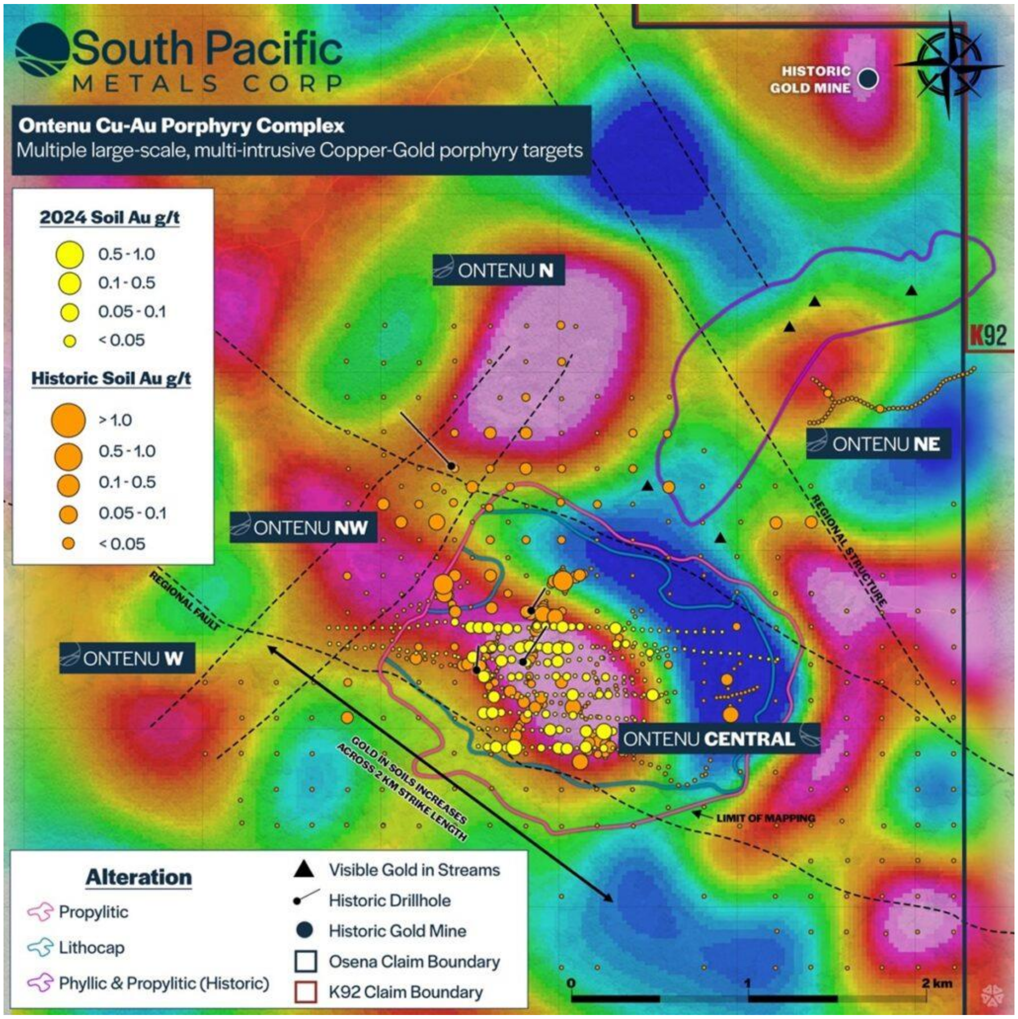
- **Ontenu Northeast: Visible gold identified in stream sampling** from 1985, draining this topographic high that is also a coincident apparent conductivity-magnetic geophysical anomaly. Historic work by RGC identified phyllic and propylitic alteration proximal to this feature and completed limited soil sampling returning anomalous Au and Cu. They interpreted the area to be prospective for **lode-gold type mineralization** (they were pursuing bulk-style gold only). This is a top-priority prospect;
- **Ontenu North:** Strong coincident apparent conductivity-magnetic anomaly with 900 m x 900 m footprint with Au in soils anomaly from historic data up to **130 ppb Au;**
- **Ontenu Northwest:** Strong coincident apparent conductivity-magnetic anomaly with 800 m x 600 m footprint with Au in soil anomaly from historic data up to **130 ppb Au**; and
- **Ontenu West:** Strong apparent conductivity anomaly with 700x600m footprint, largely unsampled.

In addition to hosting **confirmed gold-bearing breccias** and **outcropping bornite, covellite and chalcopyrite** in stockwork veined diorite, there is strong potential to host **multiple other styles of mineralization** across the Ontenu Prospect area including:

- **Epithermal vein Au-Cu-Zn intermediate sulfidation systems** analogous to veins currently being mined at the adjacent Kainantu Gold Mine (K92 Mining Ltd);

- **Au-Bi-Te alkalic epithermal systems** analogous to the world-class Porgera Gold Mine (Porgera JV/Barrick Gold Corporation) located in the Western Highlands of PNG; and
- **Ag-Pb-Zn rich low-sulfidation skarn** associated with limestones and metasediments.

Figure 8 Ontenu Cu-Au Prospect Area – a 5 km by 3 km region hosting multiple large-scale, multi-intrusive Copper-Gold targets. Background is apparent conductivity from mobile MT.



May River

May River is located less than 15 km from the PanAust Mining Ltd.'s Frieda River Copper-Gold Project and is accessible by helicopter (**Figure *9*** and **Figure 10**). Historic drilling at May River has returned substantial intercepts of near-surface gold mineralization coupled with strong surface geochemical signatures.

There are five main prospects that have been identified within the southern part of the May River Project –Iku Hill, Skiraisa, Foya, Eserebe, and Mountain Gate. With several other regional projects throughout the extensive tenement holding. The southern prospects include gold in soil anomalies >100ppb Au covering large several square kilometers with accompanying high-grade gold rock chips (**Figure 12**). The Skiraisa prospect has had several drilling campaigns historically including **109m @ 1.53g/t Au** from surface to end of hole.

The Ufuo prospect area, located on an exploration license application in the northern part of the May River regional project has received previous exploration attention for high grade VMS Cu-Au-Pb-Zn-Ag targets.

During the reporting period, new management at SPMC commenced a full review of the May River Project. This work included the validation of previously collected data and construction of new data systems. An external consultant was sourced to review historic data and to prioritize exploration plans on the very prospective May River Project area. The review of historic information from validated exceptional results with project highlights including:

- **Ufuo Polymetallic Massive Sulfide District** (**Figure 13**)**:** hosts a complex of five massive sulfide bodies, hosted in volcanics with a clear structural control. Two have been drilled with historical results returning high-grade Cu (+Au, Zn, Pb, Ag) near surface: **19 m @11.47% Cu, 2.17g/t Au** from 13 m depth and **11 m @ 10.07% Cu, 2.03g/t Au** from 13 m depth. Multiple other undrilled geophysical targets remain in this prospect area
- **Skygate Cu-Au Trend** (**Figure 12**) **:** a 7-km long gold-copper mineralized trend lying 15 km west of the giant Frieda River Cu-Au deposit, which hosts **12 Mt Cu and 20 Moz Au**. This trend features confirmed Cu-Au porphyry exposures and historically drilled gold-bearing diatreme breccias. New, advanced review, reprocessing and modeling of historic data has illustrated the potential for sub-surface porphyry targets. This trend lies within similar host rocks and structural setting to that of Frieda River.
    - Historical drilling intercepts include **109 m at 1.53 g/t Au** from surface and **54 m at 1.83 g/t Au** from 106 m depth, with holes ending in +1 g/t Au mineralization.

Figure 9 May River Project area

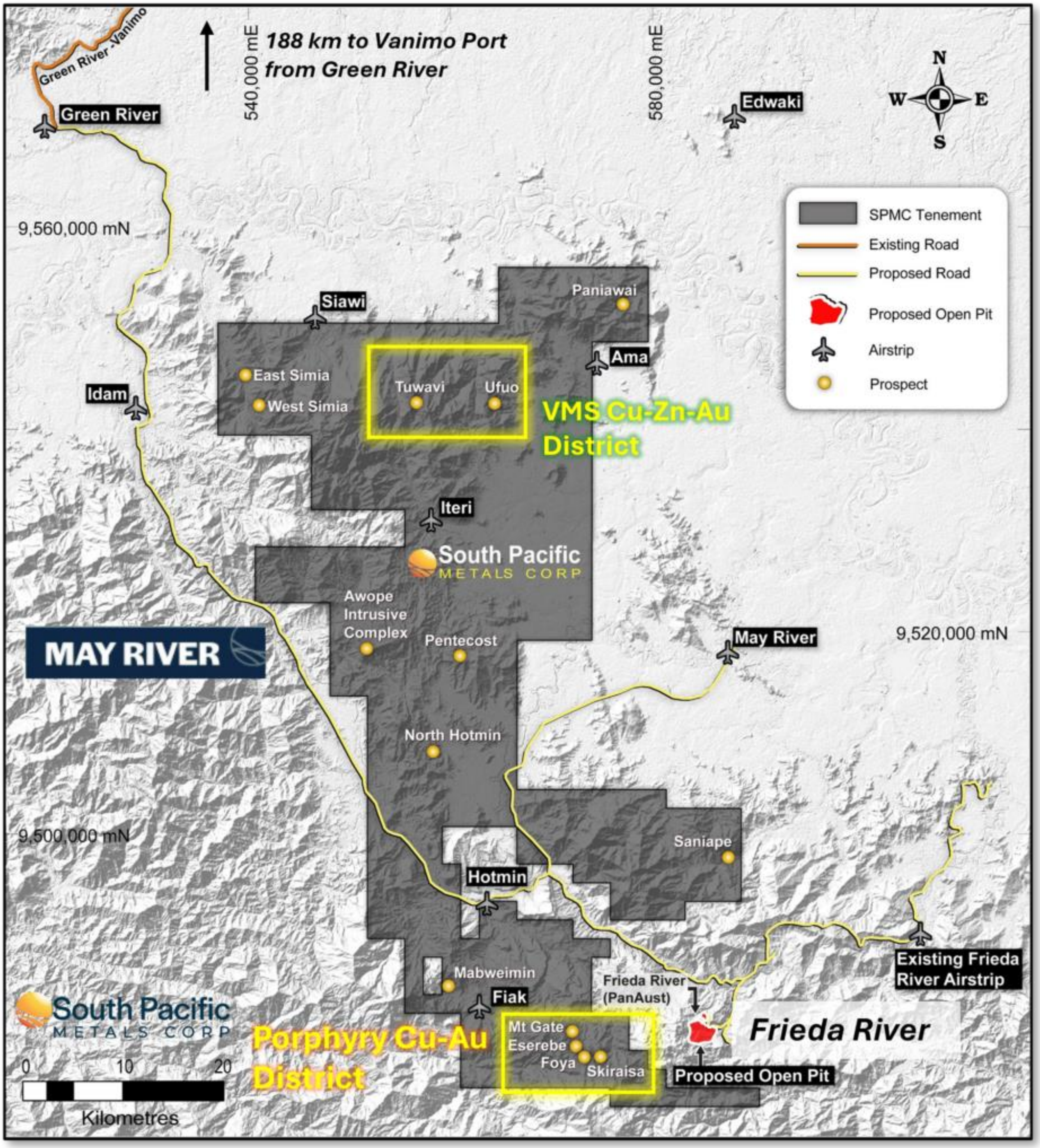
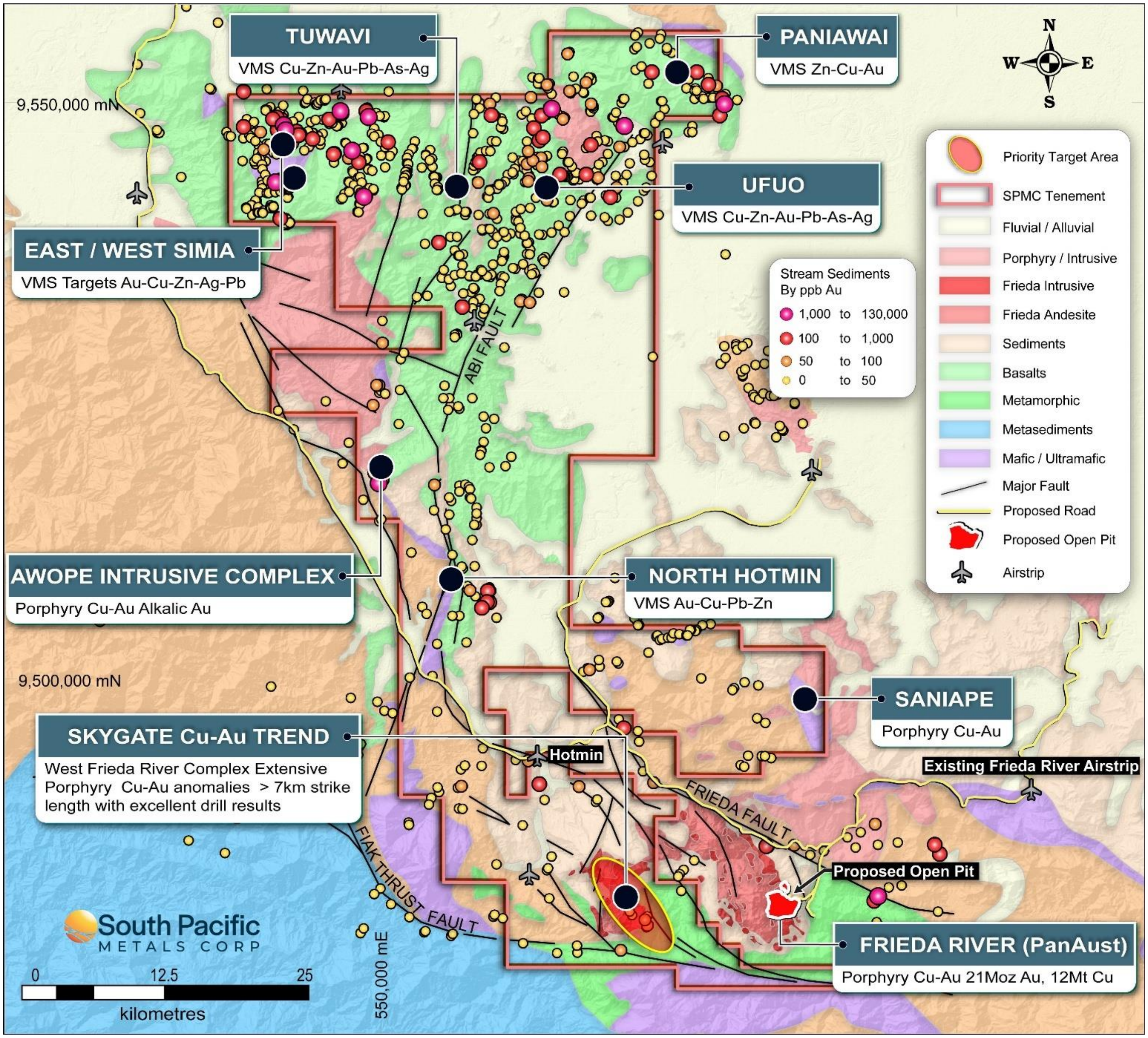


Figure 10 May River Project with regional prospect, geology and stream sediment map


TUWAVI
VMS Cu-Zn-Au-Pb-As-Ag
PANIAWAI
VMS Zn-Cu-Au
N
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E
S
9,550,000 mN
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VMS Cu-Zn-Au-Pb-As-Ag
EAST / WEST SIMIA
VMS Targets Au-Cu-Zn-Ag-Pb
Priority Target Area
SPMC Tenement
Fluvial / Alluvial
Porphyry / Intrusive
Frieda Intrusive
Frieda Andesite
Sediments
Basalts
Metamorphic
Metasediments
Mafic / Ultramafic
Major Fault
Proposed Road
Proposed Open Pit
Airstrip
Stream Sediments
By ppb Au
1,000 to 130,000
100 to 1,000
50 to 100
0 to 50
ABI FAULT
AWOPE INTRUSIVE COMPLEX
Porphyry Cu-Au Alkalic Au
NORTH HOTMIN
VMS Au-Cu-Pb-Zn
9,500,000 mN
SANIAPE
Porphyry Cu-Au
SKYGATE Cu-Au TREND
West Frieda River Complex Extensive
Porphyry Cu-Au anomalies > 7km strike
length with excellent drill results
Hotmin
Existing Frieda River Airstrip
FRIEDA FAULT
FIAK THRUST FAULT
Proposed Open Pit
South Pacific
METALS CORP
0
12.5
25
kilometres
550,000 mE
FRIEDA RIVER (PanAust)
Porphyry Cu-Au 21Moz Au, 12Mt Cu

Figure 11 May River Project with proximity to the world-class Frieda River Prospect and regional geology

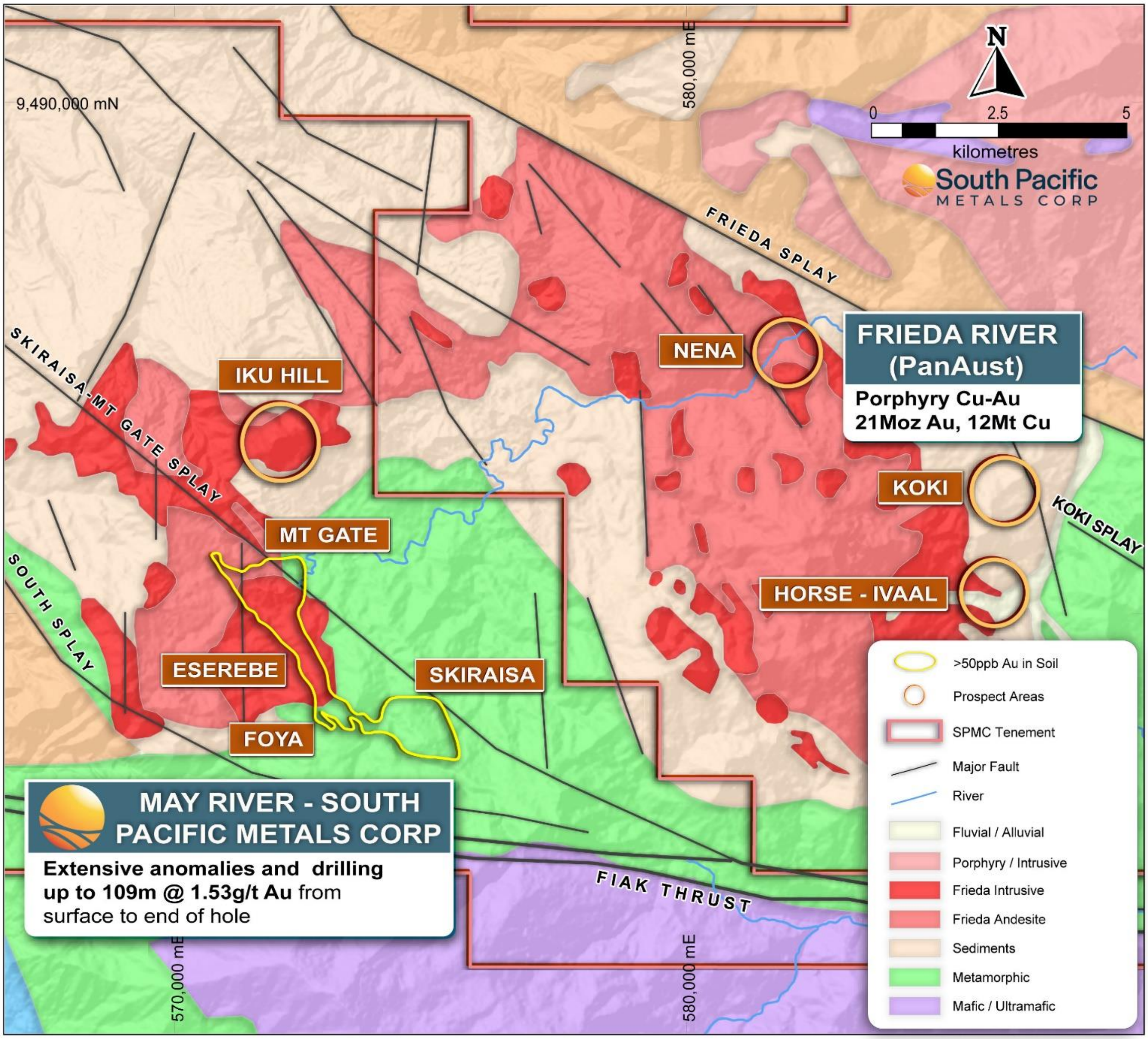

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Figure 12 Soil anomalism and previous work on the Skiraisa to Mountain Gate Trend, May River Project

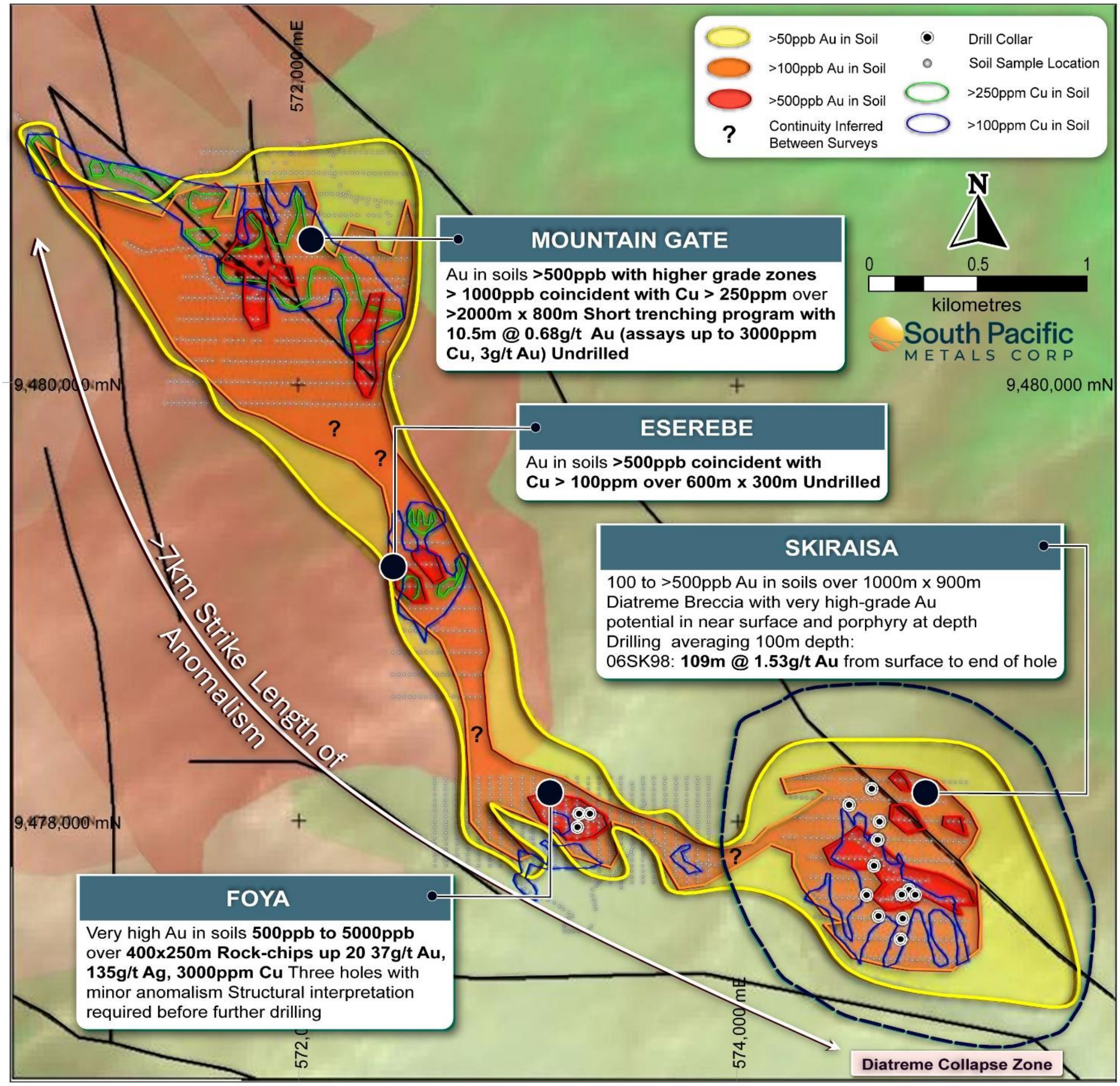
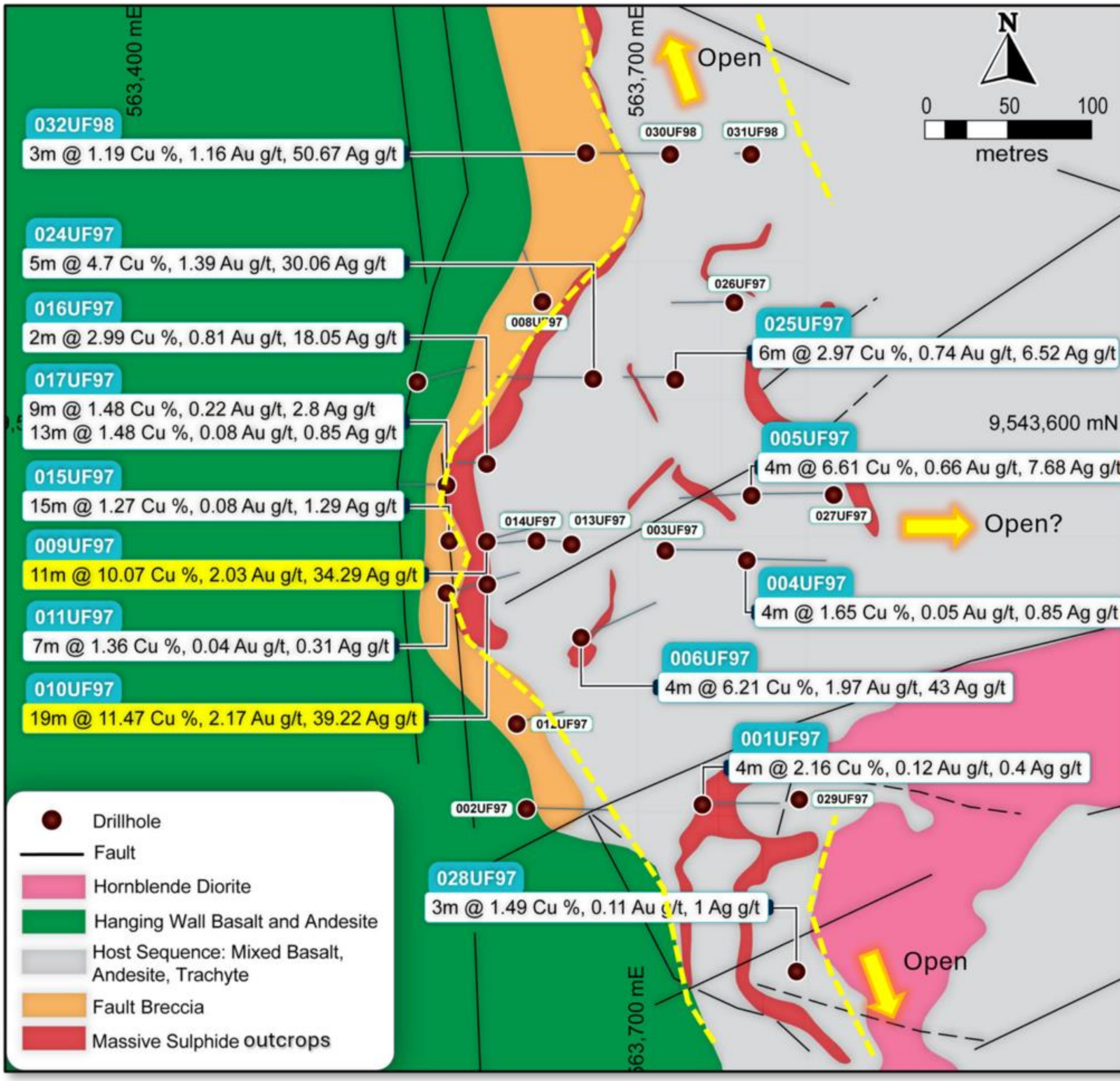


Figure 13 One of five prospects within the Ufuo Polymetallic Massive Sulfide District



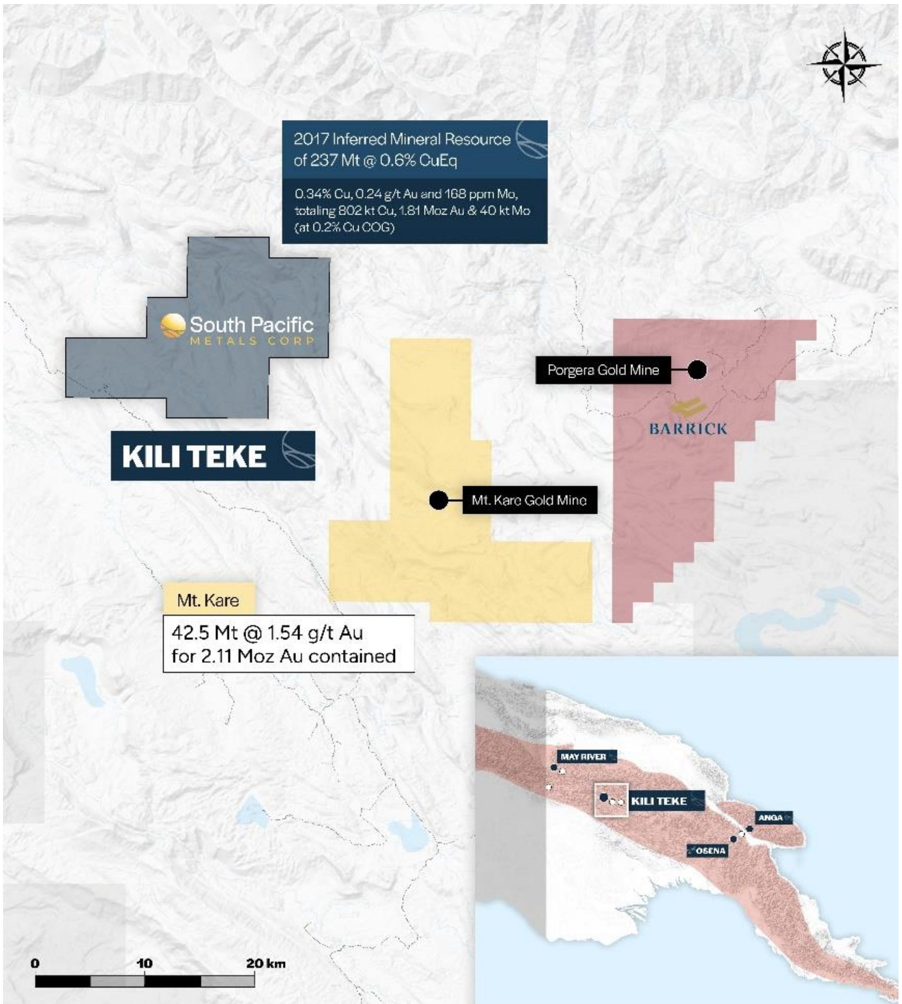
Kili Teke Copper-Gold Project

The Kili Teke Project is located 20 km NW of Mt Kare Gold Mine and 40 km west of the giant Porgera Gold Mine (**Figure 14**). This project was purchased from Harmony Gold (refer news release December 3, 2023). The Kili Teke tenement (EL2310) lies within the northern margin of the Papuan Fold Belt, a terrane of strongly folded and thrusted limestone and clastic sediments. Late Miocene/Pliocene dioritic to monzonitic (porphyry) bodies intrude along a linear trend parallel to the margins of the Papuan Fold Belt.

The Company is actively engaged with landowners and stakeholders at Kili Teke for the purposes of being able to undertake exploration activities.

Significant mineralized porphyry systems are associated with the intrusions, including the world-class deposits at OK Tedi, Star Mountains and Frieda River, in the west, and the Porgera and Mt Kare deposits, to the east of Kili Teke. Prominent NE-SW striking transfer faults are regarded as a first-order control on porphyry mineralization.

***Figure 14** Kili Teke project location relative to Mt Kare and Porgera Gold Mines*



Readers are cautioned that mineral deposits on adjacent properties are not indicative of mineral deposits on the Company's properties

The Kili Teke Project consists of a main porphyry body intruding limestones. Mineralization occurs as stockwork veins with chalcopyrite ($CuFeS_2$) and bornite (Cu_5FeS_4) within a diorite host. Harmony Gold (and predecessors) have completed 55 diamond core holes for 36,917 meters of drilling and presented a mineral resource estimate (reviewed in the January 2023 Technical Report) as shown in the table below.

Table 2: South Pacific Metals Corp Mineral Resource Estimate at Kili Teke

Classification	Cutoff (% Cu)	Mt	Cu %	Au g/t	Mo ppm	Cu (Mt)	Au (MOz)	Mo (Mt)
Inferred	0.2	237	0.34	0.24	168	801,500	1.81	0.0397

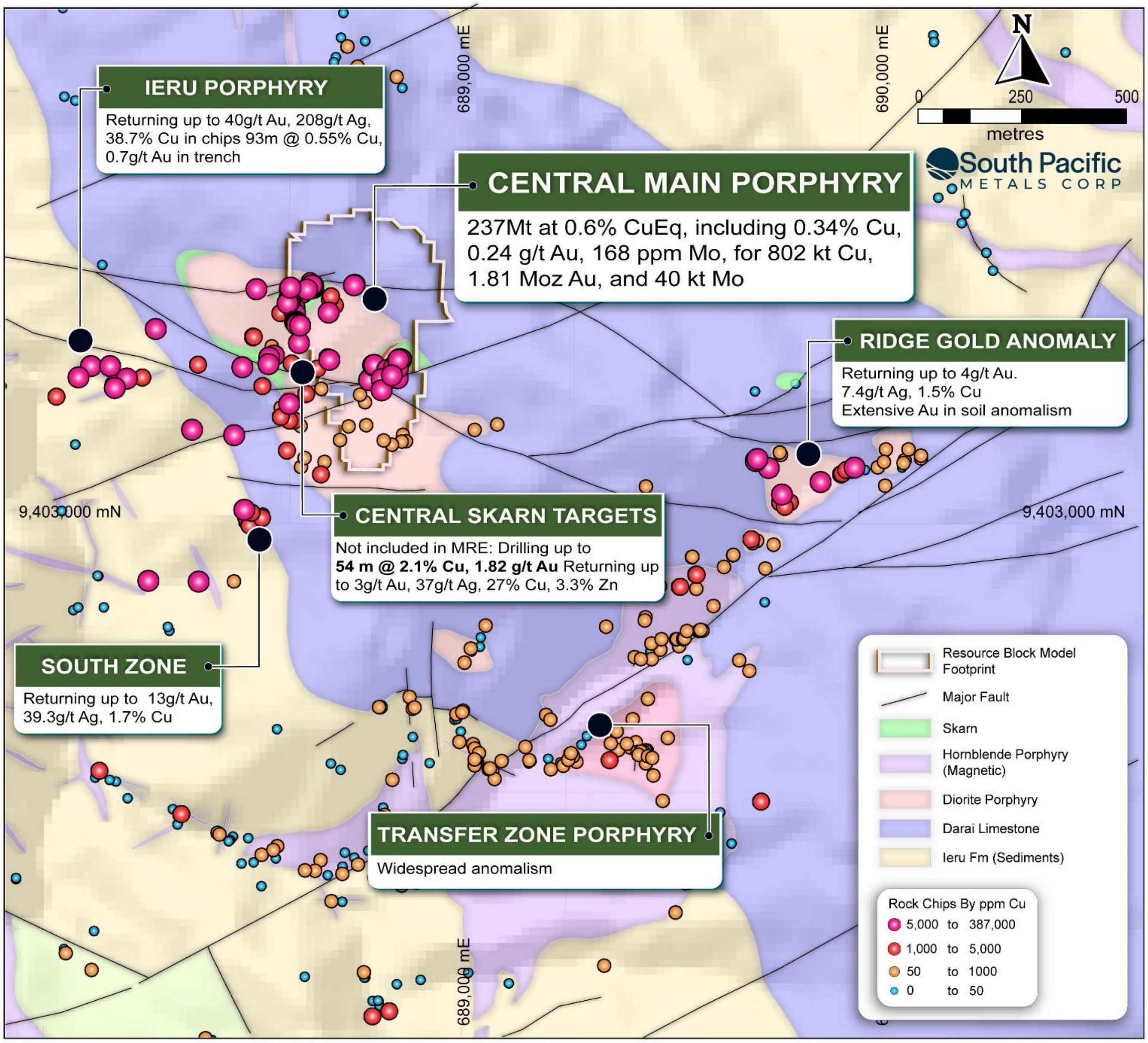
*Information on the Kili Teke inferred mineral resource estimate can be found in the independent technical report titled "Independent Technical Report on the Geology, Mineralization, and Recommended Exploration of the Kainantu Project, Papua New Guinea" dated November 18, 2022, which was prepared by Graeme J. Fleming, B. App. Sc., MAIG, and prepared in accordance with National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("NI 43-101"). Mr. Fleming is a "qualified person" under NI 43-101 and is an independent consultant to the Company, who has approved and verified the data and information as related to the mineral resource estimate. Reference should be made to the full text of the Technical Report, which is available for review on SEDARplus at www.sedarplus.ca.

Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability. As noted in the Technical Report, the resource estimate is considered as a bulk tonnage global estimate. There is a central high-grade core to the main mineral system, with previous mineralized intercepts including KTDD045 152 m @ 1.17% Cu, 0.93 g/t Au from 46 m, however, there is insufficient drilling to domain this for a separate high-grade porphyry mineral resource. Furthermore, the mineral resource estimate was only extended from surface to 650 m below surface (approximately 400-450 m below land surface). As such, there are several drill holes, with mineralized intercepts, not included in the resource.

The mineral system has been confirmed to extend to depth with Harmony Gold noting an increase in Cu:S ratios providing potential for deep high-grade porphyry targets. On the porphyry-limestone contact are several mineralized skarn breccias. The skarns host several high-grade copper-gold-silver drilling intersections including 54 m @ 2.1% Cu, 1.82 g/t Au, 3.87 g/t Ag (from 878 m depth down hole).

Surrounding the main porphyry at Kili Teke are several untested exploration targets (Figure 15). The Ridge Gold Anomaly (RGA) target, for example, is defined by a soil anomaly in Au-Te-Cu extending over an area approximately 700m by 400m. The RGA target has not been adequately tested with drilling. The Ieru Porphyry target area, located 1km to the west of the Central Main Porphyry at Kili Teke, has substantial mineralisation identified in trenching with 93m @ 0.55% Cu, 0.7g/t Au.

Figure 15 *Kili Teke Project geology and surface sampling*



Refer to the Technical Report for further information.

During the reporting period, the Company conducted a full review of the Kili Teke Project (see release dated October 1, 2024). This work involved a targeting exercise by ALS Gold Spot Discoveries Ltd ("ALS Geoanalytics"). Through the application of advanced technologies including geochemical analysis, 3D modelling and machine learning, 10 new exploration targets proximal to Kili Teke's Central Porphyry were revealed.

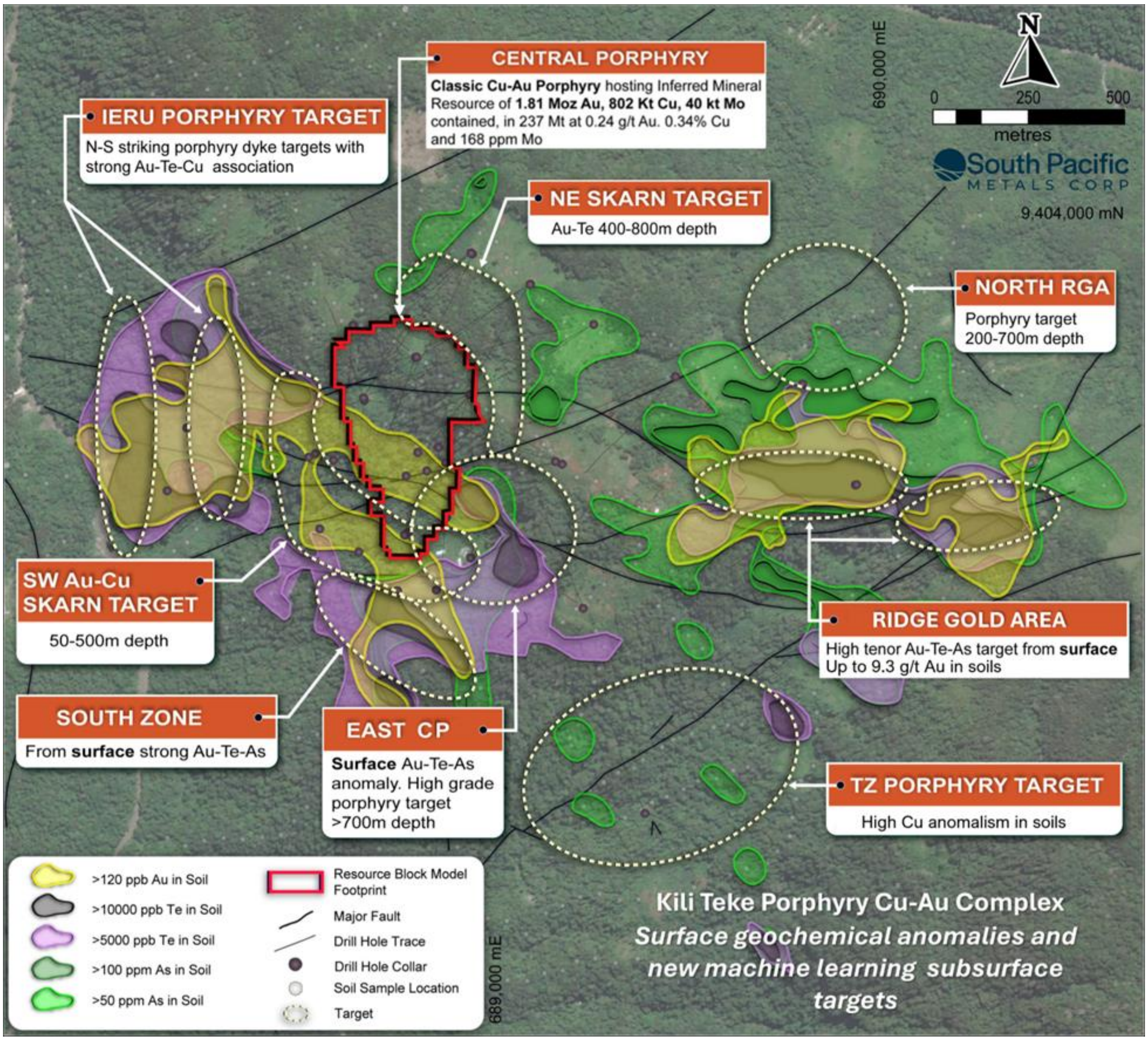
Targeting Highlights (Figure *16*):

- **New Porphyry Targets:**
  - Identified at depth beneath the current resource;
  - **The Ieru Porphyry,** now confirmed as a distinct separate system. Previous trenching

returned **132 m at 0.5% Cu and 0.6 g/t Au**;

- **New Skarn Targets** identified adjacent to the current resource with potential to host high-grade Cu-Au, as evidenced by historically drilled skarns that returned **12.98 % Cu, 11.75 g/t Au and 21.07 g/t Ag over 7.8 m** within 54 m @ 2.1% Cu, 1.82 g/t Au, 3.87 g/t Ag (from 878 m depth down hole) [2]; and
- **"Porgera-Style" Au Targets:** this style of mineralization is commonly associated with strong gold-tellurium-arsenic metal associations. Near to the current resource, the **Ridge Gold Area** ("RGA") demonstrates these associations. Additionally, soil Au values of **up to 9.3 g/t Au occur over a broad region (900 m by 300 m)**.

Figure 16. Map illustrating the Kili Teke Cu-Au Porphyry Complex, newly identified sub-surface targets and the 2.5 km x 1.5 km Au-Te-As surface geochemical footprint



Corporate

Environmental, Social & Governance (ESG)

The Company is committed to ensuring a sustainable approach to project development across all the tenements, in consultation with the local communities and remains focused on maintaining a strong social license. The Company's community relations programs have proven to be very effective through proactive and ongoing consultative engagement with the local clans and stakeholders. Where practical the Company engages local labor 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 engagement through effective communication and consultation;
- Effectively managing community grievances; and
- Minimizing the adverse impact of the Company's work in the community and environment.

Key focus areas continued to be worked on and community relations activities proceeded without interruption.

Summary of Financial Results

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

Selected Annual Information

The following table summarizes select annual information regarding the Company's operations on a yearly basis in accordance with IFRS. The Company's reporting currency is United States dollars and is presented in thousands of dollars.

Fiscal Year ended	Year ended December 31, 2023	Year ended December 31, 2022	13-Months ended December 31, 2021
Total revenue	$nil	$nil	$nil
Net loss	($1,607)	($1,485)	($1,777)
Basic loss per common share	(0.16)	(0.24)	(0.37)
Total assets	$11,394	$7,609	$5,508
Total liabilities	$3,173	$708	$451

Summary of Quarterly Results (unaudited)

The following table summarizes selected information from the Company's unaudited condensed interim consolidated financial statements, prepared in accordance with IFRS, for the last eight quarters.

For the quarters ended:

	December 31, 2024	September 30, 2024	June 30, 2024	March 31, 2024
Total revenues	$nil	$nil	$nil	$nil
Loss for the quarter	$303	$190	$521	$458
Loss per share	0.00	0.00	0.00	0.00

	December 31, 2023	September 30, 2023	June 30, 2023	March 31, 2023
Total revenues	$nil	$nil	$nil	$nil
Loss for the quarter	$541	$435	$320	$311
Loss per share	0.04	0.08	0.08	0.04

Results Of Operations

Twelve months ended December 31, 2024, compared to the twelve months ended December 31, 2023

The Company recorded net loss of $1,472 for the twelve months ended December 31, 2024 (the "current period") compared to a net loss of $1,607 for the twelve months ended December 31, 2023 (the "prior period"), an increase of $103, as explained in the following paragraphs.

- Accounting and legal expenses were $121 lower in the current period ($145) when compared to the prior period ($266). The Company incurred additional legal and audit fees in the prior period.
- Corporate and administrative expenses were $119 higher in the current period ($245) when compared to the prior period ($184). Additional costs were incurred in the current period as a result of working to reestablish more efficient operations in Papua New Guinea.
- Board and management fees were $74 higher in the current period ($407) when compared to the prior period ($333). The Company incurred additional management fees in the current period as it increased operations on its projects in Papua New Guinea.
- Stock-based payments expense, a non-cash expense, was $527 higher in the current period ($546) when compared to the prior period as a result of the Company granting incentive stock options in the current period.
- Gain on the settlement of accounts payable was $560 higher in the current period ($560) when compared to the prior period ($Nil) as a result of the Company working to settle outstanding liabilities.
- Interest and accretion expense was $34 higher in the current period ($34) when compared to the prior period ($Nil). The Company issued convertible debentures during the current period, which resulted in the interest and accretion expense.
- Loss on settlement of convertible debt was $586 higher in the current period ($586) when compared to the prior period ($Nil). The Company settled convertible debentures during the current period, which resulted in the loss on settlement of convertible debentures.
- Gain on revaluation of convertible debt was $286 higher in the current period ($286) when compared to the prior period ($Nil). The Company settled convertible debentures during the current period, which resulted in the gain on revaluation of convertible debentures.

Three months ended December 31, 2024, compared to the three months ended December 31, 2023

The Company recorded a net loss of $303 for the three months ended December 31, 2024 (the "current quarter") compared to a net loss of $541 for the three months ended December 31, 2023 (the "prior quarter"), an decrease of $238, as explained in the following paragraphs.

- Corporate and administrative expenses were $74 higher in the current period ($104) when compared to the prior period ($30). The Company incurred additional fees in the current quarter as it increased its activity in Papua New Guinea.
- Board and management fees were $79 higher in the current period ($86) when compared to the prior period ($7). The Company incurred additional management fees in the current period as previous management was terminated in the early part of the prior quarter.
- Marketing and investor relations fees were $71 higher in the current period ($81) when compared to the prior period ($10). The Company incurred additional marketing and investors relations fees in the current period as the company increases its business activities.

Additional Disclosure for Venture Issuers Without Significant Revenue

The material components of exploration and evaluation expense are:

	December 31, 2024	December 31, 2023
Exploration and evaluation costs		
Assays and analysis	$ 175	$ 61
Consultants and contractors	430	206
Employees and labour	174	357
Field, camp and supply	161	264
Travel and accommodation	44	57
Vehicles, logistics and support	47	172
	$ 1,040	$ 1,117

Liquidity and Capital Resources

	December 31, 2024	December 31, 2023
Operating activities	$ (1,914)	$ (89)
Investing activities	(1,037)	(1,469)
Financing activities	1,843	2,442
Effect of exchange rates on cash	(85)	22
Total Change in Cash	(1,193)	1,034
Cash and Cash Equivalents, Beginning of the Period	1,345	311
Cash and Cash Equivalents, End of the Period	$ 152	$ 1,345

Operating Activities

During the twelve months ended December 31, 2024, cash used in operating activities was $1,914, which consisted mainly of ongoing operations and settling accounts payable offset by non-cash expenditures of interest and accretion, loss on settlement of convertible debentures and gain on revaluation of derivative portion of convertible debt.

Investing Activities

During the twelve months ended December 31, 2024, cash used in investing activities was $1,037, which consisted of exploration and evaluation expenditures.

Financing Activities

During the twelve months ended December 31, 2024, cash provided by financing activities included $2,378 in proceeds from private placement financings and $535 in payments relating to the settlement of a promissory note.

On February 3, 2025, the Company completed a private placement financing and issued 13,125,000 units (each a “Unit”) at CAD$0.48 per Unit for gross proceeds of CAD$6,300. Each Unit was comprised of one common share of the Company and one-half share purchase warrant. Each full warrant entitles the holder to purchase one additional common share of the Company at an exercise price of CAD$0.90 for a period of two years. Share Capital and Disclosure of Outstanding Share Data

At December 31, 2024, the authorized share capital was an unlimited number of common shares. On February 6, 2024, the Company announced a consolidation of its issued and outstanding shares at a ratio of ten (10) pre-consolidation common shares for one (1) post-consolidation common share. At December 31, 2024 there were 38,728,920 common shares issued and outstanding on a post-consolidated basis. As at the date of this MD&A the Company had 51,853,920 common shares issued and outstanding.

Outstanding share data

As at the date of this report, the Company's fully diluted shares outstanding is as follows:

Common shares	51,853,920
Options	3,198,500
Warrants	15,485,384
Fully diluted shares outstanding	70,537,804

Related Party Transactions

Parties are related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is a related party transaction when there is a transfer of resources or obligations between related parties.

Key management personnel include persons having the authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has identified its directors and senior officers as its key management personnel and the compensation costs for key management personnel and companies related to them are recorded at their exchange amounts as agreed upon by transacting parties.

Key Management Compensation

Key management personnel compensation is comprised of fees paid and share-based compensation related to the fair value of the stock options granted to these key management personnel.

Remuneration for key management personnel of the Company was as follows:

	Twelve months ended December 31,			
		2024		2023
Management fees	$	388	$	432
Share-based compensation		516		-
	$	904	$	432

As at December 31, 2024, $Nil (2023 - $54) was due from a company with common directors.

As at December 31, 2024, $Nil (2023 - $163) was due to companies with common directors or officers.

Convertible Dentures

During the year ended December 31, 2023, the Company closed a private placement of unsecured convertible debentures of the Company for gross proceeds of CAD $1,270,000. The debentures are convertible to common shares at a price of CAD$0.80 per share.

Snowfields Wealth Management Limited, a company controlled by a director of the Company, and a director of the Company subscribed for $291 and $100 worth of debentures, respectively.

On March 20, 2024, the Company completed a share-for-debt transaction to settle the outstanding principal amount of CAD $1,270 plus accrued interest of CAD $80 owed to the 10% secured convertible debenture holders. In total, the Company has issued 6,748,631 common shares of the Company valued at $1,378 (CAD $1,873) resulting in a loss on settlement of $586 (CAD $706).

Off Balance Sheet Arrangements

There are no off balance sheet arrangements.

Risk 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.

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, licensing, financing, commodities prices 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

Licences Risks

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 Risks

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.

Metals Prices Risks

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.

Appointment of Directors and Executive Chairperson

On April 24, 2024, the Company announced the appointment of Cathy Fitzgerald as a director of the Company and the appointment of Michael Murphy as Executive Chairman of the Company. In connection with Ms. Fitzgerald's appointment, the Company also announced that David Loretto stepped down as a director.

On December 11, 2024, the Company announced the appointment of Alexander Davidson as a director of the Company. In connection with Mr. Davidson’s appointment, the Company also announced that Dain Currie stepped down as a director.

On February 4, 2025, the Company announced the appointment of Jonathan Rubenstein as a director of the Company.

Qualified Person

Reporting on historic data: Much of the information presented in this report is compiled from reports of previous explorers. Whilst all care has been taken to validate the information, these data should be considered historic in-nature and are pending further verification.

Qualified Person: the scientific and technical information disclosed herein has been compiled by South Pacific Metals Corp from both their own exploration and review of exploration by previous explorers. This work has been reviewed and approved by Darren Holden, BSc (Hons), PhD, and Fellow of the Australasian Institute of Mining and Metallurgy. Dr Holden is an employee of GeoSpy Pty Ltd, a geological advisory company and is a “qualified person” as defined under National Instrument 43-101, Standards of Disclosure for Mineral Projects.