



K2 Gold Corporation

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

(Expressed in Canadian Dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
K2 Gold Corporation

Opinion

We have audited the accompanying consolidated financial statements of K2 Gold Corporation (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2024 and 2023, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity, and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the consolidated financial statements, which indicates that as of December 31, 2024, the Company has not achieved profitable operations and has an accumulated deficit of \$22,235,212. As stated in Note 1, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our auditor's report.

Assessment of Impairment Indicators of Exploration and Evaluation Assets ("E&E Assets")

As described in Note 4 to the consolidated financial statements, the carrying amount of the Company's E&E Assets was \$18,153,880 as of December 31, 2024. As more fully described in Notes 2 and 3 to the consolidated financial statements, management assesses E&E Assets for indicators of impairment at each statement of financial position date.



The principal considerations for our determination that the assessment of impairment indicators of the E&E Assets is a key audit matter is that there was judgment made by management when assessing whether there were indicators of impairment for the E&E Assets, specifically relating to the assets' carrying amount which is impacted by the Company's intent and ability to continue to explore and evaluate these assets. This in turn led to a high degree of auditor judgment, subjectivity, and effort in performing procedures to evaluate audit evidence relating to the judgments made by management in their assessment of indicators of impairment that could give rise to the requirement to prepare an estimate of the recoverable amount of the E&E Assets.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. Our audit procedures included, among others:

- Evaluating management's assessment of impairment indicators.
- Evaluating the intent for the E&E Assets through discussion and communication with management.
- Reviewing the Company's recent expenditure activity and expenditure budgets for future periods.
- Assessing compliance with agreements and expenditure requirements including reviewing option agreements and vouching cash payments and expenditure requirements.
- Evaluating on a test basis, confirmation of title to ensure mineral rights underlying the E&E Assets are in good standing.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

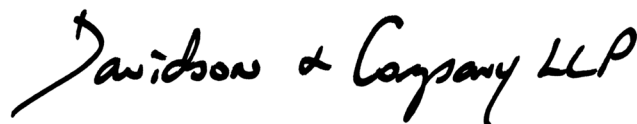
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Michael MacLaren.

A handwritten signature in black ink that reads "Davidson & Company LLP". The signature is written in a cursive, flowing style.

Vancouver, Canada

Chartered Professional Accountants

April 24, 2025

K2 Gold Corporation
Consolidated Statements of Financial Position
For the Years Ended December 31, 2024 and 2023
(Amounts are expressed in Canadian Dollars)

	Note(s)	December 31, 2024	December 31, 2023
Assets			
Current Assets			
Cash and cash equivalents	\$	132,792	\$ 195,160
Amounts receivable		19,836	44,785
Prepaid expenses		51,396	53,265
		204,024	293,210
Exploration and evaluation assets	4,9	18,153,880	16,407,714
Reclamation bond	4	71,945	66,130
TOTAL ASSETS	\$	18,429,849	\$ 16,767,054
Liabilities and Shareholders' Equity			
Current Liabilities			
Accounts payable and accrued liabilities	9	\$ 110,436	\$ 148,361
Flow through premium liability	12	-	109,460
CEBA Loan	8	-	40,000
		110,436	297,821
Shareholders' Equity			
Share capital	5	32,740,093	30,506,689
Reserves	5	7,844,532	7,396,855
Subscription receivable		(30,000)	-
Deficit		(22,235,212)	(21,434,311)
		18,319,413	16,469,233
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$	18,429,849	\$ 16,767,054

Nature of operations and going concern (Note 1)
Commitments (Note 11)
Subsequent Event (Note 14)

Approved on behalf of the Board of Directors April 24, 2025.

"Jim Paterson", Director

"Carolyn Loder", Director

The accompanying notes are an integral part of these consolidated financial statements.

K2 Gold Corporation
Consolidated Statements of Loss and Comprehensive Loss
For the Years Ended December 31, 2024 and 2023
(Amounts are expressed in Canadian Dollars)

	Note	2024	2023
Expenses			
Advertising, marketing and promotion		\$ 158,992	\$ 183,110
Corporate listing and filing fees		54,772	52,044
Office and administration		124,382	133,239
Personnel	9	307,665	324,984
Professional fees		50,710	52,945
Property investigation		-	13,515
Rent	9	75,320	68,517
Share-based compensation	5,9	8,946	303,695
Travel and conferences		155,233	247,836
		(936,020)	(1,379,885)
Other income		9,925	-
Interest income		11,037	71,163
Amortization of flow-through premium liability	12	109,460	240,806
CEBA loan income		10,000	
Foreign exchange gain (loss)		(5,303)	(11,085)
		135,119	300,884
Loss and Comprehensive Loss for the Year		\$ (800,901)	\$ (1,079,001)
Loss per share – basic and diluted		\$ (0.01)	\$ (0.01)
Weighted average number of common shares outstanding – basic and diluted		112,492,784	89,865,888

The accompanying notes are an integral part of these consolidated financial statements.

K2 Gold Corporation
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2024 and 2023
(Amounts are expressed in Canadian Dollars)

Cash Provided By (Used In):	2024	2023
Operating activities:		
Loss for the year	\$ (800,901)	\$ (1,079,001)
Items not involving cash:		
Amortization of flow through premium liability	(109,460)	(240,806)
Share-based compensation	8,946	303,695
Foreign exchange	(5,815)	1,590
Forgiveness of CEBA loan	(10,000)	-
Change in non-cash working capital items:		
Accounts receivable	24,949	(38,519)
Prepaid expenses	1,869	633
Accounts payable and accrued liabilities	(37,925)	(8,297)
	(883,525)	(1,060,705)
Investing activities:		
Exploration and evaluation expenditures	(1,747,778)	(3,811,740)
Government grant	-	7,500
	(1,747,778)	(3,804,240)
Financing activities:		
Proceeds of issuance of shares	2,757,500	4,997,542
Share issue costs	(158,565)	(250,654)
Repayment of CEBA loan	(30,000)	-
	2,568,935	4,746,888
Change in cash and cash equivalents	(62,368)	(118,057)
Cash and cash equivalents, beginning of year	195,160	313,217
Cash and cash equivalents, end of year	\$ 132,792	\$ 195,160

Supplemental Schedule of Non-Cash investing and Financing Activities	2024	2023
Exploration and evaluation assets included in accounts payable and accrued liabilities	\$ 18,624	\$ 63,436
Shares issued for exploration and evaluation assets	\$ 43,200	\$ 57,600
Share issue costs in accounts payable	\$ -	\$ 20,499
Flow through share premium	\$ -	\$ 350,267
Relative fair value of unit warrants	\$ -	\$ 578,227
Fair value of finders' warrants	\$ 27,534	\$ -
Fair value of broker warrants	\$ 411,197	\$ 110,479
Cash and cash equivalents consist of:		
Cash	\$ 48,296	\$ 110,664
Cash equivalents	\$ 84,496	\$ 84,496
Cash paid during the year for interest	\$ -	\$ -
Cash paid during the year for income taxes	\$ -	\$ -

The accompanying notes are an integral part of these consolidated financial statements.

K2 Gold Corporation

Consolidated Statement of Changes in Shareholders' Equity

For the Years Ended December 31, 2024 and 2023

(Amounts are expressed in Canadian Dollars)

	Share Capital		Reserves	Subscription receivable	Deficit	Total
	Number of Shares	Amount				
Balance, December 31, 2022	64,848,634	\$ 26,761,673	\$ 6,404,454	\$ -	\$ (20,355,310)	\$ 12,810,817
Shares issued for mineral property	480,000	57,600	-	-	-	57,600
Private placement – non- flow through	23,976,500	3,018,248	578,227	-	-	3,596,475
Private placement- flow-through	8,756,666	1,401,067	-	-	-	1,401,067
Private placement – flow -through premium	-	(350,267)	-	-	-	(350,267)
Share issuance costs	-	(381,632)	110,479	-	-	(271,153)
Share-based compensation	-	-	303,695	-	-	303,695
Loss for the year	-	-	-	-	(1,079,001)	(1,079,001)
Balance, December 31, 2023	98,061,800	\$ 30,506,689	\$ 7,396,855	\$ -	\$ (21,434,311)	\$ 16,469,233
Shares issued for mineral property	480,000	43,200	-	-	-	43,200
Share-based compensation	-	-	8,946	-	-	8,946
Private placement – non-flow-through	27,875,000	2,376,303	411,197	(30,000)	-	2,757,500
Share issuance costs	-	(186,099)	27,534	-	-	(158,565)
Loss for the year	-	-	-	-	(800,901)	(800,901)
Balance, December 31, 2024	126,416,800	\$ 32,740,093	7,844,532	\$ (30,000)	(22,235,212)	\$ 18,319,413

The accompanying notes are an integral part of these consolidated financial statements.

K2 Gold Corporation

Notes to the Consolidated Financial Statements For the Years Ended December 31, 2024 and 2023

(Amounts are expressed in Canadian Dollars)

1. Nature of Operations and Going Concern

K2 Gold Corporation ("K2 Gold", "K2" or the "Company") was incorporated on May 3, 2011, pursuant to the Business Corporations Act of British Columbia, Canada. The Company's head office and registered and records office is located at Suite 1020 – 800 West Pender St., Vancouver, BC, V6C 2V6. The Company's common shares are publicly listed on the Toronto Stock Exchange's Venture Exchange (the "Exchange") under the symbol "KTO".

K2 Gold is an exploration stage company with its primary focus being the exploration of mineral properties in California, the Yukon Territory, and Alaska.

The recoverability of amounts shown as mineral property interests is dependent upon the discovery of economically recoverable reserves, the Company's ability to obtain financing to develop its property and the ultimate realization of profits through future production or sale of its property. Realized values may be substantially different than carrying values as recorded in these consolidated financial statements.

These consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able to continue its operation as a going concern for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. At December 31, 2024, the Company had not achieved profitable operations and had an accumulated deficit of \$22,235,212. These material uncertainties may cast significant doubt about the Company's ability to continue as a going concern. These consolidated financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern.

Although the Company has been successful in the past in obtaining financing, there can be no assurances that the Company will continue to obtain the additional financial resources necessary and/or achieve profitability or positive cash flows from its future operations. If the Company is unable to obtain adequate additional financing, the Company would be required to curtail its planned operations, exploration and development activities.

2. Basis of Presentation and Statement of Compliance

a) Statement of Compliance

These consolidated financial statements have been prepared in with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These consolidated financial statements have been prepared on a going concern basis, under the historical cost convention, and have been prepared using the accrual basis of accounting except for cash flow information. The statement of cash flows shows the changes in cash and cash equivalents arising during the period from operating activities, investing activities and financing activities.

b) Approval of the consolidated financial statements

These consolidated financial statements were approved and authorized for issue by the Board of Directors on April 24, 2025.

c) Functional and Presentation Currency

The functional currency of a company is the currency of the primary economic environment in which the company operates. The presentation currency for a company is the currency in which the company chooses to present its consolidated financial statements.

These consolidated financial statements are presented in Canadian dollars, which is the functional currency of the Company and its subsidiaries.

Transactions in foreign currencies are translated into the functional currency at exchange rates as at the date of the transaction. Foreign currency monetary assets and liabilities are translated at the functional currency exchange rate at the date of the statement of financial position. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using exchange rates as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates as at the date of acquisition. All gains and losses on translation of these foreign currency transactions are included in profit or loss.

K2 Gold Corporation

Notes to the Consolidated Financial Statements For the Years Ended December 31, 2024 and 2023

(Amounts are expressed in Canadian Dollars)

d) Basis of consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries K2 Gold Alaska, Inc. ("K2 Gold Alaska") and Mojave Precious Metals Inc. ("Mojave Precious Metals"). The financial statements of K2 Gold Alaska and Mojave Precious Metals are included in the consolidated financial statements from the date on which control was transferred to the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. All significant intercompany accounts and transactions have been eliminated on consolidation.

e) Key Sources of Estimation Uncertainty and Critical Judgments

Critical accounting judgments, estimates and assumptions

The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amount of expenses during the reporting period. Actual outcomes could differ from these estimates. These consolidated financial statements include estimates that, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods.

These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Information about significant areas of estimation uncertainty in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are noted below with further details of the assumptions contained in the relevant note.

The preparation of these consolidated financial statements requires management to make judgments regarding the going concern of the Company as discussed in Note 1.

Key sources of estimation uncertainty

The preparation of the consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of assets and liabilities at the date of the consolidated financial statements and the reported amounts of expenses during the reporting periods. Actual results could differ from those estimates and such differences could be significant. The following are the critical judgments and estimates that the Company has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements.

Deferred tax assets and liabilities

The measurement of the deferred tax provision is subject to uncertainty associated with the timing of future events and changes in legislation, tax rates and interpretations by tax authorities. The estimation of deferred taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets will not be realized.

The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income, which in turn is dependent upon the successful discovery, extraction, development and commercialization of mineral reserves. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company's deferred tax assets and tax provisions could be affected.

K2 Gold Corporation

Notes to the Consolidated Financial Statements

For the Years Ended December 31, 2024 and 2023

(Amounts are expressed in Canadian Dollars)

Carrying value and recoverability of exploration and evaluation assets

The carrying amount of the Company's exploration and evaluation assets do not necessarily represent present or future values, and the Company's exploration and evaluation assets have been accounted for under the assumption that the carrying amount will be recoverable. Recoverability is dependent on various factors, including the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development and upon future profitable production or proceeds from the disposition of the mineral property interests themselves. Additionally, there are numerous geological, economic, environmental and regulatory factors and uncertainties that could impact management's assessment as to the overall viability of its mineral property interests or to the ability to generate future cash flows necessary to cover or exceed the carrying value of the Company's exploration and evaluation assets. Management assesses for impairment indicators at each reporting date.

Share-based compensation

Share-based compensation expense is measured by reference to the fair value of the stock options at the date at which they are granted. Estimating fair value for granted stock options requires determining the most appropriate valuation model which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the option, volatility, dividend yield, and rate of forfeitures and making assumptions about them. The value of the share-based compensation expense for the years ended December 31, 2024, and 2023 are disclosed in Note 5.

3. Material Accounting Policy Information

a) Exploration and evaluation assets

Mineral property acquisition costs and related exploration costs, including option payments, are capitalized on an individual area of interest basis until the properties are brought into production, at which time they will be amortized on a unit-of-production basis, or until the properties are abandoned, sold or management determines that the mineral property is not economically viable, at which time the unrecoverable deferred costs are written off. Option payments arising on the acquisition of mineral property interests exercisable at the discretion of the Company are recognized when paid.

Mineral property acquisition costs include cash consideration and the estimated fair value of common shares on the date of issue as provided under the agreed terms of acquisition for the mineral property interest.

Capitalized exploration and evaluation costs are those directly attributable costs related to the search for, and evaluation of, mineral resources, that are incurred after the Company has obtained the legal rights to explore a specific area and before the technical feasibility and commercial viability of a mineral reserve are demonstrable.

Any costs incurred prior to obtaining the right to explore a mineral property are expensed as incurred as property investigation expense in profit or loss.

Management reviews the carrying value of capitalized exploration and evaluation assets each reporting period for indications of impairment. Exploration and evaluation assets are tested for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where information is available, and conditions suggest impairment, the fair value of the mineral property is determined using the estimated net cash flows for the mineral property taking into account proven and probable reserves and resources, estimated future prices and operating, capital and reclamation costs. In the case of undeveloped projects, there may be only inferred or indicated resources to form a basis for the impairment review. In such cases, the impairment review is based on the exploration and evaluation results to-date and a status report regarding the Company's intentions for development of the mineral property.

Recovery of the resulting carrying value of exploration and evaluation assets depends on the successful development or sale of the undeveloped project. If a project does not prove viable, all non-recoverable costs associated with the project are written off.

The amount presented, if any, for exploration and evaluation assets represents costs incurred to date and does not necessarily reflect present or future values.

K2 Gold Corporation

Notes to the Consolidated Financial Statements

For the Years Ended December 31, 2024 and 2023

(Amounts are expressed in Canadian Dollars)

a) Financial instruments

Classification

Financial assets are classified at initial recognition as either: measured at amortized cost, Fair value through profit or loss ("FVTPL"), or fair value through other comprehensive income ("FVTOCI"). The classification depends on the Company's business model for managing the financial assets and the contractual cash flow characteristics. For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income ("OCI").

FVTPL – Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial asset held at FVTPL are included in profit or loss in the period in which they arise.

FVTOCI - Investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently, they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income (loss). There is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.

Financial assets at amortized cost - A financial asset is measured at amortized cost if the objective of the business model is to hold the financial asset for the collection of contractual cash flows, and the asset's contractual cash flows are comprised solely of payments of principal and interest. They are classified as current assets or non-current assets based on their maturity date and are initially recognized at fair value and subsequently carried at amortized cost less any impairment.

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL or the Company has opted to measure at FVTPL.

The Company classifies its financial instruments as follows:

Cash and cash equivalents	Amortized cost
Amounts receivable	Amortized cost
Reclamation bond	Amortized cost
CEBA loan	Amortized cost
Accounts payable, Accrued liabilities	Amortized cost

Measurement

Financial assets and liabilities at FVTPL are initially recognized at fair value and transaction costs are expensed in profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets or liabilities held at FVTPL are included in profit or loss in the period in which they arise. Where the Company has opted to designate a financial liability at FVTPL, any changes associated with the Company's credit risk will be recognized in OCI.

Financial assets and liabilities at amortized cost are initially recognized at fair value, and subsequently carried at amortized cost less any impairment.

Impairment

The Company assesses on a forward-looking basis the expected credit loss ("ECL") associated with financial assets measured at amortized cost, contract assets and debt instruments carried at FVTOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

b) Impairment of non-financial assets

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use.

K2 Gold Corporation

Notes to the Consolidated Financial Statements For the Years Ended December 31, 2024 and 2023

(Amounts are expressed in Canadian Dollars)

Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

c) Share-based compensation

The grant date fair value of share-based payment awards granted to employees is recognized as an employee expense, with a corresponding increase in shareholders' equity, over the period that the employees unconditionally become entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date.

Share-based compensation arrangements in which the Company receives property or services as consideration for its own equity instruments are accounted for as equity settled share-based compensation transactions. If the fair value of the property or service received cannot be estimated reliably, the share-based compensation transaction is measured at the fair value of the equity instruments granted at the date the Company receives the property or service.

d) Share Capital

Common shares are classified as shareholders' equity. Incremental costs directly attributable to the issuance of common shares and stock options are recognized as a deduction from equity. Common shares issued for consideration other than cash, are valued based on their market value at the date the shares are issued.

The proceeds from the issue of units is allocated between common shares and common share purchase warrants on a prorated basis using relative fair values of common shares and warrants. The fair value of common share purchase warrants is determined using the Black- Scholes option pricing model.

The Company may from time to time, issue flow-through common shares to finance a significant portion of its exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company separates the flow-through common share into i) a flow-through common share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability and; ii) share capital. When the resource property expenditures are incurred, the Company derecognizes the liability and recognized as other income.

e) Restoration, rehabilitation, and environmental costs

An obligation to incur rehabilitation and site restoration costs arises when an environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. The Company is required to record as a liability the estimated present value of future cash flows associated with the statutory, contractual, constructive or legal obligations related to site restoration and rehabilitation when the liability is incurred, with a corresponding increase to the carrying value of the related assets.

For the periods presented the Company has no material restoration, rehabilitation or environmental liabilities as the disturbance to date are minimal.

f) Income Taxes

Income tax expense comprises current and deferred tax. Current tax is the expected tax payable or receivable on the taxable income or loss for the year using tax rates enacted or substantively enacted at the reporting date. As the Company is in a loss position there is no current tax payable.

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Deferred income tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the tax laws that have been enacted or substantively enacted by the reporting date. Deferred income tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

g) Loss per Common Share

The Company presents basic and diluted loss per share data for its common shares. Basic loss per common share is calculated by dividing the profit or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year. Diluted loss per common share is calculated by adjusting the weighted average number of common shares outstanding to assume conversion of all potentially dilutive share equivalents, such as stock options and warrants and assumes the receipt of proceeds upon exercise of the dilutive securities to determine the number of shares assumed to be purchased at the average market price during the year. For the years presented the calculation proved to be anti-dilutive.

g) Comprehensive Income or Loss

Comprehensive income or loss is the change in net assets arising from transactions and other events and circumstances from non-owner sources and comprises net income or loss and other comprehensive income or loss. Financial assets that are classified as Fair value through OCI will have revaluation gains and losses included in other comprehensive income or loss until the asset is removed from the statement of financial position.

h) New accounting standards and amendments

There were no new accounting standards or amendments to standards that were applicable to the Company for the year ended December 31, 2024 that had a material impact on its financial statements.

The following new standards, amendments to standards and interpretations have been issued but are not effective during the year ended December 31, 2024:

On April 9, 2024, the IASB issued a new standard – IFRS 18, “Presentation and Disclosure in Financial Statements” with a focus on updates to the statement of profit or loss. The key new concepts introduced in IFRS 18 relate to:

- the structure of the statement of profit or loss;
- required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity’s financial statements (that is, management-defined performance measures); and
- enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.

IFRS 18 will replace IAS 1; many of the other existing principles in IAS 1 are retained, with limited changes. IFRS 18 will apply for reporting periods beginning on or after January 1, 2027 and also applies to comparative information. Adoption of IFRS 18 will not impact the recognition or measurement of items in the financial statements, but it might change what an entity reports as its ‘operating profit or loss’. The Company is evaluating the impact the standard will have on the financial statements.

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4. Exploration and Evaluation Assets

Mojave Gold Project:	Acquisition Costs	Deferred Exploration	Total
Balance, December 31, 2022	\$ 2,123,160	\$ 7,020,288	\$ 9,143,448
Shares issued	57,600	-	57,600
Geology	-	97,167	97,167
Land use & Licenses	-	406,280	406,280
Legal Permitting	-	24,831	24,831
Travel	-	6,520	6,520
Balance, December 31, 2023	\$ 2,180,760	\$ 7,555,086	\$ 9,735,846
Shares issued	43,200	-	43,200
Cash payment	34,635	-	34,635
Geology	-	443,923	443,923
Aviation	-	287	287
Land use and Licenses	-	518,022	518,022
Legal Permitting	-	19,298	19,298
Travel	-	25,881	25,881
Balance, December 31, 2024	\$ 2,258,595	\$ 8,562,496	\$ 10,821,091

Cerro Gordo Gold Project:	Acquisition Costs	Deferred Exploration	Total
Balance, December 31, 2022	\$ 62,344	\$ 13,242	\$ 75,586
Balance, December 31, 2023	\$ 62,344	\$ 13,242	\$ 75,586
Geology	-	44,195	44,195
Land use and Licenses	-	16,604	16,604
Travel	-	10,778	10,778
Balance, December 31, 2024	\$ 62,344	\$ 84,819	\$ 147,163

Si2 Gold Project:	Acquisition Costs	Deferred Exploration	Total
Balance, December 31, 2022	\$ 62,370	\$ 181,443	\$ 243,813
Cash payment	133,210	-	133,210
Geology & drilling	-	1,805,938	1,805,938
Aviation	-	409	409
Travel	-	273,006	273,006
Balance, December 31, 2023	\$ 195,580	\$ 2,260,796	\$ 2,456,376
Cash payment	68,820	-	68,820
Geology	-	36,218	36,218
Aviation	-	96	96
Travel	-	46,370	46,370
Balance, December 31, 2024	\$ 264,400	\$ 2,343,480	\$ 2,607,880

Wels Property:	Acquisition Costs	Deferred Exploration	Total
Balance, December 31, 2022	\$ 1,517,557	\$ 1,605,846	\$ 3,123,403
Advanced royalty payment	20,000	-	20,000
Geology & drilling	-	657,948	657,948
Aviation	-	221,421	221,421
Land use & licenses	-	5,985	5,985
Travel	-	118,649	118,649
Government grant recovery	-	(7,500)	(7,500)
Balance, December 31, 2023	\$ 1,537,557	\$ 2,602,349	\$ 4,139,906

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Advanced royalty payment	20,000	-	20,000
Geology	-	376,208	376,208
Aviation	-	29,177	29,177
Legal (Permitting)	-	6,669	6,669
Travel	-	5,787	5,787
Balance, December 31, 2024	\$ 1,557,557	\$ 3,020,190	\$ 4,577,747

Total Exploration and Evaluation:		Acquisition Costs	Deferred Exploration	Total
Balance, December 31, 2023	\$	3,976,241	\$ 12,431,473	\$ 16,407,714
Balance, December 31, 2024	\$	4,142,896	\$ 14,010,984	\$ 18,153,880

Mojave Gold Project

On July 12, 2019, K2 signed an option agreement to acquire a 100% interest in the Mojave Gold Project ("Mojave Project"), with the option agreement subsequently amended on June 14, 2022.

To earn 100% of the Mojave project, the Company must make staged cash and share payments as listed below:

		Cash option payments		Common shares issuance	
July 12, 2019 (Effective date)	US\$	112,500	paid	480,000	issued
6-months from the effective date		112,500	paid		
12-months from the effective date		125,000	paid	480,000	issued
18-months from the effective date		125,000	paid		
24-months from the effective date		150,000	paid	480,000	issued
30-months from the effective date		150,000	paid		
August 31, 2023		25,000	paid	480,000	issued
August 31, 2023*		150,000			
February 29, 2024*		175,000			
August 31, 2024*		275,000		480,000	issued
Total	US\$	1,400,000		2,400,000	

* On August 18, 2023, the vendor agreed to defer the remaining three cash option payments until permitting is completed.

In addition, following the exercise of its option, K2 has agreed to make an annual pre-production payment of US\$275,000 per year beginning on August 31, 2025, and continuing annually until the achievement of commercial production, and to grant a 3% net smelter returns royalty ("NSR") with respect to all mineral produced from the Mojave Project, subject to a minimum annual royalty payment following commercial production of US\$300,000. The royalty will be subject to certain buy-down rights in K2's favour. K2 may terminate the agreement at any time during the option period.

In August 2020, the Company was required to post a bond in the amount of \$67,665 (\$50,000 USD), (2023 - \$66,130- (\$50,000 USD)) with the Bureau of Land Management ("BLM") for reclamation work associated with the Mojave Property.

Cerro Gordo Project

On August 11, 2021, the Company signed an option agreement to acquire a 100% interest in the Cerro Gordo Gold Project ("Cerro Gordo Project"), located adjacent to the Company's Mojave Project in Inyo County, California. The option agreement was subsequently amended, extending all outstanding payments.

To earn 100% of the Cerro Gordo Project the Company must make staged cash payments as listed below:

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(Amounts are expressed in Canadian Dollars)

		Cash option payments		Work commitment
July 30 2021 (Effective date)	US\$	10,000	(paid)	-
60 days from the effective date (Closing date)		40,000	(paid)	-
December 31, 2024*		25,000		-
July 30, 2025		75,000	US\$	25,000
July 30, 2026		75,000		25,000
July 30, 2027		75,000		25,000
July 30, 2028		75,000		25,000
July 30, 2029		250,000		-
Total	US\$	625,000	US\$	100,000

* the Company is negotiating with the vendor to defer the payments..

In addition, a bonus payment of US\$500,000 is payable following the completion of a Bankable Feasibility Study.

Commencing in the year following the second anniversary of the Closing date and continuing for four years thereafter, the Company has agreed to expend a minimum of US\$25,000 annually on exploration, development, and mining work on the Cerro Gordo Project claims, for an aggregate amount of at least US\$100,000 over the four-year period. In addition, K2 has granted the vendor a 3% NSR royalty with respect to all minerals produced from the Cerro Gordo Project. The Company can repurchase half of the NSR for US\$1,000,000. The Company may terminate the agreement at any time during the option period.

Si2 Gold Project

On January 19, 2022, the Company signed an option agreement with Orogen Royalties Inc. ("Orogen"), to earn a 100% interest, subject to a 2% NSR, in Orogen's Si2 gold project, formerly known as the Elba project, in Nevada, USA (the "Si2 Gold Project" or "Si2").

To earn 100% of the Si2 Project the Company must make staged cash payments and incur exploration expenditures as listed below:

		Cash		Work Commitment (Cumulative)
Signing Date (January 18, 2022) Paid	US\$	\$ 50,000	\$	-
January 18, 2023 (Paid and incurred)	\$	100,000	\$	150,000 (Incurred)
January 18, 2024**	\$	100,000	\$	650,000 (Incurred)
January 18, 2025	\$	250,000	\$	1,250,000
January 18, 2026	\$	500,000	\$	1,750,000
January 18, 2027	\$	1,500,000	\$	2,500,000
Total	US\$	\$ 2,500,000	\$	\$2,500,000

Orogen will retain a 2% NSR royalty once the Company has exercised the option. The Company has agreed to make \$50,000 annual payments, commencing on the first anniversary of the exercise of the option.

** During the year ended December 31, 2024, the Company has paid \$50,000 of the \$100,000. Subsequent to year-end, the Company entered into an agreement with Orogen to acquire a 100% interest in the Si2 Project, by paying \$250,000 in cash or common shares of K2, at the discretion of K2. Orogen will retain a 2% net smelter return ("NSR") royalty.

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Wels Property

The Company signed a definitive option agreement with Go Metals Corp. "Go Metals" (formerly "Go Cobalt Mining Corp.") on August 11, 2016, subsequently amended, to acquire a 90% joint venture interest in certain mineral property interests located in the Yukon Territory, known as the "Wels Property". To earn its interest, the Company made cash payments aggregating \$350,000 staged over 24 months and issued 3,000,000 common shares staged over a 30-month period.

Upon completion of the payments and share issuances, the Company and Go Metals will proceed under the terms of a joint venture agreement (the "Joint Venture"). Under the Joint Venture, the Company will fund the project fully through completion of a preliminary economic assessment, following which project expenditures will be funded on a 90/10 proportionate basis between the Company and Go Metals, respectively, with the Company acting as project manager and holding voting control of the Joint Venture project committee. If, at any time, either party's Joint Venture interest is diluted to less than 1% that diluted party's interest will be cancelled, and the Joint Venture will terminate.

The Wels Property is subject to 3% NSR royalty governed by a 2011 agreement between Go Metals and two arm's length holders. The royalty agreement provides that 2% of the 3% NSR may be purchased from the royalty holders for cash payment of \$1,500,000. Pursuant to the option agreement, the Company will pay the \$20,000 annual advance royalty due under the 2011 agreement. Pursuant to the option agreement a \$20,000 annual advance royalty was paid in 2024 (2023 - \$20,000).

5. Share Capital

a) Authorized Share Capital

At December 31, 2024 and 2023, the authorized share capital comprised an unlimited number of common shares without par value. At December 31, 2024, the Company has 126,416,800 (December 31, 2023 – 98,061,800) common shares outstanding.

b) Issued Share Capital

Transactions for the year ended December 31, 2024

On February 15, 2024, the Company completed a private placement financing by issuing a total of 10,450,000 units at a price of \$0.10 per unit, for aggregate gross proceeds of \$1,045,000. Each unit consisted of one common share and one non-transferable common share purchase warrant. Each warrant is exercisable to acquire one share at a price of \$0.30 per share for a period of 12 months. These warrants were valued at \$133,475 at grant date, net of issuance costs allocated. The fair value of warrants was determined using the Black-Scholes pricing model with an average risk-free rate of 4.24%, expected stock price volatility of 116.73% and average expected life of 1 year.

In connection with this private placement, the Company paid finders fees to arm's length finders totaling \$56,340 and issued 563,400 warrants exercisable for 12 months from the date of issuance to acquire common shares of the Company at an exercise price of \$0.30 per share. These warrants had a fair value of \$7,989 and were included as non-cash share issuance costs.

On August 15, 2024, the Company closed the first tranche of the non-brokered private placement whereby the Company has issued 9,500,000 units at a price of \$0.10 per share for total gross proceeds of \$950,000. Each unit consisted of one common share and one non-transferable common share purchase warrant. Each warrant is exercisable to acquire one share at a price of \$0.30 per share for a period of 12 months from the date of issuance subject to an acceleration clause. These warrants were valued at \$134,032 at grant date, net of issuance costs allocated. The fair value of warrants was determined using the Black-Scholes pricing model with an average risk-free rate of 3.31%, expected stock price volatility of 121.78% and average expected life of one year.

In connection with this private placement, the Company paid finders fees to arm's length finders totalling \$41,700, share issuance costs in cash of \$2,625, and issued 417,000 warrants exercisable for 12 months from the date of issuance to acquire common shares of the Company at an exercise price of \$0.30 per share. These warrants had a fair value of \$6,552 and were included as non-cash share issuance costs.

On October 24, 2024, the Company closed the second and final tranche of the non-brokered private placement, issuing 7,925,000 units for gross proceeds of \$792,500. Each unit consisted of one common share and one non-transferable common share purchase warrant. Each warrant is exercisable to acquire one share at a price of \$0.30 per share for a period

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of 12 months from the date of issuance subject to an acceleration clause. These warrants were valued at \$143,690 at grant date, net of issuance costs allocated. The fair value of warrants was determined using the Black-Scholes pricing model with an average risk-free rate of 3.07%, expected stock price volatility of 126.88% and average expected life of 1 year.

In connection with this private placement, the Company paid finders fees to arm's length finders totalling \$57,900 and issued 463,500 warrants exercisable for 12 months from the date of issuance to acquire common shares of the Company at an exercise price of \$0.30 per share. These warrants had a fair value of \$12,993 and were included as non-cash share issuance costs.

Transactions for the year ended December 31, 2023

On August 22, 2023, the Company completed a non-brokered private placement. Total gross proceeds raised was \$1,401,067 consisting of 8,756,666 charity flow through shares offered at a price of \$0.16 per charity flow through share.

The Company paid finders fees to arm's length finders totalling \$49,032. In addition, \$10,695 was paid for cash share issuance costs. Total cash share issuance costs was \$59,727.

On February 1, 2023, the Company completed a non-brokered private placement financing by issuing a total of 23,976,500 units at a price of \$0.15 per unit, for aggregate gross proceeds of \$3,596,475.

Each unit consisted of one common share and one-half of one non-transferable common share purchase warrant. Each warrant is exercisable to acquire one share at a price of \$0.30 per share for a period until February 1, 2025.

The Company paid finders fees to arm's length finders totaling \$188,479 and issued 1,256,530 broker warrants exercisable for 24 months from the date of issuance to acquire common shares of the Company at an exercise price of \$0.30 per share. The broker warrants had a fair value of \$110,479 and were included as non-cash share issuance costs, of which \$90,971 was allocated to share capital and \$19,508 to reserves. In addition, \$22,947 was paid for cash share issuance costs. Total cash share issuance costs was \$211,426.

c) Warrants

The warrants activity are summarized below:

Details of outstanding warrants are as follows:	Number of Warrants	Weighted Average Exercise Price
Outstanding warrants, December 31, 2022	-	-
Issued	13,244,780	\$ 0.30
Outstanding warrants, December 31, 2023	13,244,780	\$ 0.30
Issued	29,318,900	\$ 0.30
Outstanding warrants, December 31, 2024	42,563,680	\$ 0.30

At December 31, 2024, the Company had outstanding warrants enabling the holders to acquire common shares as follows:

Expiry Date	Weighted Average Exercise Price	Number of Warrants	Weighted Remaining Contractual Life (in Years)
February 1, 2025*	\$0.30	13,244,780	0.09
February 15, 2025**	\$0.30	11,013,400	0.13
August 15, 2025	\$0.30	9,917,000	0.62
October 24, 2025	\$0.30	8,388,500	0.81
Weighted average exercise price and remaining contractual life	\$0.30	42,563,680	0.37

*Subsequent to the period ended December 31, 2024, the Company extended the expiry dates of 11,988,250 unit warrants to October 1, 2025, while 1,256,530 finders' warrants expired on February 1, 2025.

** Similarly, the Company extended the expiry dates of 10,450,000 unit warrants to October 1, 2025, whereas 563,400 finders' warrants expired on February 11, 2025.

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d) Stock Options

Under the Company's stock option plan, the board of directors may grant options for the purchase of up to 10% of the total number of issued and outstanding common shares of the Company. Options granted under the plan vest over time at the discretion of the board of directors and expire no later than ten years from the date of issuance. Exercise prices on options granted under the plan cannot be lower than the market price of one common share on the last trading day immediately preceding the day on which the option is granted, less the maximum applicable discount permitted by the Exchange.

During the year ended December 31, 2023, the Company granted a total of 2,775,000 stock options.

There were no stock options granted during the year ended December 31, 2024.

The changes in stock options issued are as follows:

	Number of stock options	Weighted Average Exercise Price
Outstanding, December 31, 2022	5,845,000	\$0.25
Granted	2,775,000	\$0.15
Outstanding December 31, 2023	8,620,000	\$0.22
Expired	(1,550,000)	\$0.27
Outstanding December 31, 2024	7,070,000	\$0.21

Share-based compensation relating to options vested during the year ended December 31, 2024 using the Black-Scholes option pricing model was \$8,946 (2023: \$303,695), which was recorded as reserves on the statements of financial position and as share-based compensation expense on the statement of loss and comprehensive loss.

The estimated grant date fair value of the options granted during 2023 and 2024 was calculated using the Black-Scholes option pricing model with the following weighted average assumptions:

	2024 Stock Options	2023 Stock Options
Number of options granted	Nil	2,775,000
Risk-free interest rate	Nil	3.10%
Expected annual volatility	Nil	106%
Expected life	Nil	5 years
Expected dividend yield	Nil	0%
Grant date fair value per option	Nil	\$0.11
Share price at grant date	Nil	\$0.14

As at December 31, 2024, the Company had outstanding options enabling the holders to acquire common shares as follows:

Expiry Date	Options outstanding	Options exercisable	Exercise price	Weighted Remaining Contractual Life (in Years)
February 20, 2025*	100,000	100,000	\$0.23	0.14
September 28, 2025	400,000	400,000	\$0.71	0.74
May 13, 2026	945,000	945,000	\$0.32	1.36
May 13, 2027	2,850,000	2,850,000	\$0.15	2.36
May 1, 2028	2,775,000	2,775,000	\$0.15	3.33
	7,070,000	7,070,000	\$0.21	2.49

* Expired subsequent to the year ended December 31, 2024

6. Financial Instruments

a) Fair values

The Company has classified fair value measurements of its financial instruments using a fair value hierarchy that reflects the significance of inputs used in making the measurements as follows:

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Level 1: Valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Valuations based on directly or indirectly observable inputs in active markets for similar assets or liabilities, other than Level 1 prices, such as quoted interest or currency exchange rates; and

Level 3: Valuations based on significant inputs that are not derived from observable market data, such as discounted cash flow methodologies based on internal cash flow forecasts.

The fair value of cash and cash equivalents, amounts receivable and accounts payables and accrued liabilities approximates their carrying value due to their short-term maturity. The fair value of the Company's reclamation bond and CEBA loan approximate carrying value due to the use of market rates, which is the amount recorded on the statements of financial position.

b) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash and cash equivalents and amounts receivable. The Company's maximum exposure to credit risk is the carrying amount of its cash and receivables.

Cash and cash equivalents are held with major Canadian financial institutions and amounts receivable primarily consist of GST recoverable are from Government entities. Management is of the view that all amounts are fully collectible.

c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations and commitments as they become due. The Company ensures that there is sufficient capital in order to meet short term business requirements, after taking into account cash flows from operations and the Company's holdings of cash. All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. As at December 31, 2024, the Company has cash and cash equivalents of \$132,792 to cover its current liabilities of \$110,436. Refer to note 1 for further discussion over liquidity.

d) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and commodity and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

In the normal course of business, the Company enters into transactions for the purchase of supplies and services and acquisition of mineral properties, denominated in a currency other than the functional currency of the Company. As a result, the Company is subject to foreign exchange risk from fluctuations in foreign exchange rates, however Management estimates the risk to be insignificant. The Company has not entered into any derivative or other financial instruments to mitigate this foreign exchange risk. A 10% fluctuation in the US\$ against the Canadian dollar would affect profit or loss by approximately \$1,014 (2023 - \$4,773).

e) Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on profit or loss and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of resources, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

7. Capital Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern so that it can provide returns and benefits for shareholders and advance the exploration of its mineral properties.

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The Company's policy is to maintain a strong capital base to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of equity, comprising share capital and reserves, net of accumulated deficit.

The Company depends on external financing to fund its activities and may issue new equity instruments to maintain its capital structure. The Company manages its capital structure through the preparation of operating budgets, which are approved by the Board of Directors.

There were no changes in the Company's approach to capital management during the nine months ended December 31, 2024. The Company is not subject to any externally imposed capital requirements.

8. CEBA loan

In June 2020, the Company secured a \$40,000 interest-free operating line of credit after applying for the government-sponsored Canada Emergency Business Account ("CEBA") under the Government of Canada COVID-19 relief program.

Terms of the CEBA agreement:

- i. The CEBA funds are intended for non-deferrable operating expenses, including but not limited to payroll, rent and insurance,
- ii. If there is a balance outstanding after December 31, 2020, the remaining outstanding amount will be converted into a 2-year interest-free term loan effective January 1st, 2021,
- iii. If \$30,000 is repaid by January 18, 2024, \$10,000 of the operating line will be forgiven,
- iv. On December 31, 2023, the Company may choose to exercise an option to extend the term loan for another 3 years at the rate of 5% per annum on any balance remaining.

As at December 31, 2024, the balance owing was \$Nil (December 31, 2023 - \$40,000). In the period ending December 31, 2024, the Company repaid the \$30,000 due on January 18, 2024, and obtained \$10,000 in loan forgiveness.

9. Related Parties

Key management compensation

Key management consists of the Company's directors and officers. In addition to management and consulting fees paid to these individuals, or companies controlled by these individuals, the Company provides non-cash benefits. Total key management compensation are as follows:

		Year ended December 31, 2024		Year ended December 31, 2023
Exploration and evaluation assets	\$	180,000	\$	168,750
Personnel		294,075		283,247
Share-based compensation		7,011		236,591
Total	\$	481,086	\$	688,588

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

		Year ended December 31, 2024		Year ended December 31, 2023
Office rent (Vancouver, BC) ¹	\$	24,159	\$	45,810
Office rent (Squamish, BC) ²		26,927		22,707
Total	\$	51,086	\$	68,517

(¹) Cost recovery payments made to a company related to key management.

(²) Rental payments made to a company owned by a key management person.

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Notes to the Consolidated Financial Statements For the Years Ended December 31, 2024 and 2023

(Amounts are expressed in Canadian Dollars)

The balance payable to related parties at December 31, 2024 was \$326 (December 31, 2023 - \$Nil). These payables are generally unsecured, non-interest bearing and are expected to be repaid under normal trade terms.

The amounts charged to the Company for the services provided have been determined by negotiation among the parties and, in certain cases, are covered by signed agreements. These transactions were in the normal course of operations and were measured at the exchange value, which represented the amount of consideration established and agreed to by the related parties.

As at December 31, 2024 the balance of \$30,000 (December 31, 2023 - \$Nil) was due from CEO of the Company for the share subscription. Additionally, a balance of \$10,421 was receivable from a company related to a director as a chargeback. This amount is included in the accounts receivable. Amounts due from related parties are generally unsecured, non-interest bearing and are expected to be repaid under normal trade terms

10. Income Taxes

Current Income Taxes

A reconciliation of income taxes at statutory rates is as follows:

	2024	2023
Loss for the year	\$ (800,901)	\$ (1,079,001)
A reconciliation of income taxes at Canadian statutory rate of:	27.00%	27.00%
Expected income tax recovery	(216,000)	(291,000)
Change in statutory rate and other	(236,000)	(98,000)
Permanent and other differences	6,000	85,000
Impact of flow through share	118,000	260,000
Share issue costs	(43,000)	(72,000)
Adjustment to prior years provision versus statutory returns	26,000	-
Change in unrecognized deductible differences	345,000	116,000
Income tax expense (recovery)	\$ -	\$ -

At December 31, 2024, the Company had estimated non-capital losses carried forward of approximately \$10,982,000 in Canada (2023 - \$10,092,000) (expiring in 2031 to 2044) available to reduce future taxable income. In addition to its loss carry-forwards, the Company has deductible temporary differences of approximately \$6,917,000 (2023 - \$6,222,000) relating primarily to exploration and evaluation costs, available to reduce future taxable income. Tax attributes are subject to review and potential adjustment by tax authorities.

11. Commitments

Lease

The Company entered into a lease agreement with a company owned by a key management person for office space in Squamish, BC, commencing August 1, 2024, and expiring on July 31, 2025 for \$1,971 per month.

12. Flow Through Share Premium Liability

Flow-through share premium liabilities include the liability portion of the flow-through shares issued.

During the year ended December 31, 2023, the Company completed a non-brokered private placement financing by issuing a total of 8,756,666 charity flow-through shares at a price of \$0.16 per charity flow-through share, for aggregate gross proceeds of \$1,401,067. A flow-through share premium liability of \$350,267 was recognized upon issuance. As eligible exploration expenditures are incurred the liability will be amortized to profit or loss.

At December 31, 2024 there was \$Nil (December 31, 2023 - \$437,841) remaining flow-through to be spent.

K2 Gold Corporation

Notes to the Consolidated Financial Statements For the Years Ended December 31, 2024 and 2023

(Amounts are expressed in Canadian Dollars)

During the period ended December 31, 2024, the Company recognized \$109,460 (December 31, 2023 - \$240,807) as income on reduction of the flow-through premium liability.

Balance at December 31, 2022	\$	-
Liability incurred on flow-through shares		350,267
Settlement of flow-through share liability on incurring expenditures		(240,807)
Balance at December 31, 2023	\$	109,460
Settlement of flow-through share liability on incurring expenditures		(109,460)
Balance at December 31, 2024	\$	-

13. Segment Information

The Company operates in one reportable segment, being the acquisition, exploration and evaluation of mineral resources. The Company's exploration and evaluation assets are located in Canada and the United States as follows:

	December 31, 2024	December 31, 2023
Exploration and evaluation assets		
Canada	4,577,747	4,139,907
United States	13,576,133	12,267,807
	18,153,880	16,407,714
	\$ 18,153,880	\$ 16,407,714

14. Subsequent event

On March 10, 2025, the Company completed a private placement financing by issuing a total of 24,486,691 units at a price of \$0.15 per unit, for aggregate gross proceeds of \$3,673,000, of which \$75,000 remains receivable. Each unit consists of one common share in the capital of the Company and one half of one non-transferable common share purchase warrant. Each warrant will be exercisable to acquire one share at a price of \$0.30 per share for a period of 12 months from the date of issuance subject to an acceleration clause. The Company paid \$155,010 in finders fees and issued 1,033,402 finders warrants. Each finders warrant is exercisable into one common share at a price of \$0.30 per share for a period of 12 months.