



K2 Gold Corporation

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

(Expressed in Canadian Dollars)

DAVIDSON

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, 2025 and 2024 and January 1, 2024 and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity, and cash flows for the years ended December 31, 2025 and 2024, 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, 2025 and 2024 and January 1, 2024, and its financial performance and its cash flows for the years ended December 31, 2025 and 2024 in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards").

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.

Other Matter – Change in Accounting Policy

We draw attention to Note 3 to the consolidated financial statements, which explains that certain comparative information presented:

- As at and for the year ended December 31, 2024 has been restated.
- As at January 1, 2024 has been derived from the consolidated financial statements for the year ended December 31, 2023 which have been restated (not presented herein).

Note 3 explains the change in accounting policy and related restatement and also explains the adjustments that were applied to restate certain comparative information.

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 period. 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.

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 \$7,275,262 as of December 31, 2025. 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.
- Plan and perform the group audit to 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 period 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.

Davidson & Company LLP

Chartered Professional Accountants

Vancouver, Canada

April 27, 2026

K2 Gold Corporation
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)
AS AT

		December 31, 2025	December 31, 2024	January 1, 2024
	Note		<i>(restated – Note 3 (j))</i>	<i>(restated – Note 3 (j))</i>
Assets				
Current assets				
Cash and cash equivalents		\$ 10,854,686	\$ 132,792	\$ 195,160
Amounts receivable		18,852	19,836	44,785
Prepaid expenses		206,326	51,396	53,265
		<u>11,079,864</u>	<u>204,024</u>	<u>293,210</u>
Exploration and evaluation assets	4	7,275,262	4,142,896	3,976,241
Reclamation bond		69,610	71,945	66,130
		<u>18,424,736</u>	<u>4,418,865</u>	<u>4,335,581</u>
TOTAL ASSETS				
Liabilities and shareholders' equity				
Current liabilities				
Accounts payable and accrued liabilities		\$ 377,219	\$ 110,436	\$ 148,361
Flow through premium liability	12	-	-	109,460
CEBA Loan	8	-	-	40,000
		<u>377,219</u>	<u>110,436</u>	<u>297,821</u>
Shareholders' Equity				
Share capital	5	50,817,667	32,740,093	30,506,689
Reserves	5	8,319,078	7,844,532	7,396,855
Subscription receivable	9	-	(30,000)	-
Deficit		(41,089,228)	(36,246,196)	(33,865,784)
		<u>18,047,517</u>	<u>4,308,429</u>	<u>4,037,760</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY				
		<u>\$ 18,424,736</u>	<u>\$ 4,418,865</u>	<u>\$ 4,335,581</u>

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

Approved on behalf of the Board of Directors on April 27, 2026.

"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
(Expressed in Canadian Dollars)

For the years ended December 31,	Note	2025	2024 <i>(restated – Note 3 (j))</i>
Expenses			
Advertising, marketing and promotion		\$ 265,196	\$ 158,992
Corporate listing and filing fees		56,355	54,772
Exploration costs	4, 9	2,671,041	1,579,511
Office and administration		118,022	124,382
Personnel	9	396,459	307,665
Professional fees		70,294	50,710
Rent	9,11	78,595	75,320
Share-based compensation	5,9	999,533	8,946
Travel and conferences		243,927	155,233
		(4,899,422)	(2,515,531)
Other income (expenses)			
Amortization of flow-through premium liability	12	-	109,460
CEBA loan income	8	-	10,000
Foreign exchange gain (loss)		(62,693)	(5,303)
Interest income		119,083	11,037
Other income		-	9,925
Loss and comprehensive loss for the year		(4,843,032)	(2,380,412)
Loss per share – basic and diluted		\$ (0.03)	\$ (0.02)
Weighted average number of common shares outstanding – basic and diluted		157,792,943	112,492,784

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, 2025 and 2024
(Expressed in Canadian Dollars)

Cash provided by (used in):	2025		2024 <i>(restated – Note 3 (j))</i>	
Operating activities:				
Loss for the year	\$	(4,843,032)	\$	(2,380,412)
Items not involving cash:				
Amortization of flow-through premium liability		-		(109,460)
Share-based compensation		999,533		8,946
Foreign exchange		2,335		(5,815)
Forgiveness of CEBA loan		-		(10,000)
Change in non-cash working capital items:				
Accounts receivable		984		24,949
Prepaid expenses		(154,930)		1,869
Accounts payable and accrued liabilities		266,783		6,887
		(3,728,327)		(2,463,036)
Investing activities:				
Exploration and evaluation expenditures		(1,652,366)		(168,267)
		(1,652,366)		(168,267)
Financing activities:				
Proceeds from issuance of shares		3,658,003		2,757,500
Share issue costs		(160,815)		(158,565)
Proceeds from warrants exercised		12,528,899		-
Proceeds from stock options exercised		46,500		-
Subscription received		30,000		-
Repayment of CEBA loan		-		(30,000)
		16,102,587		2,568,935
Change in cash and cash equivalents		10,721,894		(62,368)
Cash and cash equivalents, beginning of the year		132,792		195,160
Cash and cash equivalents, end of the year	\$	10,854,686	\$	132,792
Cash and cash equivalents consist of:				
Cash	\$	10,826,610	\$	48,296
Cash equivalents	\$	28,076	\$	84,496
Supplemental Schedule of non-cash investing and financing activities				
Fair value of broker warrants	\$	32,426	\$	27,534
Fair value allocation of unit warrants	\$	438,573	\$	411,197
Reclassification on warrant extension (incremental fair value)	\$	233,893	\$	-
Adjustment of fair value for warrants exercised	\$	1,229,879	\$	-
Shares issued for exploration and evaluation assets	\$	1,480,000	\$	43,200
Cash paid for taxes	\$	-	\$	-
Cash paid for interest	\$	-	\$	-

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, 2025 and 2024
(Expressed in Canadian Dollars)

	Share Capital (Note 5)		Reserves	Subscription receivable	Deficit	Total
	Number of Shares	Amount				
Balance December 31, 2023	98,061,800	\$ 30,506,689	\$7,396,855	\$ -	\$(33,865,784)	\$4,037,760
Private placement – non-flow-through	27,875,000	2,376,303	411,197	(30,000)	-	2,757,500
Shares issued for mineral property	480,000	43,200	-	-	-	43,200
Share issuance costs – cash	-	(158,565)	-	-	-	(158,565)
Share issuance costs - finders fees	-	(27,534)	27,534	-	-	-
Share-based compensation	-	-	8,946	-	-	8,946
Loss for the year	-	-	-	-	(2,380,412)	(2,380,412)
Balance December 31, 2024	126,416,800	\$ 32,740,093	\$ 7,844,532	\$ (30,000)	\$ (36,246,196)	4,308,429
Private placement – non-flow-through	24,386,691	3,219,430	438,573	30,000	-	3,688,003
Warrants exercised	41,762,995	12,528,899	-	-	-	12,528,899
Stock options exercised	225,000	46,500	-	-	-	46,500
Shares issued for mineral property	1,850,000	1,480,000	-	-	-	1,480,000
Adjustment of fair value for warrants exercised	-	1,229,879	(1,229,879)	-	-	-
Reclassification on warrant extension (incremental fair value)	-	(233,893)	233,893	-	-	-
Share issuance costs – cash	-	(160,315)	-	-	-	(160,315)
Share issuance costs - finders fees	-	(32,426)	32,426	-	-	-
Share-based compensation	-	-	999,533	-	-	999,533
Loss for the year	-	-	-	-	(4,843,032)	(4,843,032)
Balance, December 31, 2025	194,641,486	\$ 50,817,667	\$ 8,319,078	\$ -	\$(41,089,228)	\$18,047,517

K2 Gold Corporation

Notes to the Consolidated Financial Statements For the Years Ended December 31, 2025 and 2024

(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, Nevada and the Yukon Territory.

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. As at December 31, 2025, the Company had not achieved profitable operations and had an accumulated deficit of \$41,089,228. The Company’s continuation as a going concern is dependent upon the successful results from its exploration activities and raise equity capital or borrowings sufficient to meet current and future obligations, however, management estimates its current working capital will be sufficient to fund its current level of activities for the next twelve months. 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.

K2 Gold Corporation

Notes to the Consolidated Financial Statements

For the Years Ended December 31, 2025 and 2024

(Expressed in Canadian Dollars)

2. Basis of presentation

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 27, 2026.

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 Company’s (and its subsidiaries’) presentation and functional currency.

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.

d) Basis of consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries Mojave Precious Metals Inc. (“Mojave Precious Metals”), and K2 Gold (USA) Inc. (“K2 Gold USA”). The financial statements of Mojave Precious Metals, and K2 Gold USA 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.

K2 Gold Corporation
Notes to the Consolidated Financial Statements
For the Years Ended December 31, 2025 and 2024
(Expressed in Canadian Dollars)

2. Basis of presentation *(continued)*

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.

K2 Gold Corporation
Notes to the Consolidated Financial Statements
For the Years Ended December 31, 2025 and 2024
(Expressed in Canadian Dollars)

2. Basis of presentation *(continued)*

e) Key Sources of Estimation Uncertainty and Critical Judgments *(continued)*

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.

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, 2025, and 2024 are disclosed in Note 5.

K2 Gold Corporation
Notes to the Consolidated Financial Statements
For the Years Ended December 31, 2025 and 2024
(Expressed in Canadian Dollars)

3. Material accounting policies

a) Exploration and evaluation assets

Exploration and evaluation expenditures are recognized in profit or loss. Costs incurred before the Company has obtained legal rights to explore areas of interest are also recognized in profit or loss. Expenditures incurred by the Company in connection with the development of mineral resources after the technical feasibility and commercial viability of extracting a mineral resource are demonstrable are capitalized. Acquisition costs of mineral properties, such as cash and share consideration and option payments, are capitalized on a project by project basis. Amounts received for the sale of mineral properties and for option payments are treated as reductions of the cost of the property, with payments in excess of capitalized costs recognized in income.

The recoverability of the amounts capitalized for the undeveloped mineral properties is dependent upon the determination of economically recoverable ore reserves, confirmation of the Company's interest in the underlying mineral claims, the ability to obtain the necessary financing to complete their development, and future profitable production or proceeds from the disposition thereof.

Subsequent recovery of the resulting carrying value depends on successful development or sale of the mineral property. If a mineral property does not prove viable, all unrecoverable costs associated with the project net of any impairment provisions are written off.

From time to time, the Company may acquire or dispose of properties pursuant to the terms of option agreements. Due to the fact that options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments are recorded as mineral property costs or recoveries when the payments are made or received.

b) 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.

K2 Gold Corporation
Notes to the Consolidated Financial Statements
For the Years Ended December 31, 2025 and 2024
(Expressed in Canadian Dollars)

3. Material accounting policies *(continued)*

b) Financial instruments *(continued)*

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.

K2 Gold Corporation
Notes to the Consolidated Financial Statements
For the Years Ended December 31, 2025 and 2024
(Expressed in Canadian Dollars)

3. Material accounting policies *(continued)*

b) Financial instruments *(continued)*

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.

c) 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. 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.

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3. Material accounting policies *(continued)*

d) 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.

e) 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.

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3. Material accounting policies *(continued)*

f) 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.

g) 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.

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.

h) 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.

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3. Material accounting policies *(continued)*

i) 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.

j) Recent accounting pronouncements

In April 2024, the IASB issued IFRS 18 Presentation and Disclosure in the Financial Statements (“IFRS 18”) to replace IAS 1. IFRS 18 introduces categories and defined subtotals in the statement of profit or loss, disclosures on management-defined performance measures, and requirements to improve the aggregation and disaggregation of information in the financial statements. As a result of IFRS 18, amendments to IAS 7 Statement of Cash Flows were also issued to require that entities use the operating profit subtotal as the starting point for the indirect method of reporting cash flows from operating activities and to remove presentation alternatives for interest and dividends paid and received. Similarly, amendments to IAS 33 Earnings Per Share were issued to permit disclosures of additional earnings per share figures using any other component of the statement of profit or loss, provided the numerator is a total or subtotal defined under IFRS 18.

IFRS 18 is effective for annual periods beginning on or after January 1, 2027, and is to be applied retrospectively, with early adoption permitted. The Company is currently evaluating the impact of the standard on its consolidated financial statements and will apply it from the effective date.

k) Change in accounting policy

Effective January 1, 2025, the Company changed its accounting policy for exploration and evaluation expenditures from the policy previously adopted for its financial statements for the year ended December 31, 2024. The Company previously capitalized the acquisition costs of exploration and evaluation assets and deferred exploration expenditures directly related to specific exploration and evaluation assets. Under the new policy, exploration and evaluation expenditures incurred prior to the determination of the feasibility of mining operations and a decision to proceed with development are charged to the statement of loss and comprehensive loss as incurred. Development expenditures incurred subsequent to a development decision, and to increase or to extend the life of existing production, are capitalized and will be amortized on the unit-of production method based upon estimated proven and probable reserves. The Company believes that expensing such costs as incurred provides more reliable financial information, eliminating the use of estimates and judgments regarding the valuation of exploration and evaluation expenditures and aligns the analysis to when the mineral property is considered economically and commercially viable.

K2 Gold Corporation
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3. Material accounting policies (continued)

k) Change in Accounting Policy (continued)

Mineral property acquisition costs will continue to be capitalized and include consideration and transaction costs for mineral property interests. These costs are amortized over the estimated life of the property following commencement of commercial production. If, after management review, it is determined that the carrying amount of a mineral property is impaired, that property is written down to its estimated net realizable value. A mineral property is reviewed for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. The Company has accounted for this change in accounting policy on a retrospective basis. The change in accounting policy resulted in the following changes to the Company's consolidated financial statements:

Consolidated Statement of Financial Position as at December 31, 2024:

	As previously reported	Effect of change in accounting policy ⁽ⁱ⁾	As restated under new policy
Exploration and evaluation assets	\$ 18,153,880	\$ (14,010,984)	\$ 4,142,896
Total assets	\$ 18,429,849	\$ (14,010,984)	\$ 4,418,865
Deficit	\$ (22,235,212)	\$ (14,010,984)	\$ (36,246,196)
Total shareholders' equity	\$ 18,319,413	\$ (14,010,984)	\$ 4,308,429
Total liabilities and shareholders' equity	\$ 18,429,849	\$ (14,010,984)	\$ 4,418,865

(i) All exploration and evaluation expenditures have been expensed to deficit rather than capitalized on the statement of financial position. \$4,142,896 relates to the net book value of acquisition costs as at December 31, 2024.

Consolidated Statement of Financial Position as at January 1, 2024:

	As previously reported	Effect of change in accounting policy ⁽ⁱ⁾	As restated under new policy
Exploration and evaluation assets	\$ 16,407,714	\$ (12,431,473)	\$ 3,976,241
Total assets	\$ 16,767,054	\$ (12,431,473)	\$ 4,335,581
Deficit	\$ (21,434,311)	\$ (12,431,473)	\$ (33,865,784)
Total shareholders' equity	\$ 16,469,233	\$ (12,431,473)	\$ 4,037,760
Total liabilities and shareholders' equity	\$ 16,767,054	\$ (12,431,473)	\$ 4,335,581

All exploration and evaluation expenditures have been expensed to deficit rather than capitalized on the statement of financial position. \$3,976,241 relates to the net book value of acquisition costs as at January 1, 2024.

K2 Gold Corporation
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3. Material accounting policies (continued)

k) Change in Accounting Policy (continued)

Consolidated Statement of Comprehensive Loss for the year ended December 31, 2024:

	As previously reported	Effect of change in accounting policy ⁽ⁱⁱ⁾	As restated under new policy
Expenses:			
Exploration expenses	\$ -	\$ 1,579,511	\$ 1,579,511
Loss and comprehensive loss for the year	\$ (800,901)	\$ (1,579,511)	\$ 2,380,412
Basic and diluted loss per share	\$ (0.01)	\$ (0.00)	\$ (0.03)
Weighted average number of shares outstanding			
- basic and diluted	112,492,784	-	112,492,784

- (i) \$1,579,511 in exploration costs incurred during the year ended December 31, 2024, which were previously capitalized in exploration and evaluation assets, have been reflected in the loss and comprehensive loss for the year ended December 31, 2024.

Consolidated Statement of Cash Flows for the year ended December 31, 2024:

	As previously reported	Effect of change in accounting policy ⁽ⁱⁱⁱ⁾	As restated under new policy
Cash flows from operating activities:			
Loss and comprehensive loss for the year	\$ (800,901)	\$ (1,579,511)	\$ (2,380,412)
Cash used in operating activities	\$ (883,525)	\$ (1,579,511)	\$ (2,463,036)
Cash flows from investing activities			
Mineral property acquisition costs	\$ (1,747,778)	\$ 1,579,511	\$ (168,267)
Cash used in investing activities	\$ (1,747,778)	\$ 1,579,511	\$ (168,267)

- (i) \$1,579,511 in costs for the year ended December 31, 2024 which were previously capitalized in exploration and evaluation assets and recognized as investing activities have been reflected in loss and comprehensive loss for the year and thereby recognized in operating activities.

K2 Gold Corporation
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3. Material accounting policies (continued)

k) Change in Accounting Policy (continued)

Consolidated Statement of Equity for the year ended December 31, 2024:

	As previously reported	Effect of change in accounting policy ^(iv)	As restated under new policy
Deficit as at December 31, 2023	\$ (21,434,311)	\$ (12,431,473)	\$ (33,865,784)
Loss and comprehensive loss for the year	\$ (800,901)	\$ (1,579,511)	\$ (2,380,412)
Deficit as at December 31, 2024	\$ (22,235,212)	\$ (14,010,984)	\$ (36,246,196)
Total shareholders' equity as at			
December 31, 2023	\$ 16,469,233	\$ (12,431,473)	\$ 4,037,760
Loss and comprehensive loss for the year	\$ (800,901)	\$ (1,579,511)	\$ (2,380,412)
Total shareholders' equity as at			
December 31, 2024	\$ 18,319,413	\$ (14,010,984)	\$ 4,308,429

- (i) \$12,431,473 in accumulated exploration costs, which were previously capitalized in exploration and evaluation assets, have been reflected in the opening deficit for the year ended December 31, 2024. In addition, \$1,579,511 in exploration costs incurred during the year ended December 31, 2024, which were previously capitalized in exploration and evaluation assets, have been reflected in the loss and comprehensive loss for the year ended December 31, 2024.

4. Exploration and evaluation assets

Details of the exploration and evaluation assets is as follows:

	Mojave Property	Si2 Gold	Wels	Total
Balance, December 31, 2023	\$ 2,243,104	\$ 195,580	\$ 1,537,557	\$ 3,976,241
Cash & advance royalty payments	34,635	68,820	20,000	123,455
Shares issued	<u>43,200</u>	-	-	<u>43,200</u>
Balance, December 31, 2024	2,320,939	264,400	1,557,557	4,142,896
Cash & advance royalty payments	1,632,366	-	20,000	1,652,366
Shares issued	<u>-</u>	<u>1,480,000</u>	-	<u>1,480,000</u>
Balance, December 31, 2025	\$ 3,953,305	\$ 1,744,400	\$ 1,577,557	\$ 7,275,262

K2 Gold Corporation

Notes to the Consolidated Financial Statements For the Years Ended December 31, 2025 and 2024

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4. Exploration and evaluation assets (continued)

Mojave Property

The Mojave Property consists of the Mojave Gold Project as well as the contiguous Morningstar Project (formerly Cerro Gordo).

Mojave Project

In July 2019, the Company signed an option agreement to acquire a 100% interest in the Mojave Gold Project (“Mojave Project”), with the option agreement subsequently amended in June 2022 and exercised in full in 2025. The Company earned its 100% of the Mojave Project, by making the following 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	paid		
February 29, 2024*		175,000	paid		
August 31, 2024*		275,000	paid	480,000	issued
Total	US\$	1,400,000		2,400,000	

*During the year ended December 31, 2025, the Company paid all outstanding amounts, previously agreed to be deferred by the vendor, plus an additional US\$200,000 to complete the exercise of the option, for a total of \$1,116,576.

Pursuant to the agreement, the Company must make an annual pre-production payment of US\$275,000 per year beginning on August 31, 2025* (\$378,290 (US\$275,000) paid August 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 Company may reduce the NSR to 2% with a payment of US\$2,500,000, and may reduce the NSR by a further 0.5%, being an effective 1.5% NSR, with a payment of US\$5,000,000.

* All pre-production payments will be adjusted for inflation starting August 31, 2028 using the CPI for the month of August 2025, as published by the U.S. Department of Labor, Bureau of Labor Statistics, as the basis for calculating all future increases.

K2 Gold Corporation

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4. Exploration and evaluation assets (continued)

In August 2020, the Company was required to post a bond in the amount of \$69,610 (US\$50,000), (2024 - \$71,945 - (US\$50,000) with the Bureau of Land Management for reclamation work associated with the Mojave Project.

Morningstar Project

In August 2021, the Company signed an option agreement to acquire a 100% interest in the Morningstar Project ("Morningstar Project") (formerly Cerro Gordo), located adjacent to the Company's Mojave Project in Inyo County, California. The option agreement was subsequently amended, extending all outstanding payments with the most recent amendment executed in 2024.

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

	Cash option payments		Work commitment	
July 30, 2021 (Effective date)	US\$	10,000 (paid)		-
60 days from the effective date		40,000 (paid)		-
December 31, 2024		25,000 (paid 2025)		-
July 30, 2025		75,000 (paid 2025)	US\$	25,000 (incurred)
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

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 Morningstar project claims, for an aggregate amount of at least US\$100,000 over the four-year period. In addition, the Company has granted the vendor a 3% NSR royalty with respect to all minerals produced from the Morningstar 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

In January 2022 and subsequently amended, the Company signed an option agreement with Orogen Royalties Inc. and its subsidiaries ("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"), pursuant to which the Company was to make staged cash payments totalling US\$2,500,000 (US\$200,000 paid as of December 31, 2025) and incur total work commitment of \$2,500,000.

K2 Gold Corporation

Notes to the Consolidated Financial Statements For the Years Ended December 31, 2025 and 2024 (Expressed in Canadian Dollars)

4. Exploration and evaluation assets (continued)

In December 2025, the Company completed an agreement with Orogen to acquire a 100% interest in the Si2 Project, originally entered into in January 2025, by issuing 1,850,000 common shares of the Company at a value of \$1,480,000. Orogen will retain a 2% net smelter return (“NSR”) royalty.

Wels Property

The Company signed a definitive option agreement with Go Metals Corp. “Go Metals” (formerly “Go Cobalt Mining Corp.”) in August 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 2025 (2024 - \$20,000).

Exploration Expenditures

The Company expended the following exploration and evaluation expenditures:

Year ended December 31, 2025

	Mojave Property	Si2 Gold	Wels	Total
Aviation	\$ 480	\$ -	\$ -	\$ 480
Drilling and site works	70,023	-	-	70,023
Geology	699,204	238,997	9,260	947,461
Land use and licenses	543,550	47,928	5,899	597,377
Permitting & legal	970,632	19,178	-	989,810
Travel	<u>22,450</u>	<u>37,980</u>	<u>5,460</u>	<u>65,890</u>
Total exploration costs	\$ 2,306,339	\$ 344,083	\$ 20,619	\$ 2,671,041

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4. Exploration and evaluation assets (continued)

Year ended December 31, 2024

	Mojave Property	Si2 Gold	Wels	Total
Aviation	\$ 287	\$ 96	\$ 29,177	\$ 29,560
Geology	488,116	36,218	376,208	900,542
Land use and licenses	534,626	-	-	534,626
Permitting & legal	19,298	-	6,669	25,967
Travel	<u>36,659</u>	<u>46,370</u>	<u>5,787</u>	<u>88,816</u>
Total exploration costs	<u>\$ 1,078,986</u>	<u>\$ 82,684</u>	<u>\$ 417,841</u>	<u>\$ 1,579,511</u>

Cumulative exploration expenses

	Mojave Property	Si2 Gold	Wels
Balance, December 31, 2023	\$ 7,568,328	\$ 2,260,796	\$ 2,602,349
Exploration expenses incurred 2024	<u>1,078,986</u>	<u>82,684</u>	<u>417,841</u>
Balance, December 31, 2024	8,647,314	2,343,480	3,020,190
Exploration expenses incurred 2025	<u>2,306,339</u>	<u>344,083</u>	<u>20,619</u>
Balance, December 31, 2025	<u>\$ 10,953,652</u>	<u>\$ 2,687,563</u>	<u>\$ 3,040,809</u>

5. Share capital

a) Authorized Share Capital

As at December 31, 2025, the authorized share capital comprised an unlimited number of common shares without par value. As at December 31, 2025, the Company has 194,641,486 (2024 – 126,416,800) common shares outstanding.

b) Issued Share Capital

Transactions for the year ended December 31, 2025

In March 2025, the Company completed a private placement financing by issuing a total of 24,386,691 units at a price of \$0.15 per unit, for aggregate gross proceeds of \$3,658,004. 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. These warrants were valued at \$438,573 at grant date. The fair value of warrants was determined using the Black-Scholes

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5. Share capital *(continued)*

b) Issued Share Capital *(continued)*

pricing model with an average risk-free rate of 2.58%, expected stock price volatility of 117% and average expected life of one year.

In connection with this private placement, the Company paid \$160,815 for share issuance costs and issued 1,033,402 finders warrants which were valued at \$32,426 at the time of issuance. Each finders' warrant is exercisable into one common share at a price of \$0.30 per share for a period of 12 months.

The Company issued 41,762,995 common shares from warrant exercises for gross proceeds of \$12,528,899, 225,000 common shares on exercise of stock options for gross proceeds of \$46,500 and recorded \$1,229,879 from reserves to share capital in accordance with the fair value of warrants exercised.

The Company issued 1,850,000 common shares valued at \$1,480,000 to acquire a 100% interest in the Si2 Project (Note 4).

Transactions for the year ended December 31, 2024

In February 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 consists of one common share and 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. These warrants were valued at \$133,475 at grant date.

In connection with this private placement, the Company paid \$56,340 for share issuance costs 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. The fair value of warrants, including finders 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. Finders' warrants have the same terms as the unit warrants and were valued at \$7,989.

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.

K2 Gold Corporation

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5. Share capital (continued)

b) Issued Share Capital (continued)

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 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.

c) Warrants

The warrants activity is summarized below:

Details of outstanding warrants are as follows:	Number of Warrants	Weighted Average Exercise Price
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
Issued	13,276,747	\$ 0.30
Exercised	(41,762,995)	\$ 0.30
Expired	(3,115,346)	\$ 0.30
Outstanding warrants, December 31, 2025	10,962,086	\$ 0.30

At December 31, 2025, 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)
March 10, 2026	\$0.30	10,962,086	0.19

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5. Share capital (continued)

c) Warrants (continued)

*During the year ended December 31, 2025, the Company extended the expiry dates of 22,438,251 warrants to October 1, 2025, while 1,256,530 finders' warrants expired on February 1, 2025, and 563,400 finders' warrants expired on February 11, 2025. As a result of the extension, the Company reassessed the relative fair value allocation between the warrant and equity components using the Black-Scholes option pricing model. This resulted in an adjustment of \$233,893 to the previously recorded values. The impact of the fair value reallocation has been recognized in the current period's financial statements.

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.

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

In June 2025, the Company granted 6,785,000 incentive stock options to certain directors, officers, employees and advisors of the Company. The options are exercisable at \$0.36 per share for a period of five years from the date of grant with 25% vesting in 6 months, and 25% vesting on the anniversary every year thereafter. The options were granted pursuant to the Company's shareholder-approved stock option plan and are subject to the policies of the TSX Venture Exchange and any applicable regulatory hold periods.

In September 2025, the Company announced the granting of 500,000 incentive stock options which are exercisable at \$0.42 per share for a period of five years from the date of grant with 25% vesting in 6 months, and 25% vesting on the anniversary every year thereafter. The options were granted pursuant to the Company's shareholder-approved stock option plan and are subject to the policies of the TSX Venture Exchange and any applicable regulatory hold periods.

The changes in stock options issued are as follows:

	Number of stock options	Weighted Average Exercise Price
Outstanding December 31, 2023	8,620,000	\$0.22
Expired	(1,550,000)	\$0.27
Outstanding December 31, 2024	7,070,000	\$0.21
Granted	7,285,000	\$0.36
Exercised	(225,000)	\$0.21
Expired	(500,000)	\$0.61
Outstanding December 31, 2025	13,630,000	\$0.28

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5. Share capital (continued)

d) Stock Options (continued)

Share-based compensation relating to options vested during the year ended December 31, 2025 using the Black-Scholes option pricing model was \$999,533 (2024 -\$8,946). This amount was recorded in shareholders' equity, within reserves, in the statement of financial position and recognized as an expense in the statement of loss and comprehensive loss.

The estimated grant date fair value of the options granted during 2025 was calculated using the Black-Scholes option pricing model with the following weighted average assumptions:

	2025 Stock Options	2024 Stock Options
Number of options granted	7,285,000	N/A
Risk-free interest rate	3.68%	N/A
Expected annual volatility	108%	N/A
Expected life	5 years	N/A
Expected dividend yield	0%	N/A
Grant date fair value per option	\$0.28	N/A
Share price at grant date	\$0.35	N/A

As at December 31, 2025, 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)
May 13, 2026	870,000	870,000	\$0.32	0.36
May 13, 2027	2,850,000	2,850,000	\$0.15	1.36
May 1, 2028	2,625,000	2,625,000	\$0.15	2.33
June 9, 2030	6,785,000	1,696,250	\$0.36	4.44
September 8, 2030	500,000	-	\$0.42	4.69
	13,630,000	8,041,250	\$0.28	3.14

As of December 31, 2025, the Company had 8,041,250 exercisable options outstanding, with a weighted average contractual life of 2.2 year and weighted average exercise price of \$0.21.

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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:

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 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, 2025, the Company has cash and cash equivalents of \$10,854,686 to cover its current liabilities of \$377,219.

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6. Financial Instruments *(continued)*

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 \$244,546 (2024 - \$1,014).

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.

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 year ended December 31, 2025. The Company is not subject to any externally imposed capital requirements.

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Notes to the Consolidated Financial Statements For the Years Ended December 31, 2025 and 2024

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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 3-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, 2025, the balance owing was \$Nil (2024 - \$Nil). In the year ended 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, 2025	Year ended December 31, 2024
Exploration costs	180,000	180,000
Personnel	337,220	294,075
Share-based compensation	917,584	7,011
Total	\$ 1,434,804	\$ 481,086

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9. Related parties (continued)

Key management compensation (continued)

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

	Year ended December 31, 2025	Year ended December 31, 2024
Office rent (Vancouver, BC) ¹	\$ -	\$ 24,159
Office rent (Squamish, BC) ²	22,731	26,927
Total	\$ 22,731	\$ 51,086

(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.

The balance payable to related parties at December 31, 2025 was \$nil (2024 - \$326). As at December 31, 2025, there was \$nil (2024 - \$30,000) due from the CFO for a share subscription and \$nil (2024 - \$10,421) due from a company related to a director as a chargeback.

10. Income Taxes

Current Income Taxes

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

	2025	2024
Loss for the year	\$ (4,843,031)	\$ (2,380,412)
A reconciliation of income taxes at Canadian statutory rate of:	27.00%	27.00%
Expected income tax recovery	(1,308,000)	(843,000)
Change in statutory rate and other	310,000	(314,000)
Permanent and other differences	337,000	6,000
Impact of flow through share	-	118,000
Share issue costs	(43,000)	(43,000)
Adjustment to prior years provision versus statutory returns	(15,000)	26,000
Change in unrecognized deductible differences	719,000	850,000
Income tax expense (recovery)	\$ -	\$ -

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10. Income Taxes (continued)

At December 31, 2025, the Company had estimated non-capital losses carried forward of approximately \$12,409,000 in Canada (2024 - \$10,982,000) (expiring in 2031 to 2045) available to reduce future taxable income. In addition to its loss carry-forwards, the Company has deductible temporary differences of approximately \$5,428,000 (2024 - \$5,072,000) 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

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, 2025, and expiring on July 31, 2026 for \$1,916 per month.

12. Flow-through 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.

The flow-through premium liability is summarized below:

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 and 2025	\$	-

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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, 2025	December 31, 2024
Exploration and evaluation assets		
Canada	1,577,557	1,557,557
United States	5,697,705	2,585,339
	\$ 7,275,262	\$ 4,142,896

14. Subsequent events

Subsequent to December 31, 2025, the Company:

- i) Issued 36,071,429 common shares at a price of \$0.70 for gross proceeds of \$25,250,000 pursuant to a non-brokered private placement using the listed issuer financing exemption. The Company paid transaction costs, including finders fees, of \$1,761,200.
- ii) Issued 150,000 stock options to consultants with an exercise price of \$0.81, of which 100,000 expire three years and 50,000 expire in five years.
- iii) Issued 10,910,887 common shares pursuant to the exercise of warrants for gross proceeds of \$3,273,266; and 175,000 common shares pursuant to the exercise of options for gross proceeds of \$56,000.
- iv) Entered into a sublease for office space with a monthly cost of \$4,560, commencing May 1, 2026 for a term of two years.