KARUS MINING INC.

Management's Discussion and Analysis

For the three months ended March 31, 2025

The following Management's Discussion and Analysis ("MD&A"), prepared as of May 14, 2025, should be read together with the unaudited condensed interim consolidated financial statements of Karus Mining Inc. ("Karus" or the "Company") for the three months ended March 31, 2025 (the "Interim Statements") and related notes thereto, which are prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to the preparation of interim financial statements, including International Accounting Standard 34, Interim Financial Reporting.

The amounts contained herein are in Canadian Dollars ($) except for the number of shares, number of options and number of restricted share units ("RSU's") and as otherwise noted.

This MD&A contains "forward-looking statements" and "forward-looking information" within the meaning of applicable Canadian securities laws. See the section in this MD&A titled "Cautionary Language regarding Forward-Looking Information" for further details. The reader should be aware that historical results are not necessarily indicative of future performance.

Corporate Summary - Nature of Operations

Karus was originally spun out of KORE Mining Ltd. ("KORE") in the first quarter of 2021, whereby Karus received KORE's Canadian mineral property assets, including the South Cariboo property.

On March 13, 2024, the Company completed an amalgamation agreement (the "Amalgamation Agreement") to acquire 100% of the issued and outstanding common shares (the "Theia Shares") of Theia, a private British Columbia incorporated company, by way of a business combination transaction (the "Theia Transaction"). Theia is an exploration stage entity with its main property being the Mineral Creek gold exploration project.

Pursuant to the terms of the Amalgamation Agreement, (i) the outstanding shares of Karus were consolidated on a ten-for-one basis, (ii) the acquisition of Theia was completed by way of a three-cornered amalgamation under the provisions of the B.C. *Business Corporations Act* whereby 1452146 B.C. Ltd. ("Subco"), a wholly-owned subsidiary of Karus, incorporated in December 2023, amalgamated with Theia, (iii) each outstanding Theia Share was concurrently exchanged for 2.5414 post-consolidation common shares of Karus, (iv) Theia nominees were appointed as new management of Karus, and (v) Theia became a wholly-owned subsidiary of Karus.

Upon completion of the Theia Transaction, the existing shareholders of Karus held approximately 30% in the capital of the Company while the former shareholders of Theia held approximately 70%.

Since the transaction resulted in the shareholders of Theia obtaining control of Karus, the Theia Transaction constituted a reverse acquisition for accounting purposes with Theia identified as the accounting acquirer. The net assets of Karus on the date of the reverse acquisition were deemed to have been acquired by Theia. The Company's Consolidated Statements therefore include the results of operations of Karus from March 14, 2024 and all of the historical information of Theia.

The Company's head office is located at 1100 – 1111 Melville Street, Vancouver, BC, Canada, V6E 3V6.

Forecast

The Company is focused on further advancing exploration on its South Cariboo Gold property and the Mineral Creek property, while also considering a public listing.

In addition to the exploration at these projects, the Company may evaluate other prospects worthy of exploration and development. The ability of the Company to do so is contingent upon its ongoing ability to raise the capital necessary to advance such prospects.

Steve McMullan, P.Geo., is the Company's designated Qualified Person for this MD&A within the meaning of National Instrument 43-101 and has reviewed and approved the technical information described herein.

Project Summary

Karus controls 1,050.85 square kilometers of claims in its South Cariboo Gold property (which includes the FG Gold Project and the Gold Creek Project) located in the Cariboo Gold District in British Columbia and also controls the Mineral Creek gold exploration project, which is centred twelve kilometers southeast of Port Alberni, on Vancouver Island, British Columbia.

FG Gold Project, British Columbia, Canada

The 100% owned FG Gold project contains a sediment-hosted orogenic gold and early-stage gold-copper porphyry projects in the Cariboo region of British Columbia, located at the headwaters of the Horsefly River, 50 kilometers east of Horsefly, BC and consists of 35 contiguous claims (13,008 ha).

Gold mineralization is open at depth and along almost the entire 20 kilometers prospective horizon. Historical drilling targeted stratigraphic controls of gold mineralization and only tested a small portion of the prospective host rock unit – knotted phyllite of the Middle Triassic Slocan Group. The previous work focused on discovering and developing a low grade disseminated bulk minable gold potential.

Gold Creek Project, British Columbia, Canada

The 100% owned Gold Creek Project is located two kilometers NE of the town of Likely in the Cariboo region of British Columbia. Gold Creek Project consists of 34 claims totaling 9,673 ha and is approximately 8 kilometers to the NW of the Spanish Mountain gold deposit. Access is from the town of Likely by an all-weather gravel road. The site has well developed infrastructure and is just 70 kilometers NE of Williams Lake, a major regional centre serviced by an airport and railway.

There is a 1% net smelter royalty ("NSR") on the property to a prior owner. The Company has the option to purchase one half of the royalty for $1,000,000.

Other Claims in the South Cariboo Gold Project, British Columbia, Canada

As part of the 1,050.85 square kilometers land holdings forming the South Cariboo Gold project, the Company also owns two nearby and contiguous properties. These mineral properties are not part of the FG Gold or Gold Creek projects and are greenfield gold exploration projects named Hawk and TEP claims.

The TEP claims carry an obligation on the Company to pay the former owner $1.50 per ounce of gold or gold equivalent identified as inferred, indicated, or measured mineral resource and reported by a NI 43-101-compliant report. The TEP claims are also subject to a 2% NSR, held by the former owner, of which one-half may be repurchased at any time prior to the commencement of commercial production for $500,000.

The Hawk claims are also subject to a 1% NSR, of which one-half can be repurchased at any time prior to commercial production for $500,000.

Mineral Creek Project, British Columbia, Canada

The Mineral Creek gold exploration project (held by Theia) is centred 12 kilometers southeast of Port Alberni, on Vancouver Island, British Columbia. The property exhibits exploration potential in several areas, many related to gold-bearing structures and possible VMS-style Cu-Zn mineralization, as well as potential for Cu-Au stockworks in volcanic rocks and adjacent dioritice intrusions.

(Expressed in Canadian dollars unless otherwise stated)

Results of Operations

During the three months ended March 31, 2025 the Company ended a net income and other comprehensive income of $53,649 (2024 – net loss and comprehensive loss of $1,457,554). Significant differences included:

i) director fees of $39,288 during the period ended March 31, 2025 compared to $Nil in the comparative period. The increase is related to services provided by the directors of the Company.

ii) general and administrative costs of $43,467 during the period ended March 31, 2025 compared to $68,964 in the comparative period. The decrease is related to the Company's cost saving efforts during the current period.

iii) professional fees of $101,518 during the period ended March 31, 2025 compared to $21,800 in the comparative period. The increase is related to additional accounting, audit and legal fees required for a reporting issuer.

iv) share-based payment costs of $Nil during the period ended March 31, 2025 compared to $25,502 in the comparative period. The decrease is related to no options granted or vested during the current period.

v) loss on Theia Transaction of $Nil during the period ended March 31, 2025 compared to $1,366,694 in the comparative period. Please refer to the Reverse Takeover Note 5 in the condensed interim consolidated financial statements for the period ended March 31, 2025 on www.sedarplus.ca.

vi) gain on debt settlement of $238,679 during the period ended March 31, 2025 compared to $Nil in the comparative period. The Company settled accounts payable of $338,679 with a creditor by cash payment of $100,000 during the current period.

vii) deferred income tax recovery of $Nil during the period ended March 31, 2025 compared to $22,000 in the comparative period. The change in deferred income tax mainly due to non-capital losses applied against the previous years liability (which was a result of a flow-through share renunciation).

Summary of Quarterly Results

The following table shows selected quarterly financial information for each of the last eight quarters:

	31-Mar-25	31-Dec-24	30-Sep-24	30-Jun-24	31-Mar-24	31-Dec-23	30-Sep-23	30-Jun-23
	$	$	$	$	$	$	$	$
Net income (loss)	53,649	(537,684)	(154,989)	(228,266)	(1,457,554)	(149,538)	(97,267)	(98,639)
Basic and diluted income (loss) per share	0.00	(0.01)	(0.01)	(0.01)	(0.06)	(0.01)	(0.00)	(0.00)

During the quarter ended March 31, 2024, the Company recorded a net loss on the Theia Transaction of $1,366,694. Costs during the quarters ended December 31, 2023, June 30, 2024 and September 30, 2024 increased primarily as a result of fees relating to the Company closing the Theia transaction. Net loss increased in the period ended December 31, 2024 due primarily to the $369,896 impairment of promissory note. Net income increased in the period ended March 31, 2025 due to gain on debt settlement of $238,679.

Liquidity, Capital Resources and Going Concern

The Consolidated Statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for at least the next twelve months.

The properties in which the Company currently has an interest are at the exploration stage and do not produce revenue. Accordingly, the Company is dependent on external financing, including the proceeds of future equity issuances or debt financing, to fund its activities. However, there can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. If adequate financing is not available when required, the Company may be required to delay, scale back, or eliminate various programs, or be unable to continue operations.

(Expressed in Canadian dollars unless otherwise stated)

As at March 31, 2025, the Company had a cash balance of $272,597 and working capital deficiency $44,170 with current liabilities of $350,195. The Company has incurred losses since inception and does not generate any cash inflows from operations.

The Company's ability to continue to operate and to carry out its planned exploration activities for the next twelve months is uncertain and dependent upon the continued financial support of its shareholders and on securing additional debt or equity financing. There is no assurance that any such initiatives will be successful or sufficient and, as a result, this gives rise to a material uncertainty that may cast significant doubt regarding the going concern assumption and, accordingly, the ultimate appropriateness of the use of accounting principles applicable to a going concern. The Consolidated Statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and consolidated statement of financial position classifications that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations for the foreseeable future. These adjustments could be material.

Cash Used in (Provided by) Operating Activities
Net cash used in operating activities during the period ended March 31, 2025 was $274,875, compared to $4,460 provided by operating activities during the comparative period.

Cash Provided by Investing Activities
Net cash provided by investing activities during the period ended March 31, 2025 was $1,194 pertaining to recovery of exploration and evaluation expenditures. Net cash used in investing activities during the comparative period was $602,657 pertaining to exploration and evaluation expenditures and cash acquired through the Theia Transaction of $625,286.

Outstanding Share Data
The Company's authorized share capital consists of an unlimited number of common shares without par value. As of the date of this MD&A, the following common shares and convertible securities were outstanding:

	Number of equity instruments	Exercise price	Expiry date
Issued & outstanding shares	32,972,202	-	-
Restricted share units	75,000	-	August 3, 2025
Restricted share units	260,500		March 8, 2026
Restricted share units	75,000	-	February 3, 2027
Restricted share units	384,101	-	December 12, 2028

As of the date of this MD&A, there are 82,791 common shares, owned by former directors, officers and advisors of the Company, included in the issued and outstanding common shares that are subject to a price protection clause whereby the Company will automatically issue additional common shares should the Company, provided it is not listed and trading on a stock exchange, issue common shares at a price less than $3.50 per share ("Lower Share Price"). The number of additional common shares to be issued will equal the difference between the amount originally invested ($289,770) divided by the Lower Share Price and the number of common shares issued at the price of $3.50 per share.

The Company also has an arrangement with Yamana Gold Inc. ("Yamana", a subsidiary of Pan American Silver Corp.) whereby Yamana has rights to maintain a pro rata ownership interest of 1.89% in the Company on an undiluted basis at no additional cost to Yamana until the date the Company's common shares are listed on a recognized stock exchange in Canada. As a result of this top-up provision, the Company has issued 51,747 shares valued at $69,858 to Yamana. As such listing of the Company's shares did not occur by December 31, 2024, Yamana's shareholding interest is to be topped up to 6.30% on an undiluted basis (as of March 31, 2025, the Company is obligated to issue

(Expressed in Canadian dollars unless otherwise stated)

1,551,838 common shares valued at $2,094,981).

As at the date of this MD&A, the following incentive stock options, were outstanding and exercisable:

Number of Options Outstanding	Number of Options Exercisable	Exercise price	Expiry date
100,000	100,000	$ 2.50	March 7, 2026

Off-Balance Sheet Arrangements
Other than as described above, the Company does not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the financial performance or financial condition of the Company.

Fair value of Financial Instruments and Risk Management

Fair Value of Financial Instruments
The carrying values of cash, amounts receivable (with the exception of GST), advances and prepaid expenses, promissory note receivable, and accounts payable and accrued liabilities approximate fair values due to their short-term to maturity nature.

Financial Risk Management
The main objectives of the Company's risk management processes are to ensure that risks are properly identified and that the capital base is adequate in relation to those risks. The principal risks to which the Company is exposed are described below.

a. Credit Risk
Credit risk is the risk of potential loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its cash and promissory note.

The Company has assessed its exposure to credit risk on its cash and has determined that such risk is minimal. The majority of the Company's cash is held with reputable financial institutions in Canada.

The promissory note represents a loan receivable from KORE and therefore carries counterparty risk. During the year ended December 31, 2024, the Company impaired the promissory note receivable and recorded a loss of $369,896. The impairment is mainly due a significant increase in credit risk in that the debtors to the promissory note may not have the resources to repay the loan.

b. Liquidity Risk
Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due. As at March 31, 2025, the Company had a working capital deficiency of $44,170 (December 31, 2024 – $100,721). The Company is an exploration stage entity and as a result, does not yet generate any revenue. Karus may seek additional financing through debt or equity offerings, but there can be no assurance that such financing will be available, or on terms that are favourable or acceptable to the Company. The Company's approach to managing liquidity risk is to endeavor to ensure that it will have sufficient liquidity to meet liabilities when they fall due. The Company's financial liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms.

c. Interest Rate Risk
Interest rate risk arises from the effect of changes in prevailing interest rates on the Company's financial instruments. The Company holds its cash and cash equivalents on which it earns variable rates of interest and may therefore be subject to a certain amount of risk, though this risk is considered by management to be immaterial.

d. Foreign Currency Risk
As at March 31, 2025, the Company did not have any material monetary items denominated in foreign currencies.

Related Party Transactions

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

As part of the Theia Transaction (Note 5), Jeremy Gillis, an initial investor and former officer of the Company, directly and through a controlled company acquired 7,021,888 shares of the Company. In addition, as a result of certain contractual provisions involving Theia, the Company issued to the same person 1,494,343 additional shares (Note 5). The fair value of these additional shares was estimated to be $2,017,363 and was recognized as a distribution of capital.

Karus advanced a loan to KORE in the principal amount of US$225,000 (equivalent to $306,450) in August 2023, which is recorded as a promissory note receivable. The loan was an interest free loan if repaid by October 12, 2023, after which it would accrue interest at 10% per annum. As the loan was still outstanding as of October 12, 2023, the Company started accruing interest on the promissory note receivable. The loan is guaranteed by a director of KORE.

During the year ended December 31, 2024, the Company is owed $323,629 (US$225,000) (the "Promissory Note") of principal from KORE and accrued interest of $39,457 (US$27,432). In addition, an amount owing by KORE to the Company, recorded in amounts receivable, was $6,810.

On May 2, 2024, the Company demanded repayment after the Promissory Note's maturity date, but Kore failed to provide payment to the Company. As a result, the Company is pursuing legal action to recover the principal amount and accrued interest in accordance with the agreement. Due to uncertainty in recoverability, the Company impaired the promissory note receivable and recorded a loss of $369,896 during the year ended December 31, 2024.

Notwithstanding, the Company is confident that it will receive a favourable judgement if litigated. More over, the Promissory Note is secured by the shares of Kore as well as a personal guarantee from one of the shareholders of Kore.

Key Management Compensation

Key management is comprised of the Company's directors and executive officers. During the period ended March 31, 2025, a company controlled by Jeremy Gillis, a director and former CEO of the Company, provided consulting services for the amount of $30,000 (2024 - $10,000). Included in the accounts payable and accrued liabilities as at March 31, 2025, is $35,595 (December 31, 2024 - $48,775) owed to Jeremy Gillis and a company controlled by him, 11661728 Canada Inc.

During the period ended March 31, 2025, Alex Gostevskikh, subsequent to being named the CEO of the Company, provided consulting services for the amount of $36,000 (2024 - $Nil). Included in the accounts payable and accrued liabilities as at March 31, 2025, is $12,000 owed to Alex Gostevskikh Exploration Consulting, a practice controlled by the CEO of the Company.

During the period ended March 31, 2025, a partnership which Dave Cross, the CFO of the Company has an interest, provided accounting services for the amount of $15,000 (2024 - $Nil). Included in the accounts payable and accrued liabilities as at March 31, 2025, is $22,406 owed to Cross Davis & Company LLP, a company controlled by the CFO of the Company.

During the period ended March 31, 2025, Anthony Cina, a director of the Company, accrued director fees in the amount of $29,589 (2024 - $Nil). Included in the accounts payable and accrued liabilities as at March 31, 2025, is $125,589 owed to Anthony Cina. There is an agreement in place to settle these director fees by issuing stock options.

During the period ended March 31, 2025, Sofia Tsakos, a former director of the Company, accrued director fees in the amount of $9,699 (2024 - $Nil). Included in the accounts payable and accrued liabilities as at March 31, 2025, is $57,698 owed to Sofia Tsakos. There is an agreement in place to settle these director fees by issuing stock options.

Significant Accounting Estimates and Judgments
The preparation of Interim Statements in accordance with IFRS, requires management to make estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income, and expenses. The estimates and associated assumptions are based on historical experience and other factors believed to be reasonable under the circumstances and result in judgments about the carrying value of assets and liabilities. Actual results could differ from these estimates.

The significant judgments made by management in applying the Company's accounting policies and key sources of estimation uncertainty, other than the ones applied for the accounting for the reverse acquisition of the Company by Theia, were consistent with those applied to the annual audited consolidated financial statements of Karus for the year ended December 31, 2024.

Recent Accounting Standards
Readers should refer to the Condensed Interim Consolidated Financial Statements for additional details.

Cautionary Note Regarding Forward Looking Statements
Forward-looking statements look into the future and provide an opinion as to the effect of certain events and trends on the Company and its business. Certain statements contained in this MD&A constitute forward-looking statements. The use of any words such as "anticipate", "continue", "estimate", "expect", "may", "will", "project", "should", "believe" and similar expressions or their negatives or other comparable words are intended to identify forward-looking statements. These forward-looking statements are based on current expectations and various estimates, factors and assumptions and involve known and unknown risks, uncertainties, and other factors. Examples of where the Company uses forward-looking statements include when discussing the outlook, plans and timing for the Company's exploration plans, operational plans, and future expenditure expectations.

It is important to note that:

- Unless otherwise indicated, forward-looking statements in this MD&A describe the Company's expectations as of the date of this MD&A.
- Readers are cautioned not to place undue reliance on these statements as the Company's actual results, performance or achievements may differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements if known or unknown risks, uncertainties or other factors affect the Company's business, or if the Company's estimates or assumptions prove inaccurate. Therefore, the Company cannot provide any assurance that forward-looking statements will materialize.
- The Company assumes no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or any other reason except as required by law.

For a description of material factors that could cause the Company's actual results to differ materially from the forward-looking statements in this MD&A, please see "Risk Factors" below.

Risk Factors
The operations of Karus are speculative due to the high-risk nature of its business which is the exploration of mineral properties. The discovery, development and acquisition of mineral properties are in many respects unpredictable events. Future precious metal prices, capital equity markets, legislative changes, the success of exploration programs and other property transactions can have a significant impact on Karus' capital requirements.

These are not the only risks and uncertainties that Karus faces. Additional risks and uncertainties not presently known to Karus or that Karus currently considers immaterial may also impair its business operations. These risk factors could materially affect Karus' future operating results and could cause actual events to differ materially from those described in forward-looking statements relating to Karus.

Change in Management

On March 4, 2025, Manni Buttar was appointed as a director of the Company to replace Sofia Tsakos who resigned effective the same date.

Other Information

Additional information related to the Company is available for viewing under the Company's profile on SEDAR at www.sedarplus.ca.