



**(formerly Kainantu Resources Ltd.)**

## **Management's Discussion and Analysis**

For the Six Months Ended June 30, 2024

(Expressed in US Dollars, except where stated otherwise)

**General:** the following Management's Discussion and Analysis ("MD&A") of South Pacific Metals Corporation ("the Company" or "SPMC"), is intended to supplement and help the reader understand the condensed interim consolidated financial statements for the six months ended June 30, 2024 and is prepared by management using information available as of August 29, 2024. The MD&A has been prepared in accordance with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations of the Canadian Securities Administrators ("NI 51-102"). The MD&A should be read in conjunction with the annual audited consolidated financial statements for the year ended December 31, 2023 and the related notes contained therein which have been prepared under International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The information contained herein is intended to provide investors with a reasonable basis for assessing the financial position and performance of the Company, but not as a substitute for detailed investigation or analysis on any particular issue. The information provided in this document is not intended to be a comprehensive review of all matters and developments concerning the Company. All dollar amounts in this MD&A are quoted in thousands of United States Dollars ("USD"), the reporting currency of the consolidated group, unless specifically noted (see change in accounting policy below). Management is responsible for the preparation and integrity of the financial statements, including the maintenance of appropriate information systems, procedures, and internal controls and to ensure that information used internally or disclosed externally, including the financial statements and MD&A, is complete and reliable. The Board of Directors of the Company (the "Board") have implemented recommended corporate governance guidelines for public companies to ensure transparency and accountability to shareholders. The Board's audit committee meets with management regularly to review the financial statements including the MD&A and to discuss other financial, operating and internal control matters. This MD&A was reviewed by the audit committee and approved and authorized for issue by the Board on August 29, 2024.

**Forward Looking Statements:** this MD&A contains forward-looking statements, which relate to future events or future performance and reflect management's current expectations and assumptions. Such forward-looking statements reflect management's current beliefs and are based on assumptions made by and information currently available to the Company. All statements, other than statements of historical fact, are forward-looking statements or information. These forward-looking statements can generally be identified as such because of the context of the statements, including such words as "believes", "anticipates", "expects", "plans", "may", "estimates", or words of a similar nature. Forward-looking statements or information in this MD&A relate to, among other things: formulation of plans for drill testing; and the success related to any future exploration or development programs. These forward-looking statements and information reflect the Company's current views with respect to future events and are necessarily based upon a number of assumptions that, while considered reasonable by the Company, are inherently subject to significant operational, business, economic and regulatory uncertainties and contingencies. These assumptions include; success of the Company's projects; prices for gold remaining as estimated; currency exchange rates remaining as estimated; availability of funds for the Company's projects; capital, decommissioning and reclamation estimates; prices for energy inputs, labour, materials, supplies and services (including transportation); no labour-related disruptions; no unplanned delays or interruptions in scheduled construction and production; all necessary permits, licenses and regulatory approvals are received in a timely manner; and the ability to comply with environmental, health and safety laws. The foregoing list of assumptions is not exhaustive. The Company cautions the reader that forward-looking statements and information involve known and unknown risks, uncertainties and other factors that may cause actual results and developments to differ materially from those expressed or implied by such forward-looking statements or information contained in this news release and the Company has made assumptions and estimates based on or related to many of these factors. Such factors include, without limitation: fluctuations in gold prices; fluctuations in prices for energy inputs, labour, materials, supplies and services (including transportation); fluctuations in currency markets (such as the Canadian dollar versus the U.S. dollar); operational risks and hazards inherent with the business of mineral exploration; inadequate insurance, or inability to obtain insurance, to cover these risks and hazards; our ability to obtain all necessary permits, licenses and regulatory approvals in a timely manner; changes in laws, regulations and government practices, including environmental, export and import laws and regulations; legal restrictions relating to mineral exploration; increased competition in the mining industry for equipment and qualified personnel; the availability of additional capital; title matters and the additional risks identified in our filings with Canadian securities regulators on SEDAR in Canada (available at [www.sedar.com](http://www.sedar.com)). Although the Company has attempted to identify important factors that could cause actual results to differ materially, there may be other factors that cause results not to be as anticipated, estimated, described, or intended. Investors are cautioned against undue reliance on forward-looking statements or information. These forward-looking statements are made as of the date hereof and, except as required under applicable securities legislation, the Company does not assume any obligation to update or revise them to reflect new events or circumstances. Mineralization hosted on adjacent and/or nearby properties is not necessarily indicative of mineralization hosted on the Company's property. The data disclosed in this release relating to drilling results is historical in nature. Neither the Company nor a qualified person has yet verified this data and therefore investors should not place undue reliance on such data, and no representation or warranty, express or implied, is made by the Company, its affiliated companies, or any other person as to its fairness, accuracy, completeness, or correctness.

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

## Description of Business and Overview

### Business

South Pacific Metals Corporation (“SPMC” or the “Company”) is an Asia-Pacific focused exploration company with four highly prospective copper-gold projects: Anga (formerly KRL North), Osená (formerly KRL South), May River, and Kili Teke. All projects are located in the premier mining regions in Papua New Guinea (“PNG”). Both Anga and Osená show potential to host high-grade epithermal and porphyry mineralization, as seen elsewhere in the high-grade Kainantu Gold District. The May River project is in close proximity to the world-renowned Frieda River Copper-Gold Project, with historical drilling indicating the potential for significant copper-gold porphyry and epithermal discoveries along with volcanogenic massive sulphide (VMS) Cu-Au-Ag-Zn discoveries. Kili Teke has an NI 43-101 inferred resource of 237Mt @0.62% CuEq along with extensional high-grade Cu-Au-Ag-Zn skarn and alkalic epithermal gold potential.

SPMC has a highly experienced board and management team with a proven track record of working together in the region with an established in-country partner. SPMC’s strategy is to build shareholder value through exploration at its principal Kainantu projects in conjunction with pursuing value accretive corporate initiatives at May River and Kili Teke. The Company intends to continue to develop its portfolio of mining ventures throughout the geologically rich Asia-Pacific region.

### Corporate Affairs

The Company was initially incorporated pursuant to the provisions of the Business Corporations Act (British Columbia) on July 4, 2018. SPMC was established when the Company completed a qualifying transaction to acquire Kainantu Resources Pte. Ltd. on December 3, 2020.

The Company’s shares were listed on the Toronto Stock Exchange Ventures Exchange (“TSX-V”) under the symbol “KRL” on December 8, 2020. KRL has also obtained a secondary listing on the Frankfurt Stock Exchange (“FSE”) under the symbol “6JO”, which was announced June 10, 2021.

On February 6, 2024, the Company changed its name to “South Pacific Metals Corp.” and its trading symbol changed to “SPMC”.

## Operations Update, Strategy, and Outlook

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

During the year reporting period, the Company consolidated the exploration management changes and continued work on its main projects including database construction and validation of previously collected information, exploration planning and targeting along with laboratory submission of previously collected and as yet un-assayed samples. New management made a site visit to PNG and engaged with external consultants and advisors to prioritize targeting at various projects.

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

## Company Projects

### Overview

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

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

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

Table 1: Summary of South Pacific Metals Tenements

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

**3,296.8**

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

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

Figure 1 Location of Projects



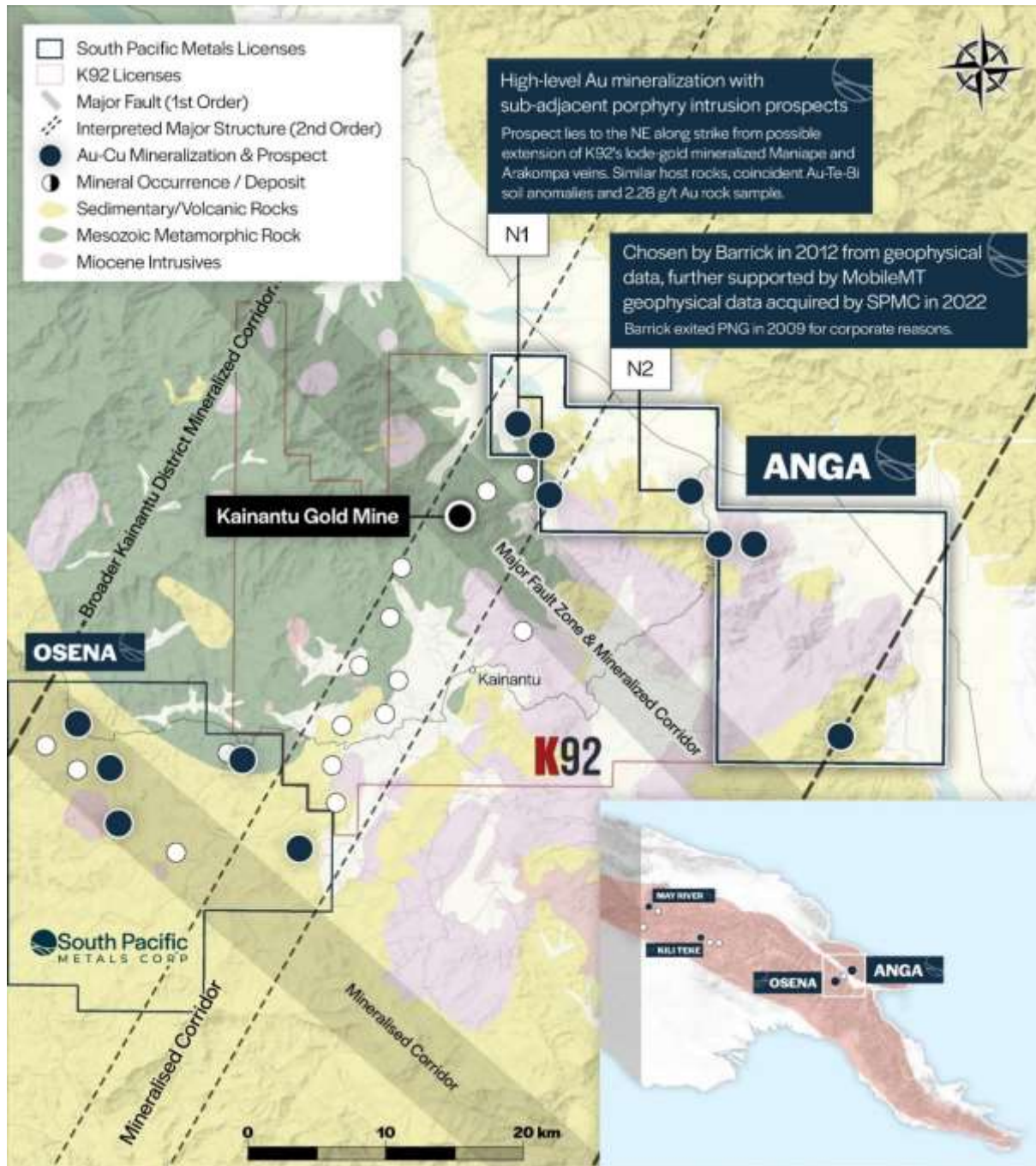
### Anga Project

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

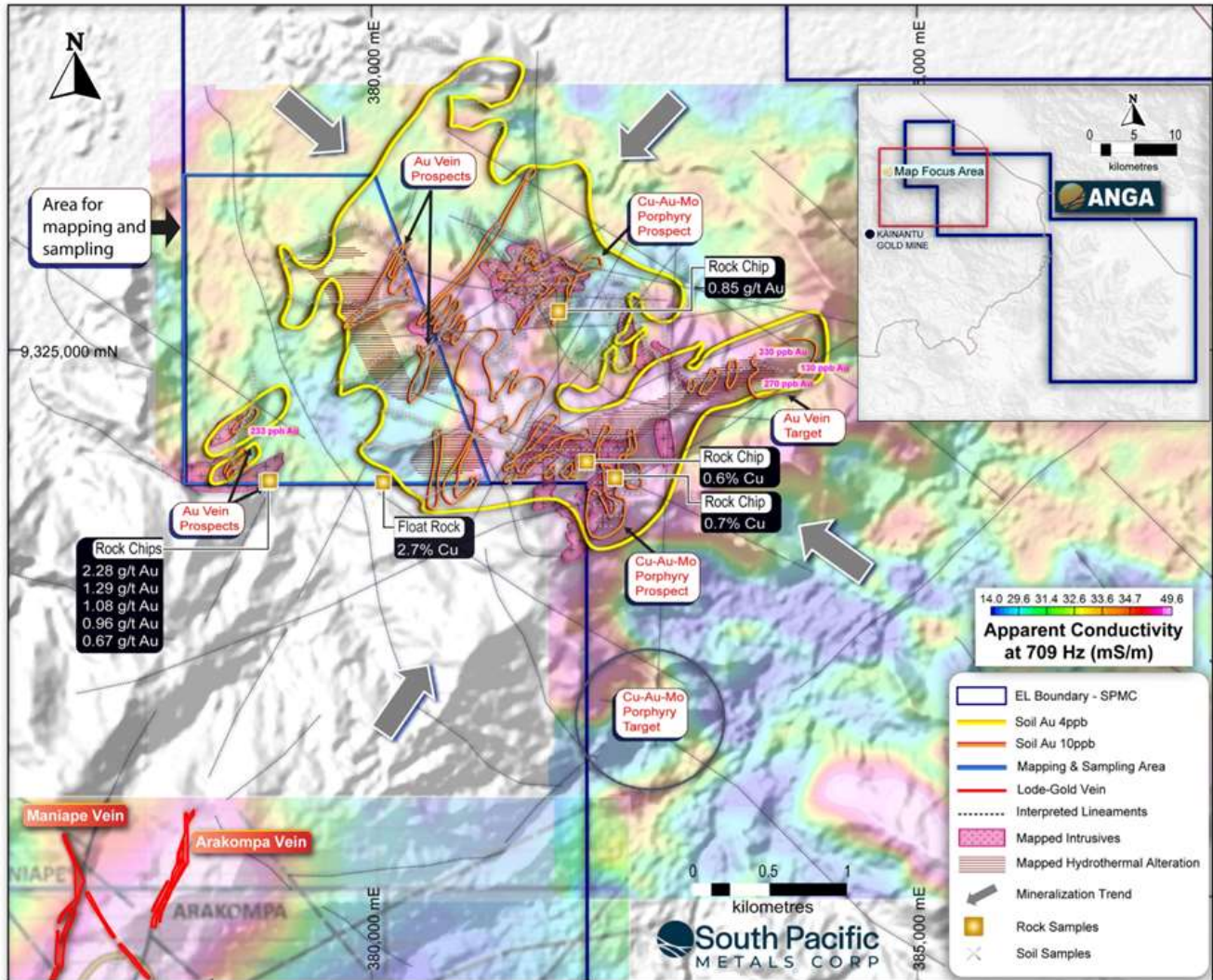
Previous work at the Anga Project has included stream-sediment sampling, soil sampling, mapping/reconnaissance rock chip sampling and geophysics. Gold in soil anomalies extend over wide areas along with rock chips up to 2.28 g/t Au and 0.7% Cu have been identified on the Anga Project (Figure 3). Similarly to K92 Mining Ltd.’s area, mobile magnetotellurics show strong apparent conductivity on the Anga Project suggestive of a substantial alteration and sulphide developed system.

During the reporting period, new management at SPMC commenced a full review of the Anga Project data. This work included the validation of previously collected data and construction of new data systems. Specific targets have been identified and work programs were designed. Subsequent to the end of the reporting period, field crews mobilized for soil sampling and reconnaissance mapping/sampling ahead of drill planning.

**Figure 2** The Anga Project Regional Geology



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



### Oseña Project

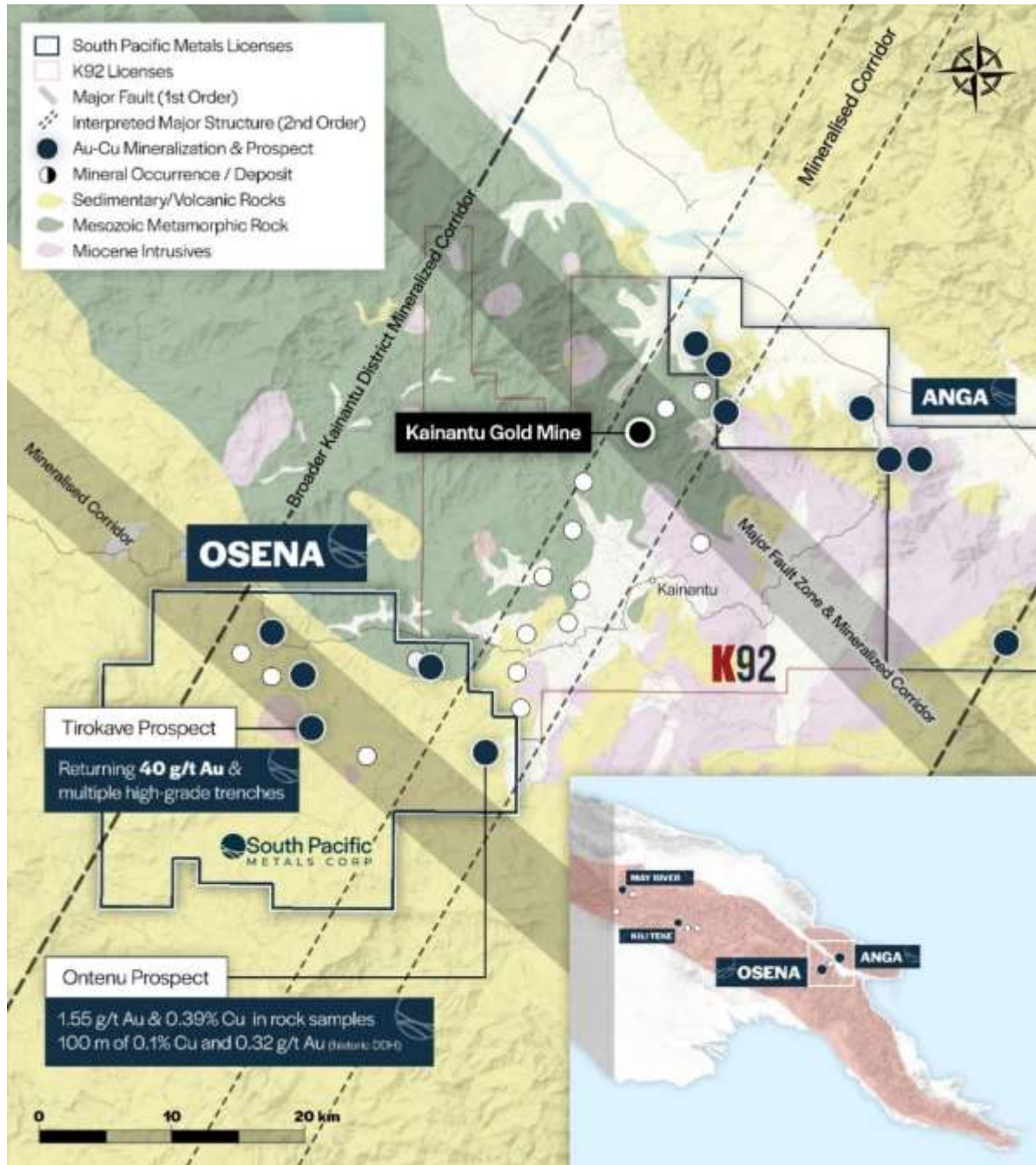
The Oseña Project (formerly KRL South) is located around the Tirokave River, where substantial alluvial gold has been recovered historically (Figure 4). As with Anga, Oseña also sits along elements of the Kainantu Transfer Structure. The area has been of particular interest to SPMC, given the presence of extensive outcrops with identified Akuna Igneous complex rocks and a large body, including scattered dykes and plugs, of the Elandora Porphyry (as identified at K92).

At the Oseña Project, the initial focus of the Company was centered around the Tirokave area, where mapping in conjunction with significant geochemical results (inclusive of one sample of 40 g/t Au) led to identifying prospects in 2021.

The Ontenu Prospect is located to the SE of Tirokave and consists of strong copper and gold in soil anomalies with coincident geophysical anomalies. Locally, an intrusive andesitic diorite breccia and microdiorite intrudes sediments and volcanics (Figure 5). Ontenu sits along strike, within the Kainantu Transfer Structure,

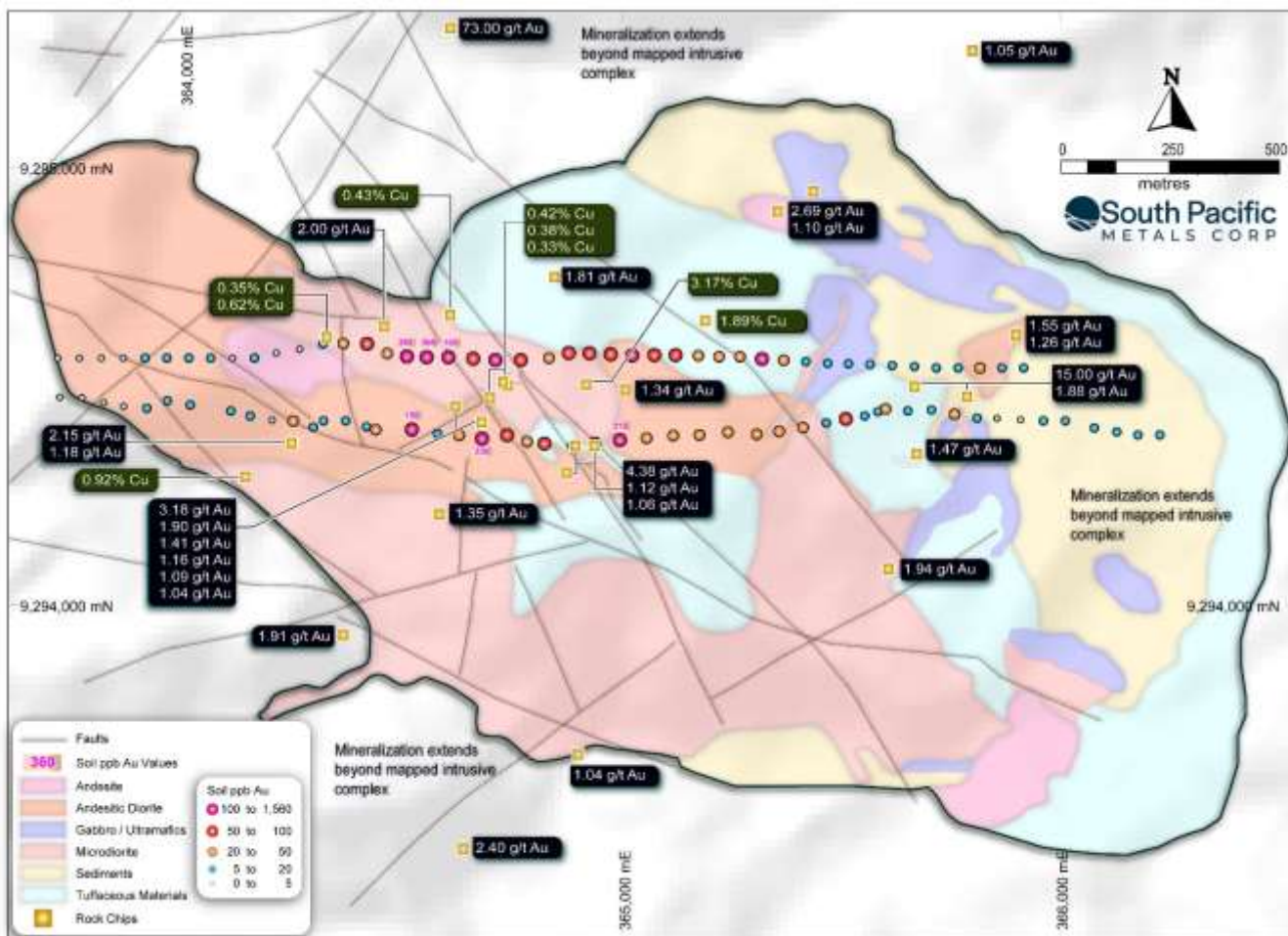
of K92's projects. Previous (historic) drilling has focused on the near surface and includes mineralization from surface of 88m @ 0.36g/t Au (KD005), 36m @ 0.2g/t Au (KD004) and 28m @ 0.32g/t Au. The 2022 Mobile MT survey identified several distinct conductivity and magnetic highs including the O6 and O2 priority targets, which are inferred to be potentially mineralized porphyry bodies at ~300m depth.

Figure 4 Oseno Project Regional Geology





**Figure 5** Gold in soils and rock chips at Ontenu Prospect (new assays from 2023 work are pending)



During 2023, the Company conducted on-ground exploration at Ontenu. On 3 March 2023, the Company announced new surface sampling results, confirming historic results, from the 2022 sampling exercises at the Ontenu area. Highlights include:

- Consistent high grades reported from rock chips in outcrop and trench exposures over a 2,300m x 900m area:
  - Gold results up to 1.55 g/t Au (26 of 63 samples exceeded 0.2g/t Au);
  - Copper results up to 0.39% (3,893ppm) Cu (17 of 63 samples returning >800ppm Cu);
  - Silver results up to 20.8 g/t associated with the higher-grade gold results;
  - Molybdenum results up to 460ppm, (27/63 samples returning >10ppm Mo);
- Two distinct groups of contiguous strongly anomalous gold (up to 0.37 g/t) results from 95 gridded soil samples at 50m spacing from 2 E-W lines 100m apart transecting the centre of KRL’s priority target area:
  - a 1,000m length averaging 101ppb Au and a 500m length averaging 114 ppb Au; and
  - Cu (up to 733ppm) and Mo (up to 310ppm) display a close correlation with Au values;
- Field work focussed on geophysical results demonstrating a high apparent conductivity target is interpreted as a potential mineralized (Cu-Au-Ag-Mo) porphyry complex;
- Historic sample results of up to 15.0g/t Au, 3.17% Cu 960g/t Ag, and 170ppm Mo have been verified;

- Favourable geology indicative of the edges of porphyry style mineralization was mapped above and peripheral to the underlying anomaly.

During the reporting period, new management at SPMC commenced a full review of the Osená Project. This work included the validation of previously collected data and construction of new data systems. Soil, trench and rock chip samples collected by previous management were submitted to ITS (Intertek) laboratory for assaying. These results are expected shortly and will be reported once received and interrogated by the Company.

### May River

May River is located less than 15km from the PanAust Mining Ltd.'s Frieda River Copper-Gold Project (Figure 6, Figure 7). Historic drilling at May River has returned substantial intercepts of near-surface gold mineralization coupled with strong surface geochemical signatures.

There are five main prospects that have been identified within the southern part of the May River Project –Iku Hill, Skiraisa, Foya, Eserebe, and Mountain Gate. With several other regional projects throughout the extensive tenement holding. The southern prospects include gold in soil anomalies >100ppb Au covering large several square kilometers with accompanying high-grade gold rock chips (Figure 8). The Skiraisa prospect has had several drilling campaigns historically including 109m @ 1.53g/t Au from surface.

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

During the reporting period, new management at SPMC commenced a full review of the May River Project. This work included the validation of previously collected data and construction of new data systems. An external consultant has been sourced to review historic data and to prioritize exploration plans on the very prospective May River Project area.

Figure 6 May River Project with regional prospect, geology and stream sediment map

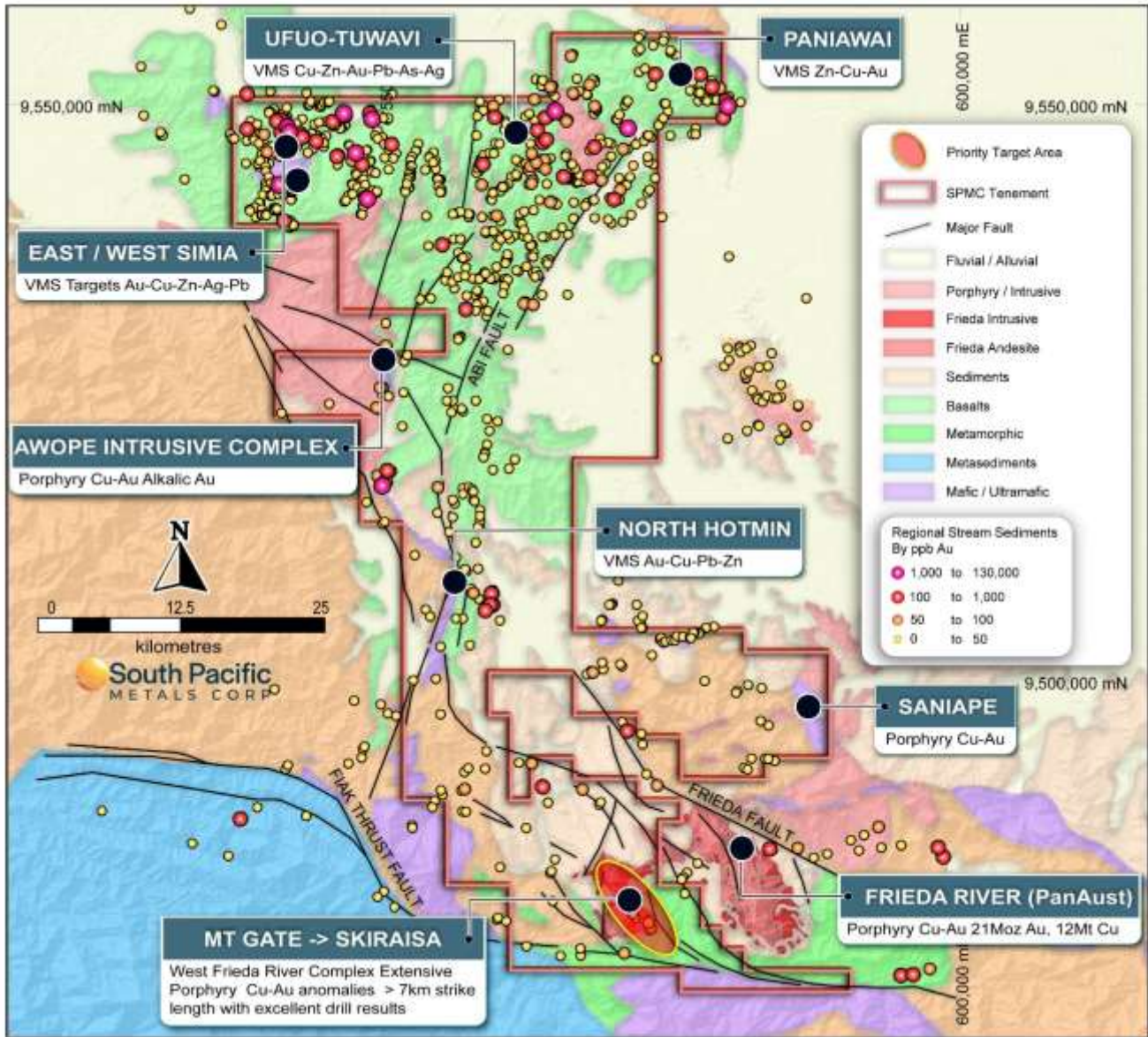
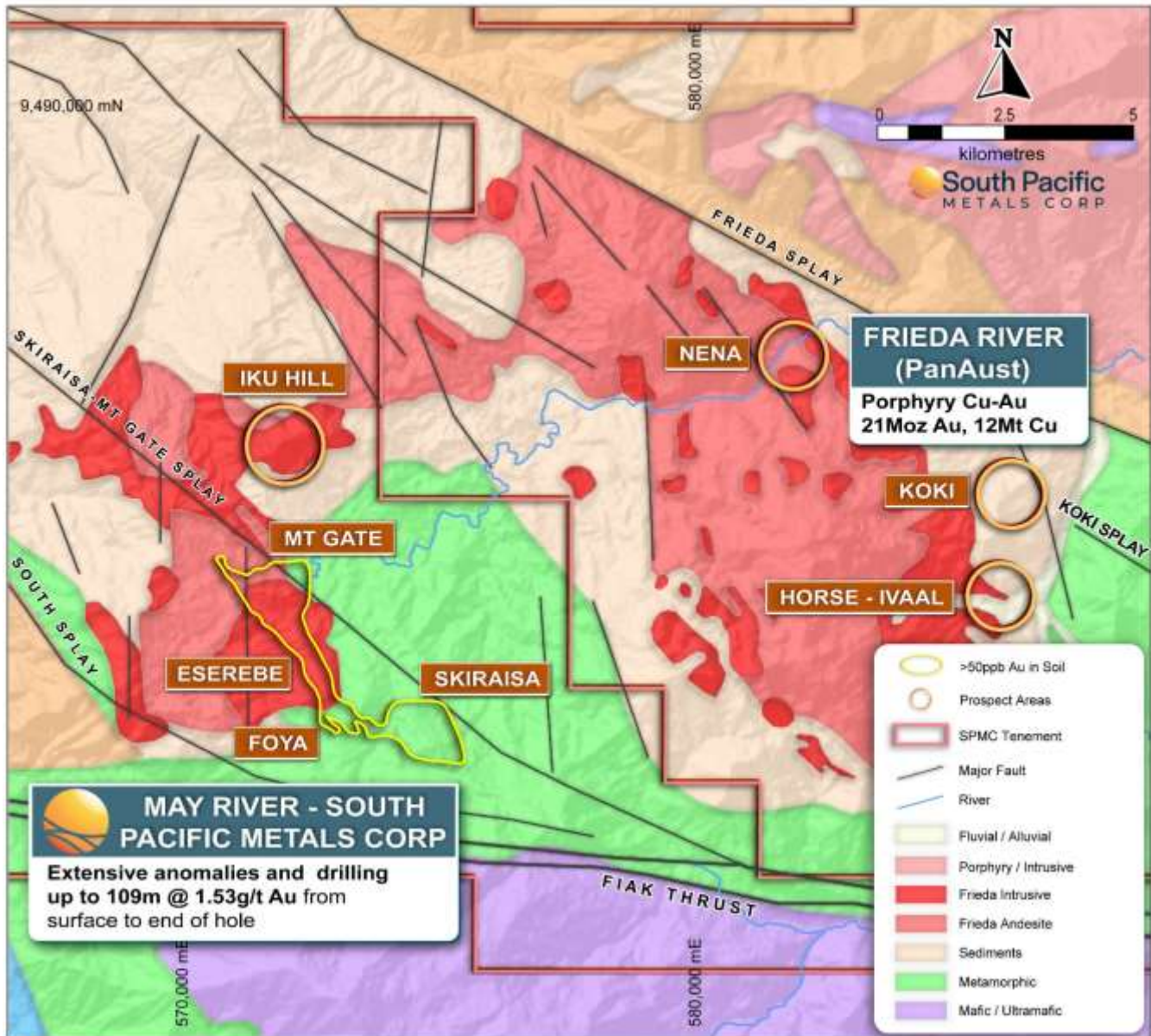
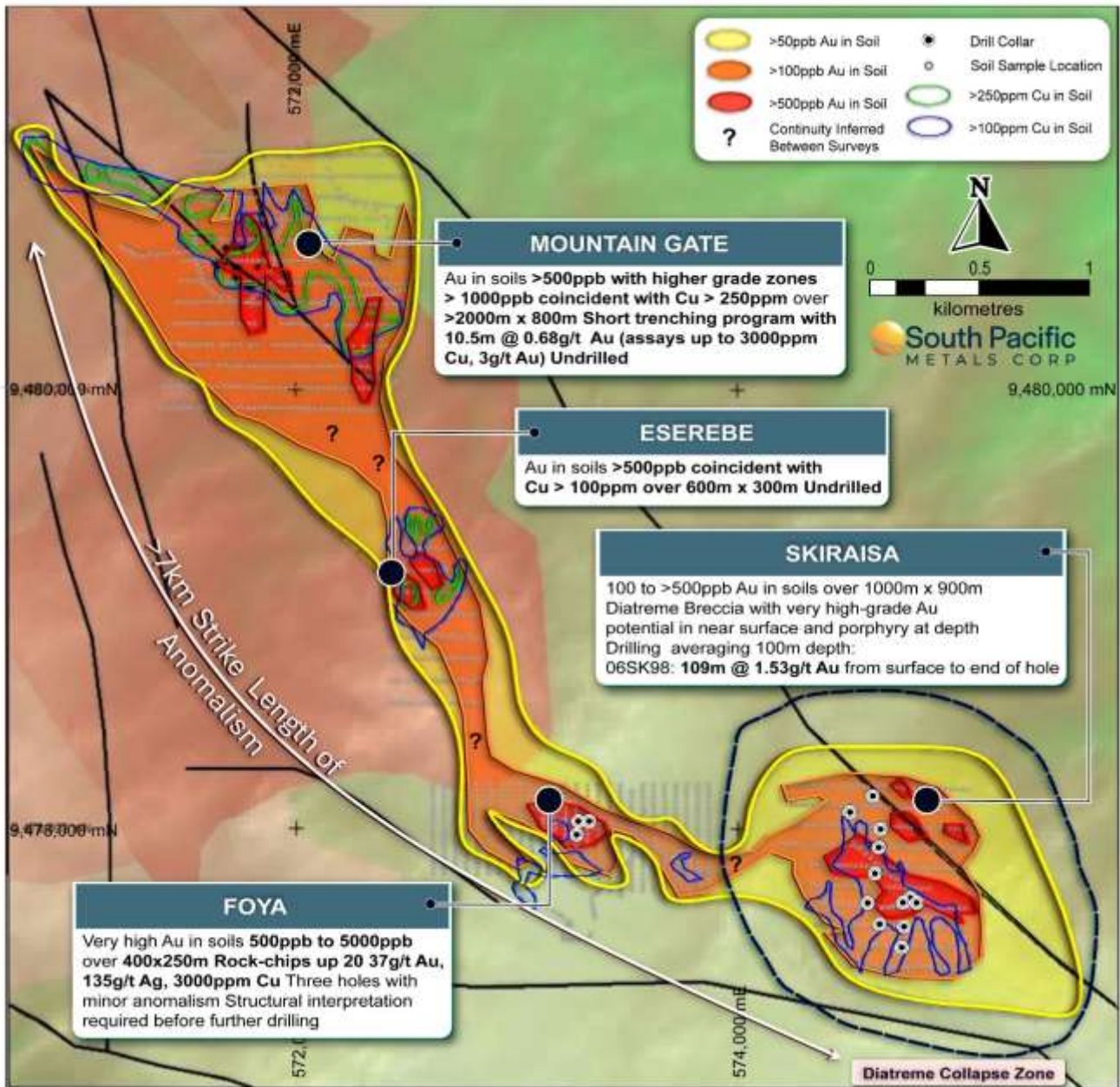


Figure 7 May River Project with proximity to the world-class Frieda River Prospect and regional geology



**Figure 8** Soil anomalism and previous work on the Skiraisa to Mountain Gate Trend, May River Project



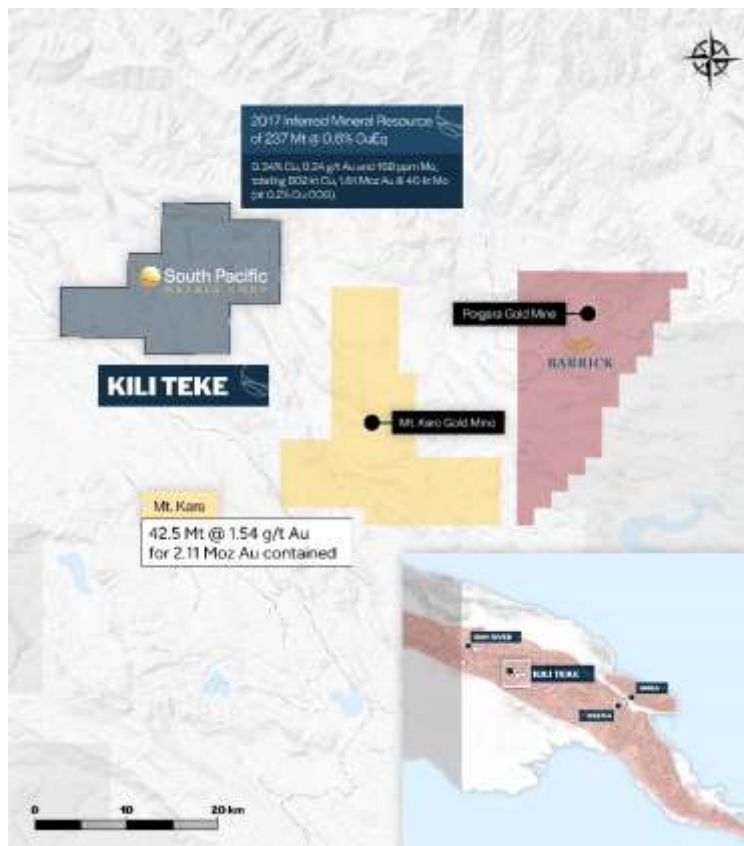
**Kili Teke Copper-Gold Project**

The Kili Teke Project is located 20 km NW of Mt Kare Gold Mine and 40 km west of the giant Porgera Gold Mine (Figure 9). This project was purchased from Harmony Gold (see news release December 3, 2023). The Kili Teke tenement (EL2310) lies within the northern margin of the Papuan Fold Belt, a terrane of strongly folded and thrust limestone and clastic sediments. Late Miocene/Pliocene dioritic to monzonitic (porphyry) bodies intrude along a linear trend parallel to the margins of the Papuan Fold Belt.

Significant mineralized porphyry systems are associated with the intrusions, including the world-class deposits at OK Tedi, Star Mountains and Frieda River, in the west, and the Porgera and Mt Kare deposits, to the

east of Kili Teke. Prominent NE-SW striking transfer faults are regarded as a first-order control on porphyry mineralization.

**Figure 9** Kili Teke project location relative to Mt Kare and Porgera Gold Mines



The Kili Teke Project consists of a main porphyry body intruding limestones. Mineralization occurs as stockwork veins with chalcopyrite ( $\text{CuFeS}_2$ ) and bornite ( $\text{Cu}_5\text{FeS}_4$ ) within a diorite host. Harmony Gold (and predecessors) have completed 55 diamond core holes for 36,917 meters of drilling and presented a mineral resource estimate (reviewed in the January 2023 Technical Report) as shown in the table below.

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

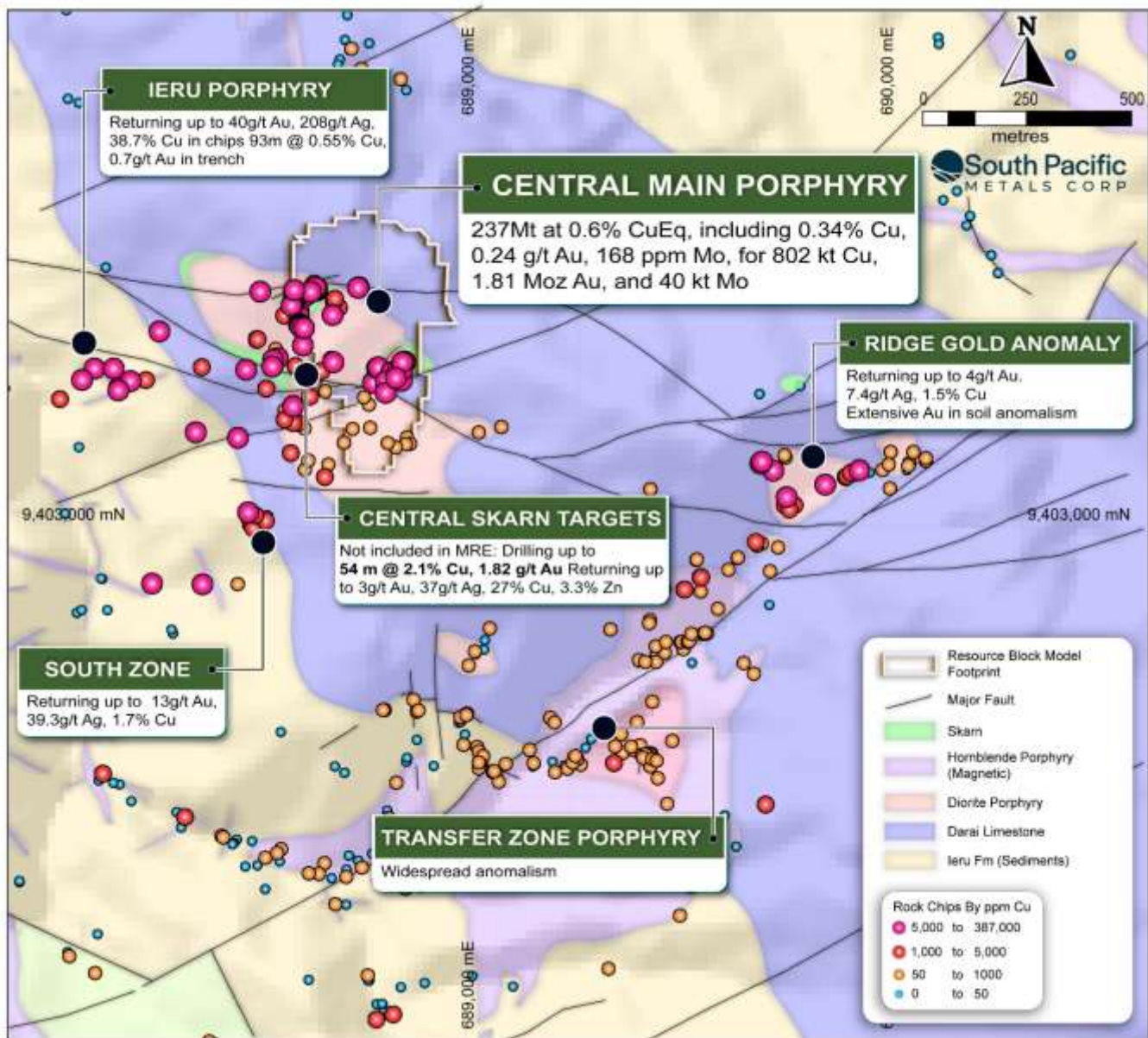
Inferred Resource*	Cutoff	Mt	Cu %	Au g/t	Mo ppm	Cu (Mt)	Au (MOz)	Mo (Mt)
Resource Update 2017	0.2	237	0.34	0.24	168	801500	1.81	0.0397

\*Please refer to 2022 NI 43-101 Technical Report for the Kili Teke Cu-Au Project, Papua New Guinea, effective 18 November 2022. As noted in the Technical Report, the resource estimate is considered as a bulk tonnage global estimate. There is a central high-grade core to the main mineral system, with previous mineralized intercepts including KTDD045 152 m @ 1.17% Cu, 0.93 g/t Au from 46 m, however, there is insufficient drilling to domain this for a separate high-grade porphyry mineral resource. Furthermore, the mineral resource estimate was only extended from surface to 1000 mRL (approximately 400-450 m below land surface). As such, there are several drill holes, with mineralized intercepts, not included in the resource.

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

Surrounding the main porphyry at Kili Teke are several untested exploration targets (Figure 10). The Ridge Gold Anomaly (RGA) target, for example, is defined by a soil anomaly in Au-Te-Cu extending over an area approximately 700m by 400m. The RGA target has not been adequately tested with drilling. The Ieru Porphyry target area, located 1km to the west of the Central Main Porphyry at Kili Teke, has substantial mineralisation identified in trenching with 93m @ 0.55% Cu, 0.7g/t Au.

Figure 10 Kili Teke Project geology and surface sampling



Refer to the Technical Report for further information.

During the reporting period, new management at SPMC commenced a full review of the Kili Teke Project. This work included the validation of previously collected data and construction of new data systems. The Company geologists and advisors continue to evaluate targets in preparation of designing field programs.

## Corporate

### Environmental, Social & Governance (ESG)

The Company is committed to ensuring a sustainable approach to project development across all the tenements, in consultation with the local communities and remains focused on maintaining a strong social license. The Company's community relations programs have proven to be very effective through proactive and ongoing consultative engagement with the local clans and stakeholders. Where practical the Company engages local labor and acquires supplies and produce from local communities we operate in.

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

- Establishing and maintaining positive community engagement through effective communication and consultation;
- Effectively managing community grievances; and
- Minimizing the adverse impact of the Company's work in the community and environment.

The Company continues to work closely with the MRA and government at a national level, with the application for EL 2755 granted in November illustrating the Company's standing and reputation within PNG.

### Human Resources

During the six months ended June 30, 2024, the Company continued to embed a performance-based culture within its employee group. Employees were assessed and reviewed based on their individual performance and alignment to the Company values through their behaviors.

The continuation of adverse social activity in relation to the 2022 PNG national elections restricted the company's ability to confidently plan a safe and uninterrupted work program. In consideration of safety and exposure of staff to serious security risks the Company continued the temporary suspension of certain field-based work activities.

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



## Summary of Financial Results

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

### Selected Annual Information

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

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

### Summary of Quarterly Results (unaudited)

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

For the quarters ended:

	June 30, 2024	March 31, 2024	December 31, 2023	September 30, 2023
Total revenues	\$nil	\$nil	\$nil	\$nil
Loss for the quarter	\$521	\$458	\$541	\$435
Loss per share	0.00	0.00	0.04	0.08

	June 30, 2023	March 31, 2023	December 31, 2022	September 30, 2022
Total revenues	\$nil	\$nil	\$nil	\$nil
Loss for the quarter	\$320	\$311	\$703	\$261
Loss per share	0.08	0.04	0.1	0.04

## Results Of Operations

### **Six months ended June 30, 2024, compared to the six months ended June 30, 2023**

The Company recorded net loss of \$979 for the six months ended June 30, 2024 (the “current period”) compared to a net loss of \$631 for the six months ended June 30, 2023 (the “prior period”), an increase of \$348, as explained in the following paragraphs.

- Accounting and legal expenses were \$5 higher in the current period (\$117) when compared to the prior period (\$112). The Company incurred additional legal and audit fees as a result of recent activities.
- Corporate and administrative expenses were \$26 lower in the current period (\$111) when compared to the prior period (\$137). The Company continues working on increasing efficiencies and reducing corporate overhead.
- Board and management fees were \$24 higher in the current period (\$190) when compared to the prior period (\$166). The Company incurred additional management fees in the current period because of recent changes in management.
- Stock-based payments expense, a non-cash expense, was \$452 higher in the current period (\$452) when compared to the prior period as a result of the Company granting incentive stock options in the current period.
- Gain on the settlement of accounts payable was \$272 higher in the current period (\$272) when compared to the prior period (\$Nil) as a result of the Company working to settle old liabilities and clean up its balance sheet.
- Interest and accretion expense was \$34 higher in the current period (\$34) when compared to the prior period (\$Nil). The Company issued convertible debentures during the current period, which resulted in the interest and accretion expense.
- Loss on settlement of convertible debt was \$586 higher in the current period (\$586) when compared to the prior period (\$Nil). The Company settled convertible debentures during the current period, which resulted in the loss on settlement of convertible debentures.
- Gain on revaluation of convertible debt was \$286 higher in the current period (\$286) when compared to the prior period (\$Nil). The Company settled convertible debentures during the current period, which resulted in the gain on revaluation of convertible debentures.

### **Three months ended June 30, 2024, compared to the three months ended June 30, 2023**

The Company recorded net loss of \$521 for the three months ended June 30, 2024 (the “current quarter”) compared to a net loss of \$320 for the three months ended June 30, 2023 (the “prior quarter”), an increase of \$201, as explained in the following paragraphs.

- Accounting and legal expenses were \$59 lower in the current quarter (\$20) when compared to the prior quarter (\$79). The Company incurred additional legal fees in the prior quarter.
- Corporate and administrative expenses were \$24 higher in the current period (\$80) when compared to the prior period (\$56). The Company incurred additional fees in the current quarter as it continues working on increasing efficiencies and reducing corporate overhead.
- Board and management fees were \$91 higher in the current period (\$174) when compared to the prior period (\$83). The Company incurred additional management fees in the current period because of recent changes in management.
- Stock-based payments expense, a non-cash expense, was \$452 higher in the current quarter (\$452) when compared to the prior period as a result of the Company granting incentive stock options in the current period.

- Gain on the settlement of accounts payable was \$201 higher in the current period (\$201) when compared to the prior period (\$Nil) as a result of the Company working to settle old liabilities and clean up its balance sheet.

### Additional Disclosure for Venture Issuers Without Significant Revenue

The material components of exploration and evaluation expense are:

	June 30, 2024	June 30, 2023
Exploration and evaluation costs		
Assays and analysis	\$ 55	\$ 60
Consultants and contractors	192	122
Employees and labour	62	144
Field, camp and supply	68	68
Travel and accommodation	18	20
Vehicles, logistics and support	20	32
	<b>\$ 415</b>	<b>\$ 446</b>

### Liquidity and Capital Resources

	June 30, 2024	June 30, 2023
Operating activities	\$ (1,188)	\$ (393)
Investing activities	(422)	(447)
Financing activities	1,843	1,121
Effect of exchange rates on cash	(188)	(7)
Total Change in Cash	59	274
Cash and Cash Equivalents, Beginning of the Period	1,345	311
Cash and Cash Equivalents, End of the Period	<b>\$ 1,404</b>	<b>\$ 585</b>

#### Operating Activities

During the six months ended June 30, 2024, cash used in operating activities was \$1,188, which consisted mainly of ongoing operations and settling accounts payable offset by non-cash expenditures of interest and accretion, loss on settlement of convertible debentures and gain on revaluation of derivative portion of convertible debt.

#### Investing Activities

During the six months ended June 30, 2024, cash used in investing activities was \$422, which consisted of exploration and evaluation expenditures.

#### Financing Activities

During the six months ended June 30, 2024, cash provided by financing activities included \$2,378 in proceeds from private placement financing and \$ 535 in payments relating to the settlement of a promissory note.

## Share Capital and Disclosure of Outstanding Share Data

At June 30, 2024, the authorized share capital was an unlimited number of common shares. On February 6, 2024, the Company announced a consolidation of its issued and outstanding shares at a ratio of ten (10) pre-consolidation common shares for one (1) post-consolidation common share. At June 30, 2024 there were 38,728,920 common shares issued and outstanding on a post-consolidated basis. As at the date of this MD&A the Company had 38,728,920 common shares issued and outstanding.

### Outstanding share data

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

Common shares	38,728,920
Options	2,743,500
Warrants	6,780,225
Fully diluted shares outstanding	48,252,645

## Related Party Transactions

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

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

### Key Management Compensation

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

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

	Six months ended June 30,	
	2024	2023
Management fees	\$ 174	\$ 129
Share-based compensation	377	-
	\$ 551	\$ 129

As at June 30, 2024, \$Nil (2023 - \$54) was due from a company with common directors.

As at June 30, 2024, \$78 (2023 - \$nil) was due to directors and officers of the Company.

### Convertible Debentures

During the year ended December 31, 2023, the Company closed a private placement of unsecured convertible debenture units of the Company at a price of CAD\$0.80 per unit for gross proceeds of CAD \$1,270,000.

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

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

### Off Balance Sheet Arrangements

There are no off balance sheet arrangements.

### Risk and Uncertainties

The Company is exposed to risks which may have a material effect on financial position, comprehensive income, cash flows and operations. Risks and uncertainties the Company considers material in assessing its financial statements are described below.

#### Liquidity Risk

Liquidity risk is the risk the Company will not be able to meet its financial obligations as they become due. The Company ensures there is sufficient capital to meet short term business requirements after taking into account cash and cash equivalents. All financial liabilities including accounts payable and accrued liabilities and loans from related party, are classified as current.

#### Credit Risk

Credit risk is the risk of financial loss to the Company if a counterparty is unable to fulfil its contractual payment obligations and arises primarily from the Company's financial assets. The Company is mainly exposed to credit risk on its cash and cash equivalents. Credit risk exposure is limited through depositing cash with high-credit quality financial institutions. The carrying value of these financial assets represents the maximum exposure to credit risk.

#### Market Risk

Market risk is the risk of loss that may arise from changes in market factors and prices such as interest rates, foreign exchange rates, and commodity and equity prices. The Company is currently not exposed to any material market risks.

#### Foreign Currency Risk

Foreign currency risk is the risk that the Company's financial performance will be affected by fluctuations in the exchange rates between currencies. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities in Canada, Singapore and PNG and is exposed to risk from changes in the USD, CAD, Singapore dollar and the PNG Kina. The Company manages this foreign currency risk by matching payments in the same currency where possible and monitoring movements in exchange rates.

## Other Risk Factors

The Company faces a variety of other risk factors encompassing operational, geological, environmental, licensing, financing, commodities prices which are outlined below.

### Exploration and Operational Risks

The Company's operations are focused on mineral exploration and evaluation which involve a high degree of risk. No assurance can be given the acquisition of and exploration of resource properties will result in discovery of an economic mineral deposit which will be subsequently advanced to commercial production. To mitigate this risk the focus of the Company is on areas which are prospective for economic deposits and in the proximity of current mining operations.

The Company's operations are subject to hazards and risks normally associated with exploration, any of which could result in risk of injury, to property or the environment. Operations may also be subject to disruptions caused by physical geography, environmental, extreme weather and community interrelations which are outside the Company's control.

The Company's operations depend on the availability of adequate services and infrastructure including reliable air service, roads access including bridges, power sources, accommodation and water supply. Without appropriate services and infrastructure activities may be delayed and could result in higher costs

### Licences Risks

The Company's mineral exploration activities are subject to the issue, renewal and maintaining licenses from appropriate government authorities. Failure to renew, transfer or the loss of a license may impact the Company's operations. The Company is also required to meet minimum expenditure amounts on the exploration licenses to maintain them in good standing.

### Financing Risks

The Company will require additional funding with no revenues from operations and expects to incur operating losses in future periods on exploration projects, new business opportunities and working capital costs. The Company has relied upon equity subscriptions to date and will likely continue to depend upon these sources to finance its activities, with finite financial resources the ability to advance its projects will depend upon the ability to secure near and long-term financing. There can be no assurances that the Company will be successful in raising the desired level of financing on acceptable terms. These financing requirements may result in dilution of existing shareholders and the inability to obtain financing may result in delay or postponement of operations.

### Metals Prices Risks

The value and price of the Company's common shares, the Company's financial results, and exploration, development and mining activities of the Company, if any, may be significantly adversely affected by declines in the price of metals. Mineral prices fluctuate widely and are affected by numerous factors beyond the Company's control such as interest rates, exchange rates, inflation or deflation, global and regional supply and demand, and the political and economic conditions of mineral producing countries throughout the world.

### Appointment of Director and Executive Chairperson

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

### Qualified Person

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

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