MANAGEMENT'S DISCUSSION AND ANALYSIS

Three and Twelve Months Ended December 31, 2022 and 2021

(In thousands of Canadian dollars)

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KARORA RESOURCES

MANAGEMENT DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis ("**MD&A**") constitutes the information and factors that management believe is relevant to understanding the consolidated financial condition and operating performance of Karora Resources Inc. and its subsidiaries ("**Karora**" or the "**Company**") for the three and twelve months ended December 31, 2022 and 2021. This MD&A should be read in conjunction with the Company's audited consolidated financial statements and related notes for the years ended December 31, 2022 and 2021, which are prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standard Board ("**IASB**") This MD&A contains certain forward-looking statements and reference should be made to the 'Cautionary Statement Regarding Forward-Looking Information' found at the end of this MD&A.

For the purposes of preparing this MD&A, management, in conjunction with the Board of Directors, considers information to be material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of the Company's common shares; or (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors.

Additional information relating to the Company, including its Annual Information Form for the year ended December 31, 2021 is available on SEDAR at www.sedar.com. The Company is a reporting issuer under applicable securities legislation in each of the provinces of Canada and its outstanding common shares are listed on the Toronto Stock Exchange under the symbol "**KRR**" (OTCQX: KRRGF).

Certain non-IFRS measures are included in this MD&A. The Company believes that these measures provide investors an improved ability to evaluate the underlying performance of the Company. The non-IFRS measure should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. The non-IFRS measures do not have any standardized meaning prescribed under IFRS, and therefore may not be comparable to other issuers.

Results are reported in Canadian dollars, unless otherwise noted. Australian dollars are defined as **A$**. United States dollars are defined as **US$**. Information contained herein is presented as at March 28, 2023 unless otherwise indicated.

References in this MD&A to **Beta Hunt** refer to the Beta Hunt Mine, while references to **HGO** refer to the Higginsville Gold Operations, Spargos Reward Gold Mine and Lakewood Mill.

FULL-YEAR AND FOURTH QUARTER 2022 HIGHLIGHTS

Introduction

Karora achieved record gold production and sales in 2022, including record quarterly gold sales during the fourth quarter of the year, and also made substantial progress in support of our future growth. Record performance in 2022 was achieved at the same time that the Company managed disruptions caused by record COVID-19 and isolation cases in the first half of the year and faced significant sector-wide inflationary pressures and volatile commodity markets. Cost performance improved during the second half of 2022, with all-in sustaining costs ("AISC")[1] averaging US$1,174 per ounce sold for the full year, in line with revised guidance.

Full-Year 2022

- **Record gold production** of 133,887 ounces achieved the top end of the Company's guidance and increased 19% from 2021 driven by higher tonnes processed following the acquisition of the Lakewood Mill in July 2022.
- **Production and processing costs** of $179.3 million compared to $121.9 million in 2021, with the increase largely reflecting higher volumes, increased input costs resulting from inflationary pressures as well as the impact of COVID-19 disruptions during the first half of the year.
- **Cash operating costs[1] per gold ounce sold** and **AISC[1] per gold ounce sold** averaged US$1,099 and US$1,174, respectively, compared to US$917 and US$1,012, respectively, in 2021 with the increases due to higher production and processing costs, as outlined above, and the impact of a lower average grade. The reduction in the average grade mainly reflected sequencing to a lower-grade production profile at Beta Hunt in 2022 and utilisation of increased milling capacity to process material from low-grade stockpiles.
- **Net earnings** of $9.9 million ($0.06 per share) compared to net earnings of $27.5 million ($0.18 per share) as a 20% increase in revenue, driven by record gold sales of 132,098 ounces, was more than offset by higher production and processing, depreciation and amortisation and general and administrative costs.
- **Adjusted earnings**[1] of $21.1 million ($0.13 per share) versus $48.6 million ($0.33 per share) in 2021. The main differences between net earnings and adjusted net earnings in 2022 included the exclusion from adjusted earnings[1] of non-cash share-based payments, losses on derivatives, unrealized losses on the revaluation of marketable securities and the impact of a foreign exchange gain.
- **Adjusted EBITDA**[1,2] totalled $91.5 million compared to $104.3 million a year earlier.
- **Cash flow from operating activities** totalled $88.2 million versus $106.5 million in 2021, with the change mainly reflecting reduced earnings compared to 2021.
- **Cash** at December 31, 2022 totalled $68.8 million compared to $91.0 million at December 31, 2021 with the reduction reflecting significant capital investment during the year in support of the Company's growth plan.
- **Working capital**[1] of $38.0 million at December 31, 2022 versus $64.4 million at December 31, 2021, with the reduction mainly due to the change in cash year over year as well as higher levels of accounts payable and accrued liabilities.

Fourth Quarter 2022

- **Production** of 37,309 ounces increased 34% from the fourth quarter of 2021 and compared to record quarterly production of 38,437 ounces the previous quarter. The increase in year-over-year fourth quarter production mainly reflected a 42% increase in tonnes processed as well as a higher average grade at Beta Hunt.
- **Production and processing costs** of $54.3 million compared to $32.5 million in last year's fourth quarter and $42.4 million the previous quarter, with the increase from a year ago largely reflecting higher processing volumes and increased input costs.
- **Cash operating costs**[1] **per ounce sold** and **AISC**[1] **per ounce sold** averaged US$1,034 and US$1,110, respectively, compared to US$961 and US$1,042, respectively, for the same period a year earlier and US$991 and US$1,069, respectively, in the third quarter 2022.
- **Net earnings** of $9.6 million ($0.06 per share) increased 57% from $6.1 million ($0.04 per share) in the fourth quarter of 2021 as the impact of a 45% increase in revenue, driven by record gold sales of 39,900 ounces, as well as foreign exchange gains, which more than offset higher production and processing, depreciation and amortization and general and administrative costs; Fourth quarter net earnings increased from $4.4 million ($0.03 per share) the previous quarter mainly reflecting higher revenues and the impact of foreign exchange gains.
- **Adjusted earnings**[1] of $8.7 million ($0.05 per share) versus $12.0 million ($0.08 per share) for the same period in 2021 and $6.6 million ($0.04 per share) in the third quarter of 2022. The main differences between net earnings and adjusted earnings[1] in fourth quarter of 2022 included the exclusion from adjusted net earnings of a significant foreign exchange gain in the quarter of $8.7 million, as well as non-cash share-based payments and losses on derivatives.
- **Adjusted EBITDA**[1,2] totalled $29.2 million, a 17% increase from $25.0 million a year earlier and 6% higher than $27.5 million the previous quarter.
- **Cash flow from operating activities** totalled $36.5 million, a 9% increase from the fourth quarter of 2021 and 29% higher than the third quarter of 2022.
- **Cash** of $68.8 million as at December 31, 2022 increased 23% from September 30, 2022
- **Working capital**[1] of $38.0 million compared to $49.2 million at September 30, 2022 with the reduction mainly reflecting higher levels of accounts payable and accrued liabilities and lower inventory levels.

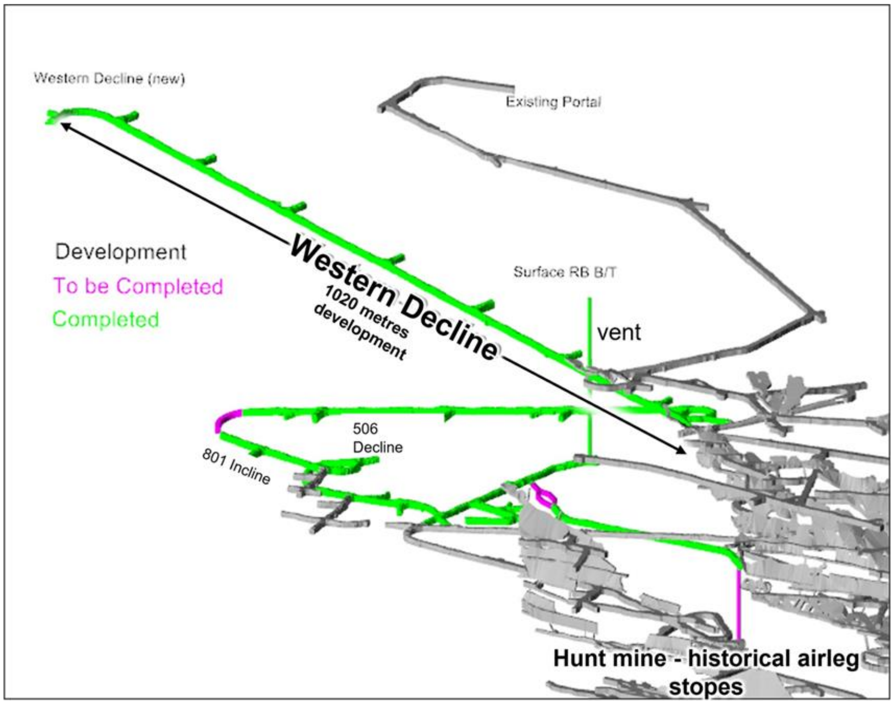
[1] Non-IFRS: The definition and reconciliation of these measures are included in the Non-IFRS Measures section of this MD&A.
[2] Earnings before interest, taxes, depreciation and amortization

Key Growth Highlights in 2022

- **Acquisition of Lakewood Mill:** In July 2022, Karora acquired the fully permitted and operating ~1.0 Mtpa Lakewood Mill gold processing facility located near Kalgoorlie, Western Australia. The acquisition increased total processing capacity by over 60%, to ~2.6 Mtpa, providing advanced capacity to deliver on Karora's growth plans. The Lakewood Mill was incorporated into the Company's operations in August 2022, allowing for optimization of feed from Beta Hunt, Spargos and Higginsville mines and the processing of lower-grade surface stockpiles. As part of the Company's growth plan, the expanded milling capacity resulting from the acquisition of the Lakewood Mill will be fully utilised to process increased levels of mined tonnes once the production rate at Beta Hunt doubles to 2.0 Mtpa in 2024.

Figure 1: Lakewood Processing Facility Arial Photo (July 2022)

- **Expansion of Beta Hunt:** Development of a second (west) decline and related ventilation access at Beta Hunt commenced in the first quarter of 2022, with the decline being completed on schedule and budget to a length of 1,020 metres during the first quarter of 2023. As at March 1, 2023, the new decline on the west side of the mine had been connected to existing mine workings and was already contributing to improved haulage efficiency. In addition, the first of three ventilation raises, also critical to the mine's growth plans, had been completed to a length of approximately 235 metres. Development of the second ventilation raise had commenced and was advancing on schedule for completion during the second quarter of 2023 with the third ventilation raise to be completed during the second half of the year. Overall, the project remains on track to support reaching an annualized run-rate production level of 2.0 Mtpa at Beta Hunt during 2024.



Visual: Second decline at Beta Hunt completed to 1,020 metres during the first quarter of 2023

- **Preliminary Economic Assessment for Nickel Resources at Beta Hunt:** Additional upside to the Company's current growth plan exists from the significant nickel resources and exploration potential at Beta Hunt. After announcing solid growth in nickel mineral resources early in 2022, the Company released a positive Preliminary Economic Assessment ("PEA") for nickel resources at Beta Hunt on August 12, 2022. Among the highlights of the PEA were solid growth in low-cost production with attractive grades, robust economics, including attractive returns and a low capital investment requirement, significant leverage to the nickel price and the potential for substantially higher by-product credits from nickel production to further improve gold unit costs.

- **Excellent exploration success at Beta Hunt**: Drilling in 2022 resulted in new discoveries as well as major extensions to existing zones. Early in the year, a new gold zone, the Mason Zone, was identified running parallel to, and west of the Larkin Zone. Drilling during the year supported the Company's interpretation that the Mason Zone represents an important new mining opportunity south of the Alpha Island Fault with a potential strike length of approximately 700 metres. In addition, drilling at Western Flanks extended the shear mineralization up to 250 metres below current mineral resources, while drilling in the A Zone established gold mineralization up to 150 metres below current resources, with both zones remaining open to depth. In September 2022, the Company announced the discovery of a new high-grade nickel zone, the 4C Offset zone, including an intercept of 6.5% nickel over 11.9 metres. The new zone is located in the Hunt Block above Western Flanks and is situated within 25 metres of existing and actively used mine development.

- **Growth in Mineral Reserves and Mineral Resources at Beta Hunt:** Subsequent to the end of 2022, the Company announced on February 13, 2023 new gold Mineral Reserve and Mineral Resource estimates at Beta Hunt dated as at September 30, 2022. Included in the new estimates were a 12% increase in Proven and Probable Mineral Reserves to 538,000 ounces, a 20% increase in Measured and

Indicated Mineral Resources to 1.35 million ounces and a 34% increase in Inferred Mineral Resources to 1.05 million ounces. On March 7, 2023, Company announced an 8% increase in Beta Hunt nickel Measured and Indicated Mineral Resources to 21,100 nickel tonnes as well as a 11% increase in nickel Inferred Mineral Resources to 15,100 tonnes, also as at September 30, 2022. More information on the Mineral Reserve and Mineral Resource estimates at Beta Hunt is available in the section, "Beta Hunt Mineral Reserve and Mineral Resources Estimates – September 30, 2022" later in this MD&A.

Other Corporate Highlights

- **Carbon Neutrality:** After becoming one of the world's first carbon neutral gold producers in 2021, the Company announced in October 2022 that it had achieved carbon neutrality for the second consecutive year in 2022 for its own operations (Scope 1 and 2 emissions) through the purchase and retirement of 95,000 tonnes of verified carbon offset credits. Karora will provide further updates on emissions reduction efforts underway in its 2022 ESG Report to be released in early Q2 2023.

- **Inaugural Environmental Social and Governance (ESG) Report:** In April 2022, the Company published its inaugural ESG Report for the year 2021, which outlines a comprehensive ESG strategy that serves as a key foundation for integrating critical ESG factors into the Company's governance and risk management systems and introducing key metrics and targets for internal monitoring and external reporting.

- **Effective capital management:** During a period of extensive capital investment in support of future growth, the Company took important steps to ensure adequate capital strength and liquidity.

    - In July 2022, the Company closed a senior secured $80 million Credit Agreement with Macquarie Bank Limited which provided for a $40 million term loan (fully drawn on July 14, 2022) and a $40 million revolving credit facility, both with a term to June 28, 2024 and an option to renew. The proceeds of the term loan were used to refinance the Company's existing $30 million credit facility, and for general working capital purposes.

    - In June 2022, 14,375,000 common shares were issued for $69.0 million of gross proceeds through an over-subscribed bought deal financing, which included the exercise in full of the underwriters' over-allotment option.

- **Normal course issuer bid ("NCIB") renewed:** On July 15, 2022, the Company announced it had received approval from the Toronto Stock Exchange for the renewal of its NCIB through which it can purchase up to 8,492,971 common shares (representing 5% of total issued and outstanding common shares) commencing July 20, 2022 until July 19, 2023. Following renewal of the NCIB, a total of 157,660 common shares were acquired and cancelled through the NCIB at an average price of $3.12 per share for a total of $0.5 million.

DESCRIPTION OF BUSINESS

Karora is a multi-operational mineral resource company with mining interests located in Western Australia. The portfolio includes the Beta Hunt Mine ("**Beta Hunt**"), Higginsville Gold Operations and Spargos Reward Gold Mine as well as the Lakewood Mill (together "**HGO**"). Beta Hunt is a gold producing underground operation with nickel by-product credits. Gold bearing ore from Beta Hunt is blended with HGO material for feed into the HGO 1.6 Mtpa processing plant. Concurrently, material from Beta Hunt and Spargos is discreetly batch treated at the 1.0 Mtpa Lakewood Mill. Karora's mineral property interests at Beta Hunt and HGO host a large historical resource inventory, a substantial portfolio of gold tenements and a series of open pits and underground operations. Karora is focused on growth through sustainable organic production and further accretive acquisitions of precious metal/mineral operations. Karora's growth pathway to 170,000 to 195,000 ounces per year in 2024 is underpinned by the increased milling capacity now in place at Higginsville and following the acquisition of the Lakewood Mill in 2022, along with the addition of a second decline at Beta Hunt intended to double the mine's production rate to 2.0 Mtpa during 2024. The Company is also well positioned to grow the nickel component of its business, which offers the potential for higher by-product credits and further improvements in unit costs for gold production. All nickel ore from Beta Hunt is processed at BHP's Kambalda Nickel Concentrator (KNC) located four kilometres from Beta Hunt.

BUSINESS VALUES

Karora has adopted the following values:

- work safely;
- treat people with dignity and respect;
- respect the environment;
- be accountable to deliver on commitments;
- create lasting prosperity in the communities in which the Company operates; and
- generate value from our assets.

ENVIRONMENTAL AND SOCIAL GOVERNANCE (ESG)

Karora is committed to responsible and sustainable business practices in order to:

- operate in an environmentally responsible manner;
- protect health and safety of its employees and contractors; and
- improve the prospects of all stakeholders including local communities.

FACTORS AFFECTING 2022 PERFORMANCE

International Conflict: On February 24, 2022, Russia commenced a military invasion of Ukraine. In response, many jurisdictions imposed strict economic sanctions against Russia and its interests, including Canada, the United States, the European Union, the United Kingdom, and others. While the Company does not have operations in the Ukraine or Russia, the conflict and related economic sanctions had a number of indirect impacts during 2022, including contributing to increased fuel prices, additional supply chain challenges, logistics and transport disruptions and heightened cybersecurity disruptions and threats.

Sector-wide Inflationary Pressures*:* Through a combination of factors, including global conflict, labour and supply-chain issues related to the COVID-19 pandemic as well as a period of sustained quantitative easing by many of the world's governments, a rapid and widespread acceleration of global inflationary pressures occurred during 2022. Labour costs, as well as costs for a number of consumables used by Company were impacted, increasing to levels well above budgeted rates. On August 12, 2022, the Company revised its AISC guidance for 2022 to $1,100 – $1,200 per ounce sold from $950 – 1,050 per ounce sold previously. Full-year 2022 AISC averaged $1,174 per ounce sold, in line with the revised guidance and averaged $1,108 per ounce sold during the fourth quarter.

COVID-19: In response to the global COVID-19 pandemic, protocols and contingency plans were established by Karora to comply with government actions and mitigate operational impacts which include the charter of our own aircraft to service our operations, review of staff rostering to run two distinctive crews, employment of a full time medical team to oversee screening and testing protocols on site, quarantine facilities established off site and the rollout of an immunization program for our workforce. Throughout the pandemic, Karora's management has maintained its Run of Mine ("**ROM**") stockpile levels should disruptions to the mining operations or supply chain occur in the future.

On March 3, 2022, the Western Australia border opened to both national and international travel, with limited restrictions in place for vaccinated persons. Following the easing of these restrictions, both Western Australia, and Karora specifically, experienced record levels of COVID-19 cases which led to increased costs and reduced labour availability in the first half of 2022. With COVID-19 and isolation cases easing considerably, the Australian government officially brought Australia's emergency response to COVID to an end on October 14, 2022 by removing the COVID-19 mandatory isolation requirements and the majority of rules for wearing face masks.

Management continues to monitor developments in order to be in a position to take appropriate actions to minimise any significant impact on the Company's operations including with respect to suppliers, service providers and employees due to an epidemic, pandemic or other public health crises that may arise, including COVID-19.

[1] Non-IFRS: the definition and reconciliation of these measures are included in the Non-IFRS Measures section of this MD&A.

OPERATING RESULTS

Operating Data

	Three months ended,			Twelve months ended,	
	Dec. 31 2022	Dec. 31 2021	Sept. 30, 2022	**2022**	2021
Gold Operations (Consolidated)					
Tonnes milled (000s)	**522**	367	547	**1,925**	1,441
Recoveries	**94%**	94%	94%	**94%**	94%
Gold milled, grade (g/t Au)	**2.37**	2.53	2.33	**2.30**	2.60
Gold produced (ounces)	**37,309**	27,925	38,437	**133,887**	112,814
Gold sold (ounces)	**39,900**	28,734	35,513	**132,098**	113,628
Average exchange rate (CAD/USD) [1]	**0.74**	0.79	0.77	**0.77**	0.80
Average realized price (US $/oz sod)	**$1,737**	$1,802	$1,717	**$1,793**	$1,792
Cash operating costs (US $/oz sold)[2]	**$1,034**	$961	$991	**$1,099**	$917
All-in sustaining cost (AISC) (US $/oz sold)[2]	**$1,110**	$1,042	$1,069	**$1,174**	$1,012
Gold (Beta Hunt Mine)					
Tonnes milled (000s)	**250**	206	306	**1,084**	884
Gold milled, grade (g/t Au)	**2.76**	2.61	2.36	**2.40**	2.95
Gold produced (ounces)	**20,870**	16,120	21,977	**79,125**	78,476
Gold sold (ounces)	**22,342**	16,372	20,767	**78,377**	78,810
Cash operating cost (US $/oz sold)[2]	**$992**	$944	$953	**$1,045**	$840
Gold (HGO Mine)					
Tonnes milled (000s)	**273**	161	241	**841**	557
Gold milled grade (g/t Au)	**2.01**	2.43	2.29	**2.18**	2.05
Gold produced (ounces)	**16,439**	11,805	16,460	**54,763**	34,338
Gold sold (ounces)	**17,558**	12,362	14,746	**53,721**	34,818
Cash operating cost (US $/oz sold)[2]	**$1,088**	$984	$1,043	**$1,179**	$1,092

1. The average exchange rate refers to the average market exchange rate for the period.
2. Non-IFRS: The definition and reconciliation of these measures are included in the Non-IFRS Measures section of this MD&A.
3. Numbers my not add due to rounding.

Consolidated gold production in the fourth quarter of 2022 totalled 37,309 ounces, a 34% increase from the fourth quarter of 2021 and compared to record quarterly production of 38,437 ounces the previous quarter. The increase from the fourth quarter of 2021 resulted from a 42% increase in tonnes milled, which more than offset a reduction in the average grade. Full-year 2022 production was a record 133,887 ounces, a 19% improvement from 2021 and in line with the top end of the Company's 2022 production guidance. The increase in production from 2021 reflected significantly higher tonnes processed as the Company utilised increased milling capacity following the acquisition of Lakewood Mill, which more than offset a reduction in the average grade due mainly to the transition to a lower-grade production profile at Beta Hunt as well as the impact of utilising increased mill capacity to process material from low-grade stockpiles.

Cash operating costs[1] per ounce sold for the fourth quarter of 2022 averaged US$1,034 compared to $961 for the same period in 2021 and US$991 the previous quarter. The increase from the fourth quarter of 2021 was driven by higher inputs costs and the impact of a lower average grade. AISC[1] per ounce sold in the fourth quarter of 2022 averaged US$1,108 versus US$1,042 in the fourth quarter of 2021 and US$1,069 the previous quarter, with the increases mainly reflecting higher cash operating costs per ounce sold.

Cash operating costs[1] per ounce sold for the year 2022 averaged US$1,099 compared to US$917 in 2021, with the increase reflecting higher input costs resulting largely from inflationary pressures, disruptions caused by COVID-19 restrictions in the first half of the year as well as the impact of a lower average grade compared to the prior year. AISC[1] per ounce sold in 2022 averaged US$1,174 versus US$1,012 in 2021 as higher cash operating costs[1] per ounce sold more than offset the impact of lower sustaining capital expenditures.

BETA HUNT MINE OPERATIONS REVIEW

The underground Beta Hunt Mine is located 600 km from Perth in Kambalda, Western Australia. Mineralization at Beta Hunt hosts both gold and nickel resources in adjacent discrete mineralized zones. The mining tenements on which the Beta Hunt Mine is located are held by Gold Fields Limited. Karora operates the Beta Hunt Mine by virtue of a sub-lease agreement with Gold Fields Limited. Mining is carried out using traditional underground mining methods at a rate of approximately 1.0 Mtpa using a single access decline. Through the development of a second decline and related ventilation infrastructure and mine development, the mine's production capacity is expected to double to approximately 2.0 Mtpa during 2024.

During the fourth quarter of 2022, Beta Hunt mined 252,500 tonnes at an average grade of 2.84 g/t containing 23,100 ounces of gold. Mine production during the fourth quarter of 2022 increased 13% from 223,000 tonnes mined in the fourth quarter of 2021 at an average grade of 2.48 g/t and compared to 313,000 tonnes the previous quarter at an average grade of 2.40 g/t. The majority of the scheduled mined tonnes during the fourth quarter came from the A Zone and central section of Western Flanks with the 14% increase in grade compared to the previous quarter mainly reflecting mining in the high-grade ore from the A Zone 17 Level.

Gold production from Beta Hunt in the fourth quarter of 2022 totalled 20,871 ounces based on milling 250,000 tonnes at an average grade of 2.76 g/t.

For full-year 2022, Beta Hunt mined a record 1,081,500 tonnes at an average grade of 2.45 g/t with ore mainly drawn from Western Flanks and the A Zone in line with the mine plan for the year. Gold production in 2022 totalled 79,125 ounces compared to 78,476 ounces in 2021 as the favourable impact of higher tonnes milled was offset by a reduction in the average grade consistent with the 2022 mine plan.

Cash operating costs[1] per ounce sold at Beta Hunt averaged US$992 in the fourth quarter of 2022 compared to $944 in the further quarter of 2021 and $953 the previous quarter as higher input costs more than offset the favourable impact of an increase in the average grade and a stronger US dollar compared to the Canadian dollar. Cash operating costs[1] per ounce sold for full-year 2022 averaged US$1,045 versus US$840 in 2021, with the increase largely due to higher input costs, business disruptions early in the year due to COVID-19 and the impact of a lower average grade.

In addition to gold production, Beta Hunt mined 5,755 tonnes of nickel ore at an estimated nickel grade of 2.00% (116 tonnes of contained nickel) during the fourth quarter of 2022 and 24,604 tonnes at an estimated nickel grade of 1.74% (428 tonnes of contained nickel) for the full year in 2022.

HIGGINSVILLE GOLD OPERATIONS REVIEW

Higginsville Gold Operations ("HGO") have been owned and operated by the Company since June 2019. They are located approximately 75 km south of Beta Hunt in Higginsville, Western Australia. The operations include a 1.6Mtpa processing plant, 192 mining tenements including the Aquarius, Hidden Secret, Mousehollow, Two Boys, Baloo, Pioneer, Fairplay North, Mitchell, Wills, Challenge, Mount Henry and Spargos deposits. Mining in 2022 was mainly conducted at the Spargos open pit in the Higginsville Greater area, which commenced operations late in 2021, and at the Aquarius and Two Boys underground operations in the Higginsville Central Area.

During the fourth quarter of 2022, HGO mined 106,000 tonnes at an average grade of 3.34 g/t, which compared to 317,000 tonnes mined in the fourth quarter of 2021 at an average grade of 1.66 g/t and 171,000 tonnes the previous quarter at an average grade of 3.05 g/t. The reduction in tonnes mined from both prior periods largely reflected the completion of mining from the Spargos open pit early in the fourth quarter of 2022 and ramp up of new underground mining areas, primarily Aquarius and Two Boys. Mine production from Aquarius totalled 51,230 tonnes at an average grade of 3.33 g/t during the fourth quarter, representing 48% of total mine production during the quarter. An additional 46,050 tonnes at an average grade 3.16 g/t were mined from Spargos during the first half of the quarter.

During the fourth quarter of 2021, Hidden Secret was the primary ore source for mining and processing, accounting for close to 60% of total tonnes mined, with initial mine production and development material from the Spargos open pit accounting for most of the remaining production for the quarter. Mine production from Hidden Secret was completed in the first quarter consistent with the mine plan, with an extensional drilling program being completed over the balance of the year.

Production at HGO in the fourth quarter of 2022 totalled 16,438 ounces based on milling 272,600 tonnes at an average grade of 2.01 g/t.

For the full-year 2022, a total of 469,800 tonnes were mined at an average grade of 3.09 g/t, with the Spargos open pit accounting for approximately two-thirds of total mined tonnes (at an average grade of 3.25 g/t). Gold production at HGO totalled 54,763 ounces (841,200 milled tonnes at an average grade of 2.18 g/t), 59% higher than the previous year. Increased tonnes mined and milled during 2022 reflected the ramp up of the Spargos open pit operation and the commencement of stope production at Aquarius, the combined contribution from which far exceeded the reduction in tonnes from the completion of mining at Hidden Secret in the first quarter of 2022. The average grade of 2.18 g/t compared to an average grade of 2.05 g/t in 2021.

Cash operating costs[1] per ounce sold at HGO averaged US$1,088 in the fourth quarter of 2022 versus US$984 for the same period in 2021 and US$1,043 the previous quarter with the increase from the fourth quarter of 2021 largely reflecting increased input costs, the impact of mine sequencing to higher-cost areas and a lower average grade, For the full-year 2022, cash operating costs[1] per ounce sold averaged US$1,179 compared to US$1,092 in 2021 with higher input costs and disruptions caused by COVID-19 restrictions early in the year largely accounting for the year-over-year increase.

PROCESSING FACILITY REVIEW

Mined ore from the Company's operations is milled at one of two wholly owned processing facilities, the Higginsville Mill, with a capacity of 1.6 Mtpa, and the Lakewood Mill, with capacity of 1.0 Mtpa. The Lakewood Mill, located just outside Kalgoorlie, Western Australia, was acquired in July 2022 for total consideration of $70.5 million. The addition of the mill increased total processing capacity by over 60%.

A total of 377,800 tonnes were milled at the Higginsville mill during the fourth quarter of 2022 (with 33% of mill feed coming from Beta Hunt and 67% from HGO) at an average grade of 2.53 g/t. Recovered gold was 28,836 ounces. For full-year 2022, 1,503,100 tonnes were processed (48% from Beta Hunt and 52% from HGO) at an average grade of 2.46 g/t for a total of 111,944 recovered ounces.

Throughput at the Lakewood Mill during the fourth quarter of 2022 totalled 144,400 tonnes (87% from Beta Hunt and 13% from HGO) at an average grade of 1.93 g/t. Recovered gold during the quarter totalled 8,473 ounces. During 2022, following the acquisition of Lakewood Mill in July, a total of 422,200 tonnes were processed (84% from Beta Hunt and 16% from HGO) at an average grade of 1.72 g/t for 21,943 recovered ounces.

[1] Non-IFRS: The definition and reconciliation of these measures are included in the Non-IFRS Measures section of this MD&A.

EXPLORATION

BETA HUNT EXPLORATION

During the fourth quarter of 2022, three active underground drill rigs and one surface drill rig completed 17,900 metres drilling at Beta Hunt, as part of the gold and nickel exploration and resource definition campaign, in support of the Company's growth plan.

Gold drilling during the quarter focused on testing the down-dip extensions of Western Flanks and A Zone, targeting Larkin parallel shear zones known as Mason and Cowcill and infill drilling the Larkin Zone. Nickel exploration and resource definition activities targeted extensions to the 44C nickel trough and the 30C nickel Mineral Resource.

On October 25, 2022, new drilling results were released from wide-spaced gold exploration drilling which continued to demonstrate the potential for the Mason Zone to develop into a significant new mining opportunity west of the Larkin Mineral Resource. In addition, deep drilling at Western Flanks intersected Main Shear mineralization up to 250 metres below the current Mineral Resource at the southern end of the zone at higher grades than the current Resource.

Intersection highlights from both the Mason and Western Flanks Deeps underground diamond drill program released on October 25, 2022 included:

<u>Mason</u>[1]

- BM1941SP3-01AE: 12.0g/t g/t over 17.0 metres
- BM1890-23AE: 4.2 g/t over 11.6 metres

<u>Western Flanks Deeps (outside of Mineral Resource)</u>[2]

- WW395-16AE: 3.1 g/t over 10.8 metres
- WW395-12AE: 3.6 g/t over 5.4 metres

1. *Interval lengths are downhole widths. Estimated true widths cannot be determined with available information.*
2. *Interval lengths are estimated true widths.*

On January 23, 2023, additional results from drilling during the fourth quarter of 2022 were released, which further demonstrated the potential that exists at Beta Hunt for significant ongoing Mineral Resource growth.

The new results included deep drilling in the southern section of Western Flanks that provided further evidence that the main shear mineralization extends up to 250 metres below the current Mineral Resource and remains open at depth. Initial results from deep drilling of the central section of A Zone were encouraging and supported the extension of the defined mineralization up to 150 metres below the current Mineral Resource. In the Beta Block, drilling targeting the new Mason Zone and Cowcill zones delivered results supportive of potential new mining opportunities located west and east of the Larkin Mineral Resource, respectively. New drilling of the southern extension at Mason highlighted the potential for 700 metres of mineralized strike extent.

Intersection highlights from the Beta Hunt underground diamond drill program released on January 23, 2023,

Western Flanks Deeps[1]

- WW395-18AE: 9.5 g/t over 7.1 metres
- WW395-14AE: 3.8 g/t over 6.0 metres

A Zone North & A Zone Deeps Central[2]

- WA380-003AE: 6.6 g/t over 9.0 metres
- AA38ACC-06AR: 5.3 g/t over 6.0 metres

Mason[2]

- BM1890-22AE: 3.3g/t over 23.0 metres and 5.4g/t over 11.0 metres
- BM1890-21AE: 4.4 g/t over 11.0 metres
- BM1890-24AE: 6.5 g/t over 5.0 metres
- BLB13-06AE: 9.0 g/t over 3.0 metres

Cowcill[2]

- BCB13-03AE: 3.3 g/t over 11.9 metres
- BC1704-012AE: 4.4 g/t over 4.9 metres

1. *Estimated True Widths.*
2. *Interval lengths are downhole widths. Estimated true widths cannot be determined with available information.*

BETA HUNT MINERAL RESOURCE AND MINERAL RESERVE ESTIMATES – SEPTEMBER 30, 2022

Subsequent to the end of 2022, the Company released gold Mineral Resource and Mineral Reserve estimates for Beta Hunt on February 13, 2022 dated as at September 30, 2022. Included in the new estimates were a 12% increase in Proven and Probable Mineral Reserves to 538,000 ounces, a 20% increase in Measured and Indicated Mineral Resources to 1.35 million ounces and a 34% increase in Inferred Mineral Resources to 1.05 million ounces.

Beta Hunt Mineral Reserves at September 30, 2022

Sep-2022 Mineral Reserve	Proven			Probable			Proven & Probable		
	Kt	g/t	Koz	Kt	g/t	Koz	Kt	g/t	Koz
Western Flanks	101	2.4	8	4,727	2.5	386	4,827	2.5	393
A Zone	14	3.2	1	1,200	2.2	85	1,214	2.2	87
Larkin	-	-	-	719	2.5	58	719	2.5	58
Total	**115**	**2.5**	**9**	**6,646**	**2.5**	**529**	**6,761**	**2.5**	**538**

Kt – Thousands of tonnes; g/t – Grams per tonne; Koz – Thousands of ounces

Detailed Footnotes relating to Beta Hunt Mineral Reserve Estimates as at September 30, 2022

(1) The Gold Mineral Reserve is estimated using a long-term gold price of US$1,450/oz with a US:AUD exchange rate of 0.70.

(2) At Beta Hunt, underground Mineral Reserves are reported at a 1.8 g/t cut-off grade. The cut-off grade takes into account Operating Mining, Processing/Haulage and G&A costs, excluding capital.

(3) The Mineral Reserve is depleted for all mining to September 30, 2022.

(4) Mineral Reserve tonnage and contained metal have been rounded to reflect the accuracy of the estimate, and numbers may not add due to rounding.

Beta Hunt Mineral Resources at September 30, 2022

Sep 2022 Mineral Resource	Measured			Indicated			Measured & Indicated			Inferred		
	Kt	g/t	Koz	Kt	g/t	Koz	Kt	g/t	Koz	Kt	g/t	Koz
Western Flanks	183	2.6	15	10,873	2.6	900	11,056	2.6	916	8,607	2.8	775
A Zone	86	2.4	7	4,028	2.3	298	4,114	2.3	305	2,832	2.2	203
Larkin	-	-	-	1,710	2.4	131	1,710	2.4	131	1,005	2.3	74
Total	**269**	**2.5**	**22**	**16,611**	**2.5**	**1,329**	**16,880**	**2.5**	**1,351**	**12,444**	**2.6**	**1,052**

Kt – Thousands of tonnes; g/t – Grams per tonne; Koz – Thousands of ounces

Detailed Footnotes relating to Mineral Resource Estimates as at September 30,2022

(1) Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability. There is no certainty that all or any part of the Mineral Resources estimated will be converted into Mineral Reserves.

(2) The Measured and Indicated Mineral Resources are inclusive of those Mineral Resources modified to produce Mineral Reserves.

(3) The Mineral Resource estimates include Inferred Mineral Resources that are normally considered too speculative geologically to have economic considerations applied to them that would enable them to be categorized as Mineral Reserves. There is also no certainty that Inferred Mineral Resources will be converted to Measured and Indicated categories through further drilling, or into Mineral Reserves once economic considerations are applied.

(4) The Gold Mineral Resource is estimated using a long-term gold price of US$1,675/oz with a US:AUD exchange rate of 0.70.

(5) The Gold Mineral Resource is reported using a 1.4g/t Au cut-off grade.

(6) Beta Hunt is an underground mine and to best represent "reasonable prospects of eventual economic extraction" the mineral resource was reported taking into account areas considered sterilized by historical mining. These areas were depleted from the Mineral Resource.

(7) Mineral Resource tonnage and contained metal have been rounded to reflect the accuracy of the estimate, and numbers may not add due to rounding.

Nickel Mineral Resources

On March 7, 2023, Company announced an 8% increase in Beta Hunt nickel Measured and Indicated Mineral Resources to 21,100 nickel ("Ni") tonnes as well as a 11% increase in nickel Inferred Mineral Resources to 15,100 tonnes, also as at September 30, 2022.

Beta Hunt Mineral Resources at September 30, 2022

Sept-2022 Nickel Mineral Resource	Measured			Indicated			Measured & Indicated			Inferred		
	K tonnes	Ni (%)	Ni tonnes	K tonnes	Ni (%)	Ni tonnes	K tonnes	Ni (%)	Ni tonnes	K tonnes	Ni (%)	Ni tonnes
Beta Block	-	-	-	548	2.8	15,100	548	2.8	15,100	183	2.8	5,200
Gamma Block	-	-	-	197	3.0	6,000	197	3.0	6,000	317	2.6	8,200
Total	-	-	-	745	2.8	21,100	745	2.8	21,100	500	2.7	13,400

K tonnes – Thousands of tonnes; Ni (%) – Percent nickel; Ni tonnes – Nickel tonnes

Detailed Footnotes relating to Mineral Resource Estimates as at September 30,2022

(8) Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability. There is no certainty that all or any part of the Mineral Resources estimated will be converted into Mineral Reserves.

(9) The Measured and Indicated Mineral Resources are inclusive of those Mineral Resources modified to produce Mineral Reserves.

(10) The Mineral Resource estimates include Inferred Mineral Resources that are normally considered too speculative geologically to have economic considerations applied to them that would enable them to be categorized as Mineral Reserves. There is also no certainty that Inferred Mineral Resources will be converted to Measured and Indicated categories through further drilling, or into Mineral Reserves once economic considerations are applied.

(11) The Nickel Mineral Resource is reported within proximity to underground development and nominal 1% Ni lower cut-off grade for the nickel sulphide mineralization.

(12) The Nickel Mineral Resource assumes an underground mining scenario and a high level of selectivity.

(13) Mineral Resource tonnage and contained metal have been rounded to reflect the accuracy of the estimate, and numbers may not add due to rounding.

HIGGINSVILLE EXPLORATION

During the fourth quarter of 2022, exploration work focused on:

- Recruitment to support the exploration team at Higginsville;
- Exploration drilling comprising 6,573 metres of AC (aircore) drilling testing for porphyry mineralisation at the Rainier prospect (sout east of the Higginsville Mill);
- Resource Definition drilling comprising 2,282 metres of RC drilling at the Pioneer deposit and 1,299 metres of diamond targeting down-plunge extensions to the Spargos Mineral Resource;
- Project generation activities aimed at reviewing, identifying and prioritising both near-mine resource development and greenfield exploration targets; and
- Program of works government approvals received and heritage surveys completed in preparation for the current and ongoing drilling programs.

FINANCIAL RESULTS

(in thousands of dollars except per share amounts)	Three Months Ended		Year Ended	
For the years ended December 31,	**2022**	2021	**2022**	2021
Revenue	**$96,835**	$66,972	**$317,042**	$264,186
Production and processing costs	**54,306**	32,514	**179,265**	121,893
Earnings before income taxes	**9,804**	9,523	**16,650**	46,064
Net earnings	**9,560**	6,112	**9,901**	27,467
Net earnings per share - basic	**0.06**	0.04	**0.06**	0.18
Net earnings per share - diluted	**0.05**	0.04	**0.06**	0.18
Adjusted EBITDA [1,2]	**29,196**	25,048	**91,511**	104,280
Adjusted EBITDA per share - basic [1,2]	**0.17**	0.16	**0.56**	0.70
Adjusted earnings [1,2]	**8,699**	12,042	**21,121**	48,639
Adjusted earnings per share - basic [1,2]	**0.05**	0.08	**0.13**	0.33
Cash flow provided by operating activities	**36,538**	33,515	**88,224**	106,460
Cash investment in property, plant and equipment and mineral property interests	**(21,454)**	(25,791)	**(171,144)**	(92,016)

1. Non-IFRS: The definition and reconciliation of these measures are included in the Non-IFRS Measures of this MD&A.

Three and twelve months ended December 31, 2022, compared with three and twelve months ended December 31, 2021.

REVENUE

For the three months ended December 31, 2022, the Company generated revenue of $96.8 million, a $29.9 million or 45% increase from the fourth quarter of 2021. Of total revenue in the fourth quarter of 2022, $93.7 million was gold revenue, which compared to $65.6 million in the fourth quarter a year earlier. Contributing to the increase in gold revenue was a $25.5 million favourable impact from a 39% increase in gold sales, to 39,900 ounces. Rate factors contributed an additional $2.6 million to revenue growth as a $3.3 million reduction due to a lower US dollar average realized gold price was more than offset by the impact of a significantly stronger US dollar compared to the Canadian dollar. Beta Hunt contributed $52.5 million of total gold revenue in the fourth quarter of 2022, with HGO contributing $41.2 million. During the comparable period in 2021, Beta Hunt contributed $37.5 million of gold revenue, with the remaining $28.1 million coming from HGO.

For the year ended December 31, 2022, the Company generated revenue of $317.0 million, $52.8 million or 20% higher than revenue of $264.2 million in 2021. Of total revenue in 2022, $309.4 million ($256.5 million in 2021) represented revenue from gold sales, with the remainder mainly related to the sale of nickel mined at Beta Hunt. A 16% increase in gold sales, to 132,098 ounces, was the key driver of growth in gold revenue year over year, having a $41.7 million favourable impact, with rate factors contributing an additional $11.2 million of revenue growth, almost all of which resulted from a stronger US dollar in 2022 versus 2021. Of the $309.4 million of gold revenue in 2022, Beta Hunt accounted for $183.7 million, with HGO contributing $125.7 million.

PRODUCTION AND PROCESSING COSTS

For the three months ended December 31, 2022, production and processing costs totalled $54.3 million compared to $32.5 million in the comparable period in 2021. The increase in production and processing costs versus the fourth quarter of 2021 largely reflected a 42% increase in processing volumes, as well as the impact of ongoing sector-wide inflationary pressures, primarily for diesel and other consumable costs.

For the year ended December 31, 2022, production and processing costs were $179.3 million compared to $121.9 in 2021. This increase was due to growth in processing tonnes, as well as the impact of sector-wide inflationary pressures. In addition, costs during the first half of 2022 were adversely affected by labour and supply-chain disruptions caused by record COVID-19 cases in Western Australia early in the year at the Company's operations, which extended through most of the summer.

ROYALTY EXPENSE

Royalty expense in the fourth quarter of 2022 totalled $5.0 million, a 38% increase from $3.7 million for the same period in 2021. For the year ended December 31, 2022, royalty expense totalled $18.0 million, 10% higher than the previous year. The increase in royalty expense for both periods related mainly to higher gold sales.

GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses of $7.7 million for the three months ended December 31, 2022 increased $1.9 million from $5.8 million in the fourth quarter of 2021.

For the year ended December 31, 2022, general and administrative expenses totalled $26.7 million, $5.8 million or 28% higher than in 2021. The increase in general and administrative expenses for both the three and twelve months ended December 31, 2022 compared to the same periods in 2021 largely resulted from higher levels of business activity, corporate development and travel as COVID restrictions were gradually relaxed in 2022.

SHARE-BASED COMPENSATION

For the three months ended December 31, 2022, general and administrative: share-based compensation was an expense of $5.1 million compared to $3.9 million for the comparable period in 2021. The increase was primarily due to the share price, which increased 63% during the fourth quarter in 2022 compared to an increase of 28% during the three months ended December 31, 2021.

For the year ended December 31, 2021, general and administrative: share-based compensation was an expense of $9.2 million compared to $8.9 million for 2020 with the increase mainly reflecting movements in the share price of the Company at period ends and additional awards granted in 2022.

DEPRECIATION AND AMORTIZATION

Depreciation and amortization expense, after adjustments for changes in inventories, for the three months ended December 31, 2022, was $18.2 million compared to $7.9 million for the comparable period in 2021. The increase in depreciation and amortization expense compared to the fourth quarter of 2021 was almost entirely at HGO and reflected a 42% increased in ounces sold as well as the impact of a greater balance of depreciable assets.

Depreciation and amortization expense, after adjustments for changes in inventories, for the year ended December 31, 2022 was $55.6 million compared to $29.3 million in 2021. Higher volumes of gold ounces sold, increased production levels and depreciation rates at HGO, and a greater balance of depreciable assets during 2022 mainly accounted for increase for 2021. Property, plant and equipment and mineral property interests increased by a net of $126.3 million year over year.

OTHER INCOME/EXPENSES, NET

For the three months ended December 31, 2022, other income, net totalled $3.3 million, which resulted from a $8.7 million foreign exchange gain in the quarter, mainly reflecting the impact of a weakening Canadian dollar when translating intercompany loan balances between Australian entities and the Canadian parent. The $3.3 million of other income, net compared to other expenses, net of $3.7 million in the fourth quarter of 2021, largely reflecting a $2.6 million loss on derivatives and finance expense, net of $0.9 million.

For the twelve months ended December 31, 2022, other expenses, net totalled $10.4 million, which compared to other expenses, net of $20.1 million in 2021. The reduction in other expenses, net in 2021 mainly reflected the impact of a foreign exchange gain in 2022 of $2.3 million versus a foreign loss of $11.0 million in 2021. Partially offsetting the impact of foreign exchange movements were higher finance expenses, net in 2022, largely due to increased accretion and amortization costs related to the Company's debt, and an increase in unrealized losses on revaluation of marketable securities in 2022.

INCOME TAX EXPENSE

For the three months ended December 31, 2022, income tax expense was $0.2 million (effective tax rate of 2.5%) compared to an income tax expense of $3.4 million (effective tax rate of 35.8%) for the comparable period in 2021. The low effective tax rate in the fourth quarter of 2022 mainly related to the recognition of previously unrecognized tax loss carry forwards. For the twelve months ended December 31, 2022, income tax expense was $6.7 million (effective tax rate of 40.5%) compared to $18.6 million (effective tax rate of 40.4%) in 2021.

NET EARNINGS (LOSS)

Net earnings for the three months ended December 31, 2022 totalled $9.6 million ($0.06 per basic share) compared to $6.1 million ($0.04 per basic share) for the three months ended December 31, 2021. The change in net earnings compared to the final quarter of 2021 reflected significantly higher revenue and the favourable impact of a foreign exchange gain, partially offset by increased production and processing costs and deprecation and amortization expense.

Net earnings for the twelve months ended December 31, 2022, was $9.9 million ($0.06 per basic share) compared to net earnings of $27.5 million ($0.18 per basic share) for the comparable period in 2021 as the favourable impact of higher revenue was more than offset by increased production and processing costs and higher depreciation and amortisation and general and administrative expenses.

ADJUSTED NET EARNINGS[1]

Adjusted earnings for the three months ended December 31, 2022 totalled $8.7 million versus $12.0 million in the fourth quarter of 2021. The difference between net earnings and adjusted earnings in the fourth quarter of 2022 resulted form the exclusion from adjusted earnings of after-tax amounts related to the $8.7 million foreign exchange gain, as well as $4.5 million of non-cash share-based payments and a $3.1 million loss of derivatives. Adjusted earnings in the fourth quarter of 2021 excluded the after-tax impact of $4.0 million of non-cash share-based payments, a $2.6 million loss on derivative as well as an unrealized loss on the revaluation of marketable securities of $0.6 million and a $0.4 million foreign exchange gain.

For the year ended December 31, 2022, adjusted earnings totalled $21.1 million compared to $48.6 million in 2021. Excluded from adjusted earnings in 2022 were the after-tax impact of $7.6 million of non-cash share-based payments, a $4.4 million loss on derivatives, a $2.3 million foreign exchange gain, a $2.0 million unrealized loss on the revaluation of marketable securities and $1.2 million of costs related to sustainability initiatives. The difference between net earnings and adjusted earnings in 2021 mainly reflected the after-tax impact of an $11.0 million foreign exchange loss, $8.3 million of non-cash share-based payments and a $3.9 million loss on derivatives.

SUMMARY OF QUARTERLY RESULTS

(in thousands of dollars)	2022				2021			
	Q4	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**
Revenues	$96,835	$81,326	$73,609	$65,272	$66,972	$68,360	$69,570	$59,284
Net earnings (loss)	$9,560	$4,378	($328)	($3,709)	$6,112	$10,340	$5,391	$5,624
Net earnings (loss) per share - basic	$0.06	$0.03	($0.00)	($0.02)	$0.04	$0.07	$0.04	$0.04
Net earnings (loss) per share - diluted	$0.06	$0.03	($0.00)	($0.02)	$0.04	$0.07	$0.04	$0.04

Quarterly results vary in accordance with the Company's revenues which are affected by gold price and ounces sold, production and processing costs, royalty expense, exploration, development, acquisition and financing activities. The increased revenue in the final two quarters of 2022 reflected increased production and sales. The net loss in the first two quarters of 2022 reflected higher cash costs per ounce as the operations were adversely affected by lower labour availability, higher absenteeism and higher costs associated to COVID-19, as cases in Western Australia reached record levels, as well as the impact of sector-wide inflationary pressures. During the second half of the year, disruptions related to COVID-19 eased dramatically, though inflationary pressures remained. The Company's gold production, sales, unit costs and earnings performance improved in the final six months of 2022 largely reflecting an improved business environment, effective execution of the Company's business plan and the addition of the Lakewood Mill in July, which contributed to increased processing volumes. During the fourth quarter of 2022, the Company also benefited from a significant foreign exchange gain related to a strengthening of the Australian dollar against both the Canadian dollar, the Company's presentation currency, as well as the US dollar.

[1] Non-IFRS: The definition and reconciliation of these measures are included in the Non-IFRS Measures section of this MD&A.

KARORA RESOURCES

LIQUIDITY AND CAPITAL RESOURCES

CASH FLOWS

(in thousands of dollars)	Three Months Ended		Year Ended	
For the years ended December 31,	**2022**	2021	**2022**	2021
Cash provided by operations prior to changes in working capital	**$28,211**	$25,279	**$89,962**	$104,292
Changes in non-cash working capital	**8,406**	8,247	**(739)**	2,250
Asset retirement obligations	**-**	-	**(441)**	-
Income taxes paid	**(79)**	(11)	**(558)**	(82)
Cash provided by operating activities	**36,538**	33,515	**88,224**	106,460
Cash used in investing activities	**(21,247)**	(25,757)	**(170,333)**	(92,001)
Cash provided by financing activities	**(4,216)**	(3,666)	**59,279**	5
Effect of exchange rate changes on cash and cash equivalents	**1,630**	194	**611**	(3,154)
Change in cash and cash equivalents	**$12,705**	$4,286	**$(22,219)**	$11,310

OPERATING ACTIVITIES

For the three months ended December 31, 2022, cash provided by operating activities, prior to changes in non-cash working capital, was $28.2 million compared to cash provided of $25.3 million for the same period in 2021. The increase compared to the final quarter of 2021 reflected significantly higher revenue, partially offset by increased production and processing costs and general and administration expenses. Changes in non-cash working capital provided cash of $8.4 million during the three months ended December 31, 2022, mainly reflecting increased levels of accounts payable and accrued liabilities as at December 31, 2022.

For the twelve months ended December 31, 2022, cash provided by operating activities, prior to changes in non-cash working capital, was $90.0 million compared to $104.3 million for the same period in 2021, with the reduction mainly reflecting reduced net earnings and higher depreciation and amortization expenses. Changes in non-cash working capital used $0.7 million of cash during the twelve months ended December 31, 2022 versus providing $2.3 million in 2021.

INVESTING ACTIVITIES

Net cash used in investing activities for the three months ended December 31, 2022 totalled $21.2 million, similar to the net use of cash for the same period in 2021. The acquisition of property, plant and equipment and mineral property interests represented a net use of $21.5 million during the fourth quarter of 2022, mainly related to the second decline project, mine development and investments in equipment at Beta Hunt.

For the twelve months ended December 31, 2022, cash used for investing activities totalled $170.3 million compared to $92.0 million in 2021. The primary outflows in the twelve months ended December 31, 2022 were for the acquisition of property, plant and equipment and mineral property interests with the two most significant investments being the acquisition of the Lakewood mill and the development of the second decline and related infrastructure at Beta Hunt.

FINANCING ACTIVITIES

For the three months ended December 31, 2022, financing activities used net cash of $4.2 million compared to using net cash of $3.7 million during the comparable period in 2021. The $4.2 million of net cash used in the fourth quarter of 2022 was mainly related to repayments of debt, lease payments and interest payments.

For the twelve months ended December 31, 2022, financing activities provided net cash of $59.3 million compared to being neither a source nor use of net cash in 2021. The $59.3 million of cash provided during 2022 primarily resulted from $65.1 million of net proceeds raised from the bought deal financing in June 2022 and $6.7 million of net proceeds received on the refinancing of the Bridge loan with the new $40.0 million term loan from Macquarie Bank (as part of the $80.0 million Credit Agreement with Macquarie Bank completed in June 2022) netted against $33.3 million of debt repayment. These factors were partially offset by cash used for lease and interest payments, share and debt issue costs and settlements in respect of derivative instruments.

NET CASH FLOW

In aggregate, operating, investing and financing activities for the twelve months ended December 31, 2022 resulted in a net use of cash totalling $22.2 million compared to net cash provided of $11.3 million in 2021. During 2022, there was a $0.6 million favourable impact on cash from exchange rate changes compared to a $3.2 million unfavourable impact in 2021.

JUNE 2022 FINANCING – USE OF PROCEEDS RECONCILIATION

The Company raised total gross proceeds of $69.0 million by issuing a total of 14.375 million common shares in an offering described in the short-form prospectus of the Company dated, and filed on SEDAR on, June 10, 2022 (the “June Prospectus”). Total net proceeds of the offering, after deducting underwriters’ fees and other expenses, was $65.1 million which includes the additional over-allotment of funds received. Set out below is a comparison of the use of the proceeds of this offering as described in the June Prospectus versus actual.

Use of Proceeds	**Actual use of proceeds December 31, 2022**	Use of proceeds Short Form Prospectus Dated June 10, 2022
Fund a portion of the cash purchase price for the acquisition of the Lakewood Mill.	**$50,000**	$50,000
Nickel exploration and development drilling and other development activities at the Beta Hunt Mine.		
– Drilling new nickel exploration and resource development areas	**570**	2,500
– Development to access new nickel areas and additional drill sites	**779**	5,100
– Upgrade ventilation	**-**	1,000
– Purchase of new equipment	**1,068**	2,400
Working capital and general corporate purposes.	**12,833**	4,250
	$65,250	$65,250

CAPITAL RESOURCES

(in thousands of dollars)	December 31, 2022	December 31, 2021	December 31, 2020
Cash and cash equivalents	**$68,786**	$91,005	$79,695
Working capital [1]	**38,020**	64,447	56,835
Property, plant and equipment and mineral property interests	**426,962**	300,680	239,044
Total assets	**557,112**	436,333	350,099
Current liabilities excluding current portion of financial liabilities [2]	**73,597**	64,570	48,295
Non-current liabilities excluding non-current portion of financial liabilities [2]	**86,222**	78,762	55,650
Financial liabilities (current and non-current) [2]	**48,650**	41,636	38,950
Total liabilities	**208,469**	184,968	142,895
Shareholders' equity	**348,643**	251,365	207,204

1. Working capital is calculated as current assets (including cash and cash equivalents) less current liabilities.
2. Financial liabilities include long-term debt and lease obligations.

As at December 31, 2022, the Company had a working capital[1] of $38.0 million compared to a $64.4 million as at December 31, 2021. The change to working capital resulted largely from a reduction in cash and cash equivalents of $22.2 million as well as a $10.4 million increase in accounts payable and accrued liabilities and a $2.0 million reduction in marketable securities, partially offset by a $4.6 million reduction in share incentive plan liabilities and increases of $2.9 million and $2.0 million in trade and other receivables and prepaid expenses, respectively.

Total assets as at December 31, 2022 increased by $120.8 million compared to December 31, 2021, primarily due to a $126.3 million increase in property, plant and equipment and mineral property interests as well as higher trade and other receivable and prepaid expenses, partially offset by the reduction in cash and cash equivalents.

Total liabilities as at December 31, 2022 increased by $23.5 million compared to the period ended December 31, 2021. Contributing to the growth in liabilities were increases of $10.4 million in accounts payable and accrued liabilities, $6.8 million related to the Company's deferred tax liability and $6.0 million in total debt.

1.Non-IFRS: The definition and reconciliation of these measures are included in the Non-IFRS Measures section of this MD&A

OUTLOOK

TWO-YEAR GUIDANCE (2023 – 2024)

The targets included in the Company's outlook relate only to the 2023 to 2024 period. This outlook includes forward-looking information about the Company's operations and financial expectations and is based on management's expectations and outlook as of the date of this MD&A. This outlook, including expected results and targets, is subject to various risks, uncertainties and assumptions, which may impact future performance and our achievement of the results and targets discussed in this section. The Company may update the outlook depending on changes in metal prices and other factors.

On March 23, 2023, the Company announced a tightening of the ranges for its previously announced production guidance for 2023 and 2024. The minor adjustment (less than 5%) to the upper end of the previous 2024 guidance range is primarily due to a shift in the planned production startup of the Spargos underground operations to mid-2024 versus mid-2023 in the prior guidance. The shift was driven by a reallocation of capital priorities to accelerate the nickel project at Beta Hunt, resulting in deferral of a portion of Spargos ounces into 2025.

AISC[1] guidance and capital expenditure guidance were also updated to adjust for extensive sector-wide cost inflationary pressures and their expected impact on costs related to planned mine development, equipment additions, processing plant upgrades, tailings storage expansions and other growth-related expenditures. The prior guidance for 2023 and 2024 was provided on June 28, 2021 with the new guidance more reflective of the currently elevated global cost environment.

		2023	**2024**
Gold Production	Koz	145 – 160	170 - 195
All-in sustaining costs	US$/oz	1,100 – 1,250	1,050 – 1,200
Sustaining Capital	A$ (M)	10 – 15	15 – 20
Growth Capital	A$ (M)	57 – 68	63 - 73
Exploration & Resource Development	A$ (M)	18 - 22	20 - 25
Payable Nickel	Ni Tonnes	450 – 550	600 – 800

(1) 2023 and 2024 guidance was announced in June 2021 (see Karora news release June 28, 2021), and updated on March 23, 2023. This production guidance through 2024 is based on the September 2022 Mineral Reserves and Mineral Resources announced on February 13, 2023.
(2) The Company expects to fund the capital investment amounts listed above with cash on hand and cashflow from operations.
(3) The material assumptions associated with the expansion of Beta Hunt mining production rate to 2.0 Mtpa during 2024 include the addition of a second ramp decline system driven parallel to the ore body, ventilation and other infrastructure that is required to support these areas, and an expanded trucking fleet.
(4) The Company's guidance assumes targeted mining rates and costs, availability of personnel, contractors, equipment and supplies, the receipt on a timely basis of required permits and licenses, cash availability for capital investments from cash balances, cash flow from operations, or from a third-party debt financing source on terms acceptable to the Company, no significant events which impact operations, such as COVID-19, nickel price of US$22,000 per tonne, as well as an A$ to US$ exchange rate of 0.70 in 2023 and 2024 and A$ to C$ exchange rate of 0.90. Assumptions used for the purposes of guidance may prove to be incorrect and actual results may differ from those anticipated. See below "Cautionary Statement Concerning Forward-Looking Statements".
(5) Exploration expenditures include capital expenditures related to infill drilling for Mineral Resource conversion, capital expenditures for extension drilling outside of existing Mineral Resources and expensed exploration. Exploration expenditures also includes capital expenditures for the development of exploration drifts.
(6) Capital expenditures exclude capitalized depreciation.
(7) AISC guidance includes Australian general and administrative costs and excludes share-based payment expense.
(8) See “Non-IFRS Measures” set out at the end of this MD&A.

1.Non-IFRS: The definition and reconciliation of these measures are included in the Non-IFRS Measures section of this MD&A

OUTSTANDING SHARE DATA

As at March 28, 2023, the Company had 174,292,431 common shares issued and outstanding and had the following securities outstanding, which are exercisable for common shares:

As at March 28, 2023, the Company had	Number of Securities
Stock options	1,213,098

As at March 28, 2022, the Company had the following securities outstanding, which are redeemable, at the option of the holder, for cash and/or common shares:

	Number of Securities
Deferred share units	503,118
Restricted share units	1,969,766
Performance share units	2,539,401

Under the agreement dated March 8, 2007, pursuant to which the Company acquired a 100% interest in the Marbaw Mineral Claims (see the Company's most recent Annual Information Form on file with the Canadian provincial regulatory authorities, available at www.sedar.com), the Company is required to issue 1.6 million common shares to Marbaw upon the satisfaction of certain conditions. Such conditions have been satisfied other than the receipt by the Company of a notice from Marbaw requesting that these shares be issued.

OFF-BALANCE SHEET ARRANGEMENTS

As of the date of this MD&A, the Company does not have any off-balance sheet arrangements.

RELATED-PARTY TRANSACTIONS

The following table reflects the remuneration of key management, which consists of the Company's directors and executive officers, and other related party transactions:

For the years ended December 31,	**2022**	2021
Cash compensation - salaries, short term incentives and other benefits	**$5,308**	$6,395
Long-term incentives - share based payments	**5,395**	6,429
	$10,703	$12,824

Refer to note 20 of the 2022 audited consolidated financial statements for a description of management salaries and benefits.

CONTRACTUAL COMMITMENTS AND CONTINGENCIES

As at December 31, 2022	Payments by period						
	1 Year	2 Years	3 Years	4 Years	5 Years	After 5 Years	Total
Accounts payable and accrued liabilities	$64,285	$-	$-	$-	$-	$-	$64,285
Long-term debt obligations	2,725	40,652	-	-	-	-	43,377
Lease obligations	4,758	3,318	2,057	918	129	-	11,180
Interest on long-term debt	3,090	1,778	-	-	-	-	4,868
Macquarie standby fee	600	345	-	-	-	-	945
Derivative liabilities	3,528	3,822	4,065	4,245	4,434	15,627	35,721
	$78,986	$49,915	$6,122	$5,163	$4,563	$15,627	$160,376

Existing royalty obligations at Beta Hunt are (i) Western Australian state government, 2.5% of recovered gold and nickel; (ii) Triple Flag Precious Metals Corp., 4.75% of recovered gold and 1.5% of payable nickel less allowable deductions; and (iii) Consolidated Minerals, 3.0% of payable nickel at a nickel price under A$17,500/t or 5.0% at a nickel price of AU$17,500 or greater until total royalty payments reach A$16.0 million.

Under the December 19, 2019 restructured Morgan Stanley royalty: (i) an adjusted legacy royalty rate on the first 2,500 ounces sold per quarter to a cumulative total of 110,000 ounces ("Legacy Ounces"), and (ii) a flat 2.0% net smelter royalty ("NSR") on ounces sold in excess of 2,500 per quarter that will become payable after the first 37,500 ounces are sold from HGO production. There are certain conditions relating to the maintenance of reserves equivalent to the remaining Legacy Ounces. If the Legacy Ounces are not sold within 15 years, the adjusted legacy rate will apply to subsequent ounces.

Spargos Contingency

On August 7, 2020, the Company acquired Spargos Reward Gold Project for A$4.0 million ($3.8 million) in cash. The transaction involved certain minimum spending requirements, which as at December 31, 2022 had been met by the Company. In addition to these commitments, the Company continues to have a contingent commitment to pay to the seller A$1.0 million ($0.9 million) in Karora shares if a new gold resource of at least 165,000 ounces is delineated at the project which was not recognized at the date of acquisition.

PROPOSED TRANSACTIONS

From time to time, in the normal course of business, the Company considers potential acquisitions, joint ventures, and other opportunities. The Company will disclose such an opportunity if and when required under applicable securities rules.

SUBSEQUENT EVENTS

As of the date of this MD&A, the Company does not have any subsequent events following the end of 2022.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of audited consolidated financial statements in conformity with IFRS requires management to apply accounting policies and make estimates and assumptions that affect amounts reported in the consolidated financial statements and accompanying notes. There is disclosure of the Company's critical accounting policies and accounting estimates in note 3 of the audited consolidated financial statements for the year ended December 31, 2022.

There were no changes to the accounting policies applied by the Company to its December 31, 2022 audited consolidated financial statements for the year ended December 31, 2021.

INTERNAL CONTROLS OVER FINANCIAL REPORTING AND DISCLOSURE CONTROLS AND PROCEDURES

The Company's management, including the Chief Executive Officer ("**CEO**") and the Chief Financial Officer ("**CFO**") of the Company, is responsible for establishing and maintaining the Company's internal controls over financial reporting ("**ICFR**") and disclosure controls and procedures ("**DCP**"), as those terms are defined in National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* ("**NI 52-109**").

The Company's CEO and CFO have each evaluated the effectiveness of the Company's ICFR as at December 31, 2022 and have concluded that the Company's ICFR were not effective as of December 31, 2022 as a result of a material weakness described below. Adjustments, including audit adjustments, related to this matter were made prior to the issuance of the audited consolidated financial statements.

A material weakness is a deficiency, or a combination of deficiencies, in ICFR, such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis. During the 2022 year-end process, a material weakness was identified in the design and operation of controls relating to the review of the calculation and classification of expenditures between operating and capital costs. In the opinion of management, this represents a material weakness in the Company's ICFR.

Management is committed to maintaining a strong internal control environment and implementing measures designed to help ensure that the material weakness is remediated in a timely manner, with the oversight from the Company's Audit Committee. The Company is in the process of responding to the material weakness by implementing more rigorous review processes related to the calculation and classification of expenditures and will monitor these controls each quarter. Material weaknesses cannot be considered remediated until the remedial controls operate for a sufficient period of time and management has concluded through testing, that these controls are operating effectively.

The Company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Any system of internal control over financial reporting, no matter how well designed, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable, not absolute, assurance with respect to financial statement preparation and presentation.

CHANGES TO INTERNAL CONTROLS OVER FINANCIAL REPORTING

NI 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings requires public companies in Canada to disclose in their MD&A any change in ICFR during the most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, ICFR.

Except for the material weakness described in the previous paragraphs, there were no changes in internal controls of the Company during the year ended December 31, 2022 that have materially affected, or are likely to materially affect, the Company's internal control over financial reporting.

DISCLOSURE CONTROLS AND PROCEDURES

Management, with the participation of the CEO and the CFO, assessed the effectiveness of our DCP as of December 31, 2022. Based upon the results of that evaluation, the CEO and the CFO concluded that our DCP were effective to provide reasonable assurance that material information relating to the Company is accumulated and communicated to management to allow timely decisions regarding required disclosure, and that the information disclosed by us in the reports that we file is appropriately recorded, processed, summarized and reported within the time period specified in applicable securities legislation.

NON-IFRS MEASURES

This MD&A refers to cash operating cost, cash operating cost per ounce, AISC, EBITDA, adjusted EBITDA and adjusted EBITDA per share, adjusted earnings, adjusted earnings per share and working capital which are not recognized measures under IFRS. Such non-IFRS financial measures do not have any standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other issuers. Management uses these measures internally. The use of these measures enables management to better assess performance trends. Management understands that a number of investors and others who follow the Company's performance assess performance in this way. Management believes that these measures better reflect the Company's performance and are better indications of its expected performance in future periods. This data is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

In November 2018, the World Gold Council ("**WGC**") published its guidelines for reporting all-in sustaining costs and all-in costs. The WGC is a market development organization for the gold industry and is an association whose membership comprises leading gold mining companies. Although the WGC is not a mining industry regulatory organization, it worked closely with its member companies to develop these non-IFRS measures. Adoption of the all-in sustaining cost and all-in cost metrics is voluntary and not necessarily standard, and therefore, these measures presented by the Company may not be comparable to similar measures presented by other issuers. The following tables reconcile non-IFRS measures included in this MD&A to the most directly comparable IFRS measures:

MINING OPERATIONS

Cash Operating and All-in Sustaining Costs

The Company uses these measures internally to evaluate the underlying operating performance of the Australian Operations. Management believes that providing cash operating cost data allows the reader the ability to better evaluate the results of the underlying operations.

For the periods ended December 31,	Three months ended, **2022**[5]	2021[5]	Twelve months ended, **2022**[5,]	2021[5]
Production and processing costs	$63,476	$38,855	$210,687	$146,941
Royalty expense	5,039	3,656	17,987	16,418
By-product credits	(2,965)	(1,357)	(7,182)	(7,728)
Adjustment [1]	(9,540)	(6,341)	(32,067)	(25,048)
Operating costs (C$)[2]	$56,010	$34,813	$189,425	$130,583
General and administrative expense – Australia [3,4]	3,552	2,503	10,157	8,302
Sustaining capital expenditures	600	422	2,804	5,215
All-in sustaining costs (C$)	$60,162	$37,738	202,386	$144,100
Average exchange rate (C$1 – US$1)	0.74	0.79	0.77	0.80
Average exchange rate (A$1 – US$1)	0.66	0.73	0.69	0.75
Operating costs (US$)	**$41,251**	**$27,623**	**145,235**	**$104,186**
All-in sustaining costs (US$)	**$44,309**	**$29,944**	**155,148**	**$114,995**
Operating costs (A$)	**$62,777**	**$37,910**	**209,929**	**$138,840**
All-in sustaining costs (A$)	**$67,432**	**$41,096**	**224,313**	**$153,182**
Ounces of gold sold	39,900	28,734	132,098	113,628
Cash operating costs per ounce sold (US$)	**$1,034**	**$961**	**$1,099**	**$917**
All-in sustaining cost per ounce sold (US$)	**$1,110**	**$1,042**	**$1,174**	**$1,012**
Cash operating costs per ounce sold (A$)	**$1,573**	**$1,319**	**$1,589**	**$1,222**
All-in sustaining cost per ounce sold (A$)	**$1,690**	**$1,430**	**$1,698**	**$1,348**

1. Negative adjustment for intercompany tolling transactions.
2. Operating costs for the three months and twelve months ended December 31, 2022 exclude $0.4 million and $0.6 million, respectively, of third-party tolling costs at the Lakewood Mill.
3. G&A costs differ from those disclosed in the audited financial statements due to the exclusion of R&D and Due Diligence costs, which totalled $0.9 million and $3.1 million in the fourth quarter 2022 and 2022, respectively
4. G&A|:share-based payments were excluded in calculating AISC.
5. Refer to note 25 of the December 31, 2022 audited consolidated financial statements.

BETA HUNT MINE

For the periods ended December 31,	Three months ended, 2022[1,2]	2021[1,2]	Twelve months ended, 2022[1,2]	2021[1,2]
Production and processing costs	$29,562	$18,027	$99,586	$76,660
Royalty expense	3,445	2,777	14,240	13,882
By-product credits	(2,929)	(1,320)	(7,067)	(7,630)
Operating costs ($)	$30,078	$19,484	$106,759	$82,912
Average exchange rate (C$1 – US$1)	0.74	0.79	0.77	0.79
Average exchange rate (A$1 – US$1)	0.66	0.73	0.69	0.75
Operating costs (US$)	**$22,152**	**$15,460**	**$81,915**	**$66,176**
Operating costs (A$)	**$33,712**	**$21,218**	**$118,289**	**$70,752**
Ounces of gold sold	22,342	16,372	78,377	78,810
Cash operating costs per ounce sold (US$)	**$992**	**$944**	**$1,045**	**$840**
Cash operating costs per ounce sold (A$)	**$1,509**	**$1,296**	**$1,509**	**$1,117**

1. Negative adjustment for intercompany tolling transactions.
2. Refer to note 25 of the December 31, 2022 audited consolidated financial statements.

HGO

For the periods ended September 30,	Three months ended, 2022[2,3]	2021[2,3]	Twelve months ended, 2022[2,3]	2021[2,3]
Production and processing costs	$33,914	$20,828	$111,101	$70,281
Royalty expense: Government of Western	1,594	879	3,747	2,536
By-product credits	(60)	(37)	(115)	(98)
Adjustment[1]	(9,540)	(6,341)	(32,067)	(25,048)
Operating costs ($)[2]	$25,932	$15,328	$82,666	$47,671
Average exchange rate (C$1 – US$1)	0.74	0.79	0.77	0.80
Average exchange rate (A$1 – US$1)	0.66	0.73	0.69	0.75
Operating cost (US$)	**$19,099**	**$12,162**	**$63,320**	**$38,010**
Operating cost (A$)	**$29,065**	**$13,191**	**$91,640**	**$50,847**
Ounces of gold sold	17,558	12,362	53,721	34,818
Cash operating costs per ounce sold (US$)	**$1,088**	**$984**	**$1,179**	**$1,092**
Cash operating costs per ounce sold (A$)	**$1,655**	**$1,350**	**$1,706**	**$1,460**

1. Negative adjustment for intercompany tolling transactions.
2. Operating costs for the three months and twelve months ended December 31, 2022 exclude $0.4 million and $0.6 million, respectively, of third-party tolling costs at the Lakewood Mill.
3. Refer to note 25 of the December 31, 2022 audited consolidated financial statements.

ADJUSTED EBITDA AND ADJUSTED EARNINGS

Management believes that adjusted EBITDA and adjusted earnings are valuable indicators of the Company's ability to generate operating cash flows to fund working capital needs, service debt obligations, and fund exploration and evaluation, and capital expenditures. Adjusted EBITDA and adjusted earnings exclude the impact of certain items and therefore is not necessarily indicative of operating profit or cash flows from operating activities as determined under IFRS. Other companies may calculate adjusted EBITDA and adjusted earnings differently.

Adjusted EBITDA is a non-IFRS measure, which excludes the following from comprehensive earnings (loss); income tax expense (recovery); interest expense and other finance-related costs; depreciation and amortization; non-cash other expenses, net; non-cash impairment charges and reversals; non-cash portion of share-based payments; acquisition costs; derivatives and foreign exchange loss; sustainability initiatives.

(in thousands of dollars except per share amounts)	Three Months Ended		Year Ended	
For the periods ended December 31,	**2022**	2021	**2022**	2021
Net earnings for the period - as reported	**$9,560**	$6,112	**$9,901**	$27,467
Finance expense, net	**1,761**	871	**5,533**	4,021
Income tax expense	**244**	3,411	**6,749**	18,597
Depreciation and amortization	**18,169**	7,860	**55,585**	29,250
EBITDA	**29,734**	18,254	**77,768**	79,335
Adjustments:				
Non-cash share-based payments [1]	**4,497**	3,952	**7,647**	8,258
Unrealized loss (gain) on revaluation of marketable securities [2]	**(6)**	545	**2,032**	902
Other expense, net [2]	**573**	100	**772**	223
Loss on derivatives [2]	**3,073**	2,644	**4,405**	3,921
Foreign exchange loss (gain) [3]	**(8,675)**	(447)	**(2,294)**	11,028
Sustainability initiatives [4]	**-**	-	**1,181**	613
Adjusted EBITDA	**$29,196**	$25,048	**$91,511**	$104,280
Weighted average number of common shares - basic	**173,372,371**	153,245,430	**164,437,670**	148,698,289
Adjusted EBITDA per share - basic	**$0.17**	$0.16	**$0.56**	$0.70

1. Primarily non-operating items which do not impact cash flow.
2. Non-operating in nature which does not impact cash flows.
3. Primarily related to intercompany loans for which the loss is unrealized.
4. Primarily related to non-operating environmental initiatives.

Adjusted earnings is a non-IFRS measure, which excludes the following from comprehensive earnings (loss): non-cash portion of share-based payments; revaluation of marketable securities; derivatives and foreign exchange loss; tax effects of adjustments; sustainability initiatives.

(in thousands of dollars except per share amounts)	Three Months Ended		Year Ended	
For the periods ended December 31,	**2022**	2021	**2022**	2021
Net earnings for the period - as reported	**$9,560**	$6,112	**$9,901**	$27,467
Non-cash share-based payments [1]	**4,497**	3,952	**7,647**	8,258
Unrealized loss (gain) on revaluation of marketable securities [2]	**(6)**	545	**2,032**	902
Loss on derivatives [2]	**3,073**	2,644	**4,405**	3,921
Foreign exchange loss (gain) [3]	**(8,675)**	(447)	**(2,294)**	11,028
Sustainability initiatives [4]	**-**	-	**1,181**	613
Tax impact of the above adjusting items	**250**	(764)	**(1,751)**	(3,550)
Adjusted earnings	**$8,699**	$12,042	**$21,121**	$48,639
Weighted average number of common shares - basic	**173,372,371**	153,245,430	**164,437,670**	148,698,289
Adjusted earnings per share - basic	**$0.05**	$0.08	**$0.13**	$0.33

1. Primarily non-operating items which do not impact cash flow.
2. Non-operating in nature which does not impact cash flows.
3. Primarily related to intercompany loans for which the loss is unrealized.
4. Primarily related to non-operating environmental initiatives.

WORKING CAPITAL

Working capital is calculated as current assets (including cash and cash equivalents) less current liabilities.

(in thousands of dollars)	**December 31, 2022**	December 31, 2021	December 31, 2020
Current assets	**$115,857**	$135,426	$109,857
Less: Current liabilities	**77,837**	70,979	53,022
Working Capital	**$38,020**	$64,447	$56,835

CAUTIONARY STATEMENT REGARDING RISKS

Readers of this MD&A are encouraged to read the "Risk Factors" as more fully described in the Company's filings with the Canadian Securities Administrators, including its Annual Information Form for the year ended December 31, 2022, available on SEDAR at www.sedar.com.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This MD&A contains "forward-looking information", which may include, but is not limited to, statements relating to the liquidity and capital resources of Karora, production and cost guidance including the Consolidated Multi-Year Guidance to 2024, the Company's multi-year growth plan, the potential of Beta Hunt, HGO, and Spargos and its exploration properties, successfully obtaining permitting, the future financial or operating performance of the Company and its projects, the future price of and supply and demand for metals, the estimation of mineral reserves and resources, the realization of mineral reserves and resources estimates, the timing and amount of estimated future production, costs of production, capital, operating and exploration expenditures, costs and timing of the development of new and existing deposits, costs and timing of future exploration as well as the potential of exploration at the Beta Hunt Mine, HGO, Spargos, and the Company's exploration properties, requirements for additional capital, government regulation of mining operations, environmental risks, reclamation expenses, the success of mining operations, economic return estimates and potential upside. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "does not anticipate" or "believes" or variations (including negative variations) of such words and phrases, or state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Readers should not place undue reliance on forward-looking statements.

Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Factors that could affect the outcome include, among others: project delays; general business, economic, competitive, political and social uncertainties; labour and operational disruptions due to any public health crises (including a resurgence of COVID-19), or other widespread public health issues, results of exploration programs; future prices of metals; availability of alternative metal sources or substitutions; actual metal recovery; conclusions of economic evaluations; changes in project parameters as plans continue to be refined; the future cost of capital to the Company; possible variations of ore grade or recovery rates; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the mining industry; political instability, terrorism, insurrection or war; delays in obtaining governmental approvals, necessary permitting or in the completion of development or construction activities, as well as those factors discussed in the section entitled "Risk Factors" in the Company's December 31, 2022 Management's Discussion and Analysis and Annual Information Form for the year ended December 31, 2021 filed on SEDAR. Such forward-looking statements are also based on a number of material factors and assumptions, including: the availability of financing at rates and on terms and conditions otherwise acceptable to the Company; future metal prices;

permitting and development consistent with the Company's expectations; foreign exchange rates; prices and availability of equipment; that contracted parties provide goods and/or services on the agreed time frames; that on-going contractual negotiations will be successful and/or be completed in a timely manner; and that no unusual geological or technical problems occur.

Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Forward-looking statements contained herein are made as of the date of this MD&A and the Company disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or results or otherwise, except as required by applicable securities laws. Given these risks and, investors should not place undue reliance on forward-looking statements as a prediction of actual results. Readers of this report are cautioned that actual events and results may vary.

CAUTIONARY NOTE TO U.S. READERS REGARDING ESTIMATES OF RESOURCES

This MD&A uses the terms "measured", "indicated" and "inferred" when referring to mineral resources. The Company advises U.S. investors that the Securities and Exchange Commission's ("SEC") recently effective updated mining disclosure rules (the "SEC Modernization Rules") are substantially similar to the corresponding Canadian Institute of Mining, Metallurgy and Petroleum ("CIM") definitions, as required by National Instrument 43-101, but are not identical so our mineral reserve and mineral resource disclosure may not be directly comparable to the disclosures made by domestic United States issuers or non-domestic United States issuers. The estimation of "measured" and "indicated" mineral resources involves greater uncertainty as to their existence and economic feasibility than the estimation of proven and probable reserves. The estimation of "inferred" resources involves far greater uncertainty as to their existence and economic viability than the estimation of other categories of resources. It cannot be assumed that all or any part of a "measured", "indicated" or "inferred" mineral resource will ever be upgraded to a higher category.

QUALIFIED PERSONS

The technical and scientific information contained in this MD&A has been reviewed and approved by Steve Devlin, Group Geologist, Karora Resources Inc., and a qualified person for the purposes of National Instrument 43-101 – Standards of Disclosure for Mineral Projects.