



KARORA RESOURCES INC.

NOTICE AND MANAGEMENT INFORMATION CIRCULAR

ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

TO BE HELD ON JUNE 16, 2022

MAY 16, 2022

KARORA RESOURCES INC.
NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the annual and special meeting (the "**Meeting**") of shareholders of Karora Resources Inc. (the "**Corporation**") will be held on June 16, 2022 at 9:00 a.m. (Toronto time).

Once again, this year, out of an abundance of caution, to proactively deal with the public health impact of COVID-19, and to mitigate risks to the health and safety of our communities, shareholders, employees and other stakeholders, the Corporation will hold the Meeting in a virtual only format, which will be conducted via live audio webcast at <https://meetnow.global/MKAZCDH>. Shareholders will have an equal opportunity to participate at the annual meeting online regardless of their geographic location.

The Meeting will be held for the following purposes:

1. to receive the audited financial statements of the Corporation for the year ended December 31, 2021, together with the auditors' report thereon;
2. to elect the directors of the Corporation;
3. to appoint PricewaterhouseCoopers LLP, Chartered Accountants, as auditors of the Corporation for the ensuing year and to authorize the directors to fix the remuneration to be paid to the auditors;
4. to consider and, if deemed advisable, to pass, with or without variation, an ordinary resolution substantially in the form of Resolution #1 that is included in Appendix B to the accompanying management information circular, to approve the Corporation's Share Incentive Plan and the unallocated entitlements thereunder; and
5. to transact such other business as may properly come before the Meeting or any postponement or adjournment thereof.

The accompanying management information circular provides additional information relating to the matters to be dealt with at the Meeting and forms part of this notice. If you are not able to attend the Meeting online, please exercise your right to vote by signing and returning the enclosed form of proxy, if by mail or delivery, to Computershare Investor Services Inc. at 100 University Avenue, 8th Floor, Toronto, Ontario, Canada M5J 2Y1, Attention: Proxy Department, so as to arrive not later than 9:00 a.m. (Toronto time) on the second business day preceding the date of the Meeting or any postponement or adjournment thereof. The time limit for the deposit of proxies may be waived or extended by the chairman of the Meeting at his discretion, without notice. You may also vote by telephone or via the Internet by following the instructions on the form of proxy. If you vote by telephone or via the Internet, completion or return of the proxy form is not needed. If you execute the form of proxy, you may still attend the Meeting. Only registered shareholders and duly appointed proxyholders may vote in person at the Meeting.

If you have any questions or require assistance in voting your proxy or voting instruction form, please contact our proxy solicitation agent, Morrow Sodali at 1-888-999-2717 toll free in North America, or call collect outside North America at 1-289-695-3075 or by email at assistance@morrowssodali.com.

The Corporation is holding the Meeting in a virtual only format, which will be conducted via live audio webcast. Shareholders will not be able to attend the Meeting in person. Attending the Meeting online enables registered shareholders and duly appointed proxyholders, including non-registered shareholders who have duly appointed themselves as proxyholder, to participate at the Meeting and ask questions, all in real time. Registered shareholders and duly appointed proxyholders can vote at the appropriate times during the Meeting.

BY ORDER OF THE BOARD

(signed) Paul Huet

Toronto, Ontario
May 16, 2022

Paul Huet
Chairman and Chief Executive Officer

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KARORA RESOURCES INC.
MANAGEMENT INFORMATION CIRCULAR
GENERAL PROXY INFORMATION

Solicitation of Proxies

This management information circular (this "Circular") is furnished in connection with the solicitation by management of Karora Resources Inc. ("Karora" or the "Corporation") of proxies to be used at the annual and special meeting (the "Meeting") of the shareholders of the Corporation on June 16, 2022 at 9:00 a.m. (Toronto time), and at all postponements or adjournments thereof, for the purposes set forth in the notice of the Meeting that accompanies this Circular (the "Notice of Meeting"). The Meeting will be held in a virtual only format, which will be conducted via live audio webcast. Shareholders will not be able to attend the Meeting in person. A summary of the information shareholders will need to attend the Meeting online is provided below. It is expected that the solicitation will be made primarily by mail, but proxies may also be solicited personally by directors, officers or regular employees of the Corporation. Such persons will not receive any extra compensation for such activities. The Corporation has retained Morrow Sodali to solicit proxies at a fee of approximately \$22,500, plus out-of-pocket expenses. The total cost of the solicitation will be borne directly by the Corporation.

Virtual Meeting

Karora is holding the Meeting in a virtual only format, which will be conducted via live audio webcast. Shareholders will not be able to attend the Meeting in person.

Attending the Meeting online enables registered shareholders and duly appointed proxyholders, including non-registered shareholders who have duly appointed themselves as proxyholder, to participate at the Meeting and ask questions, all in real time. Registered shareholders and duly appointed proxyholders can vote at the appropriate times during the Meeting.

Guests, including non-registered beneficial shareholders who have not duly appointed themselves as proxyholder, can log in to the Meeting as set out below. Guests can listen to the Meeting but are not able to vote.

- Log in online at <https://meetnow.global/MKAZCDH>. We recommend that you log in at least one hour before the Meeting starts.
 - Click "Login" and then enter your Control Number (see below).
- OR
- Click "Guest" and then complete the online form.

Registered shareholders: The control number located on the form of proxy or in the email notification you received is your Control Number.

Duly appointed proxyholders: Computershare Investor Services Inc. (the "**Transfer Agent**") will provide the proxyholder with an Invite Code by e-mail after the proxy voting deadline has passed and the proxyholder has been duly appointed AND registered as described in "*Appointment and Revocation of Proxies*" below.

If you attend the Meeting online, it is important that you are connected to the internet at all times during the Meeting in order to vote when balloting commences. It is your responsibility to ensure connectivity for the duration of the Meeting. You should allow ample time to check into the Meeting online and complete the related procedure. **In order to participate online, shareholders must have a valid 15-digit control number, and proxyholders must have received an email from the Transfer Agent containing an Invite Code.**

United States Beneficial Shareholders: To attend and vote at the virtual Meeting, you must first obtain a valid Legal Proxy from your broker, bank or other agent and then register in advance to attend the Meeting. Follow the instructions from your broker or bank included with the proxy materials or contact your broker or bank to request a Legal Form of Proxy. After first obtaining a valid Legal Proxy from your broker, bank or other agent, you must submit a copy of your Legal Proxy to the Transfer Agent in order to register to attend the Meeting. Requests for registration should be sent:

By mail to: COMPUTERSHARE INVESTOR SERVICES INC.
100 UNIVERSITY AVENUE 8TH FLOOR
TORONTO, ON M5J 2Y1

By email at: USLegalProxy@computershare.com

Requests for registration must be labeled as "Legal Proxy" and be received no later than 9:00 a.m. (Toronto time) on June 14, 2022. You will receive a confirmation of your registration by email after the Transfer Agent receives your registration materials. You may attend the Meeting and vote your shares at <https://meetnow.global/MKAZCDH> during the Meeting. Please note that you are required to register your appointment at www.computershare.com/karora.

Appointment and Revocation of Proxies

The persons named in the enclosed form of proxy are officers and/or directors of the Corporation. **A shareholder has the right to appoint a person (who need not be a shareholder of the Corporation) other than the persons specified in such form of proxy to attend and act on behalf of such shareholder at the Meeting.** Such right may be exercised by striking out the names of the persons specified in the form of proxy, inserting the name of the person to be appointed in the blank space provided in the form of proxy, signing the form of proxy and returning it in the manner set forth in the form of proxy. In order to receive an Invite Code, shareholders must also register their duly appointed proxyholder after they have submitted their form of proxy by visiting <https://www.computershare.com/karora> by 9:00 a.m. June 14, 2022 and provide the Transfer Agent with their proxyholder's contact information, so that the Transfer Agent may provide the proxyholder with an Invite Code via email.

A shareholder who has given a proxy may revoke it (i) by depositing an instrument in writing, including another completed form of proxy, executed by such shareholder or shareholder's attorney authorized in writing either at the registered office of the Corporation at any time up to and including the last business day preceding the date of the Meeting or any adjournment or postponement thereof, or if you have followed the process for attending and voting at the Meeting online, voting at the Meeting online will revoke your previous proxy, or (ii) in any other manner permitted by law.

If a you are using a 15-digit control number to login to the online meeting and accept the terms and conditions, the shareholder or duly appointed proxyholder will be revoking any and all previously submitted proxies. In such a case, you will be provided the opportunity to vote by ballot on the matters put forth at the Meeting. If you DO NOT wish to revoke all previously submitted proxies, do not accept the terms and conditions, in which case you can only enter the Meeting as a guest.

Exercise of Discretion

The persons named in the enclosed form of proxy will vote the shares in respect of which they are appointed by proxy on any ballot that may be called for in accordance with the instructions contained therein. If the shareholder specifies a choice with respect to any matter to be acted upon, the shares will be voted accordingly. **In the absence of such specifications, such shares will be voted FOR each of the matters referred to herein.**

The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments to or variations of matters identified in the Notice of Meeting and with respect to other matters, if any, which may properly come before the Meeting. At the date of the Circular, management of the Corporation knows of no such amendments, variations or other matters to come before the Meeting. However, if any other matters that are

not now known to management should properly come before the Meeting, the proxy will be voted on such matters in accordance with the best judgment of the named proxy.

The time limit for the deposit of proxies may be waived or extended by the chairman of the Meeting at his discretion, without notice.

Advice to Beneficial Holders of Common Shares

The information set forth in this section is of significant importance to many holders of common shares, as a substantial number of shareholders do not hold common shares in their own name. Shareholders who do not hold their common shares in their own name (referred to herein as "**Beneficial Shareholders**") should note that only proxies deposited by shareholders whose names appear on the records of the Corporation as the registered holders of common shares can be recognized and acted upon at the Meeting. If common shares are listed in an account statement provided to a shareholder by a broker, then, in almost all cases, those common shares will not be registered in the shareholder's name on the records of the Corporation. Such shares will more likely be registered under the name of the shareholder's broker or an agent of that broker. More particularly, a person is a Beneficial Shareholder in respect of common shares which are held on behalf of that person but which are registered either: (a) in the name of an intermediary that the Beneficial Shareholder deals with in respect of the common shares (intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFFs, RESPs and similar plans); or (b) in the name of a clearing agency (such as CDS Clearing and Depository Services Inc. ("**CDS**")), of which the intermediary is a participant. In Canada, the vast majority of such shares are registered under the name of CDS, which acts as nominee for many Canadian brokerage firms. Common shares held by brokers or their nominees can only be voted upon the instructions of the Beneficial Shareholder. Without specific voting instructions, brokers and their nominees are prohibited from voting common shares held for Beneficial Shareholders. **Therefore, Beneficial Shareholders should ensure that instructions respecting the voting of their common shares are communicated to the appropriate person or that the common shares are duly registered in their name.**

Applicable Canadian securities regulatory policy requires intermediaries/brokers to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings. Every intermediary/broker has its own mailing procedures and provides its own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their common shares are voted at the Meeting.

In Canada, the majority of brokers now delegate responsibility for obtaining voting instructions from Beneficial Shareholders to Broadridge Investor Communication Solutions ("**Broadridge**"). Broadridge typically supplies a voting instruction form ("**VIF**") and asks Beneficial Shareholders to return the completed forms to Broadridge. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of common shares to be represented at the Meeting. **A Beneficial Shareholder receiving such a form from Broadridge cannot use that form to vote common shares directly at the Meeting. The form must be returned to Broadridge well in advance of the Meeting in order to have the common shares voted. Beneficial Shareholders who appoint themselves as a proxyholder MUST register with the Transfer Agent at <https://www.computershare.com/karora> after submitting their voting instruction form in order to receive an Invite Code.**

In addition, the Corporation has decided to take advantage of certain provisions of applicable securities regulatory requirements that permit it to deliver meeting materials directly to non-objecting beneficial owners. These materials are being sent to both registered and non-registered owners of common shares. If you are a Beneficial Shareholder, and the Corporation or its agent has sent these materials directly to you, your name and address and information about your holdings of common shares have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding the common shares on your behalf. By choosing to send these materials to you directly, the Corporation (and not the intermediary holding on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. As a result, you can expect to receive a scannable VIF from the Corporation's Transfer Agent. These VIFs are to be completed and returned to the Transfer Agent in the envelope provided. In addition, the Transfer Agent provides both telephone voting and Internet voting as described on the VIF. The Transfer Agent will tabulate the results of the VIFs received and will provide appropriate instructions at the Meeting with respect to the common shares represented by the VIFs they receive.

If you have any questions or require assistance in voting your proxy or voting instruction form, please contact our proxy solicitation agent, Morrow Sodali at 1-888-999-2717 toll free in North America, or call collect outside North America at 1-289-695-3075 or by email at assistance@morrowssodali.com.

Record Date

May 17, 2022 has been set as the record date for the determination of shareholders entitled to receive notice of the Meeting. Only shareholders of record on such record date are entitled to vote at the Meeting.

Voting Securities and Principal Holders Thereof

The Corporation is authorized to issue an unlimited number of common shares and an unlimited number of special shares, issuable in series. As of the date of this Circular, there were 155,260,447 common shares and nil special shares of the Corporation issued and outstanding. Each holder of common shares as of the record date is entitled to one vote in respect of each common share held by such holder.

To the knowledge of the directors and executive officers of the Corporation, based on publicly available information as of the date of this Circular, no person beneficially owns, or controls or directs, directly or indirectly, common shares carrying 10% or more of the voting rights attached to common shares of the Corporation.

Interest of Certain Persons in Matters to be Acted Upon

Management of the Corporation is not aware of any material interest, direct or indirect, by way of beneficial ownership of common shares or otherwise, of any director or executive officer of the Corporation at any time since the beginning of the Corporation's last financial year, of any proposed nominee for election as a director of the Corporation, or of any associate or affiliate of any such person, in any matter to be acted upon at the Meeting (other than the election of directors).

All dollar amounts referred to in this Circular are in Canadian dollars unless otherwise stated.

BUSINESS OF THE MEETING

Election of Directors

In accordance with the articles of incorporation of the Corporation (the "**Articles**") and by-laws of the Corporation, the board of directors of the Corporation (the "**Board**") must be comprised of a minimum of three (3) directors and a maximum of ten (10) directors. At the Meeting, it is proposed that the seven (7) directors whose names are set forth below be elected to the Board. All directors elected will hold office until the next annual meeting of shareholders of the Corporation or until their successors are elected or appointed.

The Corporation has had a majority voting policy in place since 2013. The policy stipulates that, except in a contested meeting, if a director nominee receives a greater number of votes withheld for his or her election than votes for his or her election, the nominee will submit his or her resignation promptly after the Meeting. Absent exceptional circumstances, the Board will accept the resignation. The Board's decision to accept or reject the resignation offer will be disclosed to the public. Subject to certain exceptions, the nominee will not participate in any committee or Board deliberations on the resignation offer. Each of the proposed nominees listed in the table below has agreed to comply with the terms of the policy.

Unless the shareholder has specified in the enclosed form of proxy that the common shares represented by such proxy are to be withheld from voting for one or more nominees in the election of directors, the persons named in the enclosed form of proxy intend to vote FOR the election of each of the nominees whose names are set forth below.

The table set forth below lists each nominee's name, bio and other relevant information, including the number of stock options ("**Options**") and other share-based awards held by each nominee, all as at the date hereof.

Nominees for Election as Directors	Number of Common Shares ⁽¹⁾	Number of Options ⁽²⁾	Number of Awards ⁽²⁾
PAUL HUET Chairman and Chief Executive Officer Nevada, USA Age: 53 Director since November 19, 2018 Non-Independent Director Board meetings attended in 2021: 100% (10 of 10) Technical, Safety and Sustainability Committee meetings attended in 2021: 100% (5 of 5)	203,100	79,499	620,798 RSUs 308,706 PSUs
	<p>Mr. Huet is the Chairman and Chief Executive Officer of the Corporation. Mr. Huet served as the Executive Chairman from February 25, 2019 until July 18, 2019, when he was appointed Chairman and interim Chief Executive Officer, the "interim" portion of his title was removed in August 2019. Previously, Mr. Huet was President, Chief Executive Officer and Director of Klondex Mines from 2012 – 2018, until its acquisition by Hecla Mining Company. Mr. Huet has a strong command of capital markets and has served in all levels of engineering and operations of Mining. Mr. Huet graduated with Honors from the Mining Engineering Technology program at Haileybury School of Mines in Ontario, and successfully completed the Stanford Executive program at the Stanford School of business. In 2013 Mr. Huet was nominated for the Premiers Award in Ontario for outstanding College graduates; he is currently a member of OACETT as an applied Science Technologist and an Accredited Director</p> <p>Mr. Huet serves as Chair of the Board and is a member of the Technical, Safety and Sustainability Committee.</p>		
SCOTT M. HAND Lead Director Massachusetts, USA Age: 79 Director since June 27, 2008 Independent Director Board meetings attended in 2021: 100% (10 of 10) Audit Committee meetings attended in 2021: 100% (4 of 4) Corporate Governance and Nominating Committee meetings attended in 2021: 100% (4 of 4) Technical, Safety and Sustainability Committee meetings attended in 2021: 80% (4 of 5)	1,054,813	395,999	172,994 DSUs 17,333 SARs 196,782 RSUs
	<p>Mr. Hand is the Lead Director of the Company, a position held since February 2019. He served as the Executive Chairman of the Company from November 2009 until February 2019. He is also a founder and Executive Chairman of Kharrouba Copper Company Inc. (copper mining in Morocco), Lead Director of Boyd Technologies LLC (services and products to the medical and life science industries in the U.S.), and a member of the Board of Trustees of the Massachusetts Museum of Contemporary Art. He is a former director of Fronteer Gold Inc. (sold to Newmont Mining in 2011), Legend Gold Corp., Chinalco Mining Corporation International (copper mining in Peru) and Manulife Financial Corporation. Mr. Hand was the Chairman and Chief Executive Officer of Inco Limited from April 2002 until he retired from Inco in January 2007. Prior to that, Mr. Hand was President of Inco Limited and held positions in Strategic Planning, Business Development and Law. Mr. Hand received a Bachelor of Arts degree from Hamilton College, a Juris Doctorate degree from Cornell University and an Honorary degree from Memorial University of Newfoundland and Labrador.</p> <p>Mr. Hand serves as a member of the Audit Committee, the Corporate Governance and Nominating Committee and the Technical, Safety and Sustainability Committee.</p>		

Nominees for Election as Directors	Number of Common Shares ⁽¹⁾	Number of Options ⁽²⁾	Number of Awards ⁽²⁾
PETER GOUDIE New South Wales, Australia Age: 73 Director since July 17, 2008 Independent Director Board meetings attended in 2021: 100% (10 of 10) Audit Committee meetings attended in 2021: 100% (4 of 4) Corporate Governance and Nominating Committee meetings attended in 2021: 100% (4 of 4) Human Resources and Compensation Committee meetings attended in 2021: 100% (7 of 7) Technical, Safety and Sustainability Committee meetings attended in 2021: 100% (5 of 5)	506,174	186,444	124,143 DSUs 11,555 SARs 73,319 RSUs
	<p>Mr. Goudie is currently retired from full-time employment (and has been for the past five years). He was Executive Vice President (Marketing) of Inco Limited and then Vale Inco from January 1997 to February 2008. Mr. Goudie was also responsible for the strategy, negotiation, construction and operation of Inco's joint venture production projects in Asia. He was employed with Inco since 1970 in increasingly more senior accounting and financial roles in Australia, Indonesia, Singapore and Hong Kong, before becoming Managing Director (later President and Managing Director) of Inco Pacific Ltd. in Hong Kong in 1988. He is an Australian CPA.</p> <p>Mr. Goudie serves as Chair of the Human Resources and Compensation Committee, and is a member of the Audit Committee, Corporate Governance and Nominating Committee and the Technical, Safety and Sustainability Committee.</p>		
WARWICK MORLEY-JEPSON Johannesburg, South Africa Age: 63 Director since February 25, 2019 Independent Director Board meetings attended in 2021: 100% (10 of 10) Human Resources and Compensation Committee meetings attended in 2021: 100% (7 of 7) Corporate Governance and Nominating Committee meetings attended in 2021: 100% (4 of 4) Technical, Safety and Sustainability Committee meetings attended in 2021: 100% (5 of 5)	42,695	197,555	35,894 DSUs 138,658 RSUs
	<p>Mr. Morley-Jepson's principal occupation is Chairman of Wesdome Gold Mines (since June 2019; he joined the board in June 2017), and he is also a Director of AEX Gold Inc. He previously served as Executive Vice President and Chief Operating Officer of Ivanhoe Mines from August 2019 to May 2020 and Kinross Gold Corporation from October 2014 to December 2016, and as Senior Vice President, Operations, and Regional Vice President - Russia, between October 2009 and October 2014. Prior to joining Kinross, Mr. Morley-Jepson served as Chief Executive Officer of SUN Gold and was Managing Director of Barrick Africa, Barrick Platinum South Africa and three Russian-based companies in the Barrick group. He spent several years with Placer Dome leading their South African project and business development efforts. Mr. Morley-Jepson graduated in the faculty of Mechanical Engineering (HND) at the Technicon Witwatersrand now the University of Johannesburg. He has undertaken a number of technical, managerial and financial programs during his career, most notably the 'Management Development Program' at Graduate School of Business, Cape Town University and 'Management in the Mining Industry' at Witwatersrand School of Business, University of the Witwatersrand. Most recently, in February 2012, Finance for Senior Executives at Harvard Business School. Mr. Morley-Jepson is a member of the Canadian Institute of Corporate Directors.</p> <p>Mr. Morley-Jepson serves as Chair of the Technical, Safety and Sustainability Committee, and serves as a member of the Corporate Governance and Nominating Committee and the Human Resources and Compensation Committee.</p>		

Nominees for Election as Directors	Number of Common Shares ⁽¹⁾	Number of Options ⁽²⁾	Number of Awards ⁽²⁾
CHAD WILLIAMS Toronto, Ontario Age: 56 Director since January 6, 2020 Independent Director Board meetings attended in 2021: 100% (10 of 10) Human Resources and Compensation Committee meetings attended in 2021: 100% (7 of 7) Corporate Governance and Nominating Committee meetings attended in 2021: 100% (4 of 4) Technical, Safety and Sustainability Committee meetings attended in 2021: 100% (5 of 5)	25,555	-	18,281 DSUs 108,142 RSUs
	<p>Mr. Williams has an extensive background in mining finance and business management. He is the Chairman and Founder of Red Cloud Mining Capital and the Executive Chairman of Blue Thunder Mining Inc. In addition to this, Mr. Williams is a director of several emerging mining companies. He is a founder of Agilith Capital Inc., as well as Westwind Capital Inc. He is also the former CEO of Victoria Gold Corp., as well as the former Head of Mining Investment Banking at Blackmont Capital Inc. Prior to these positions, Mr. Williams was a top-ranked mining analyst at TD Securities and other Canadian brokerage firms in Toronto. Mr. Williams is currently a member of the Association of Professional Engineers of Ontario, having received a Bachelor of Mining Engineering degree from McGill University before going on to receive his MBA from the same <i>alma mater</i>.</p> <p>Mr. Williams is a member of the Human Resources and Compensation Committee, the Corporate Governance and Nominating Committee and the Technical, Safety and Sustainability Committee.</p>		
SHIRLEY IN'T VELD Perth, Australia Age: 67 Director since December 6, 2021 Independent Director Board meetings attended in 2021: 100% (1 of 1) Human Resources and Compensation Committee meetings attended in 2021: 0% (0 of 1) ⁽³⁾	-	-	15,617 DSUs
	<p>Ms. In't Veld has over 30 years of career experience in mining, renewables and energy sectors. She is currently a Director of Alumina Limited, APA Group, and Develop Global Ltd. She was formerly Deputy Chair of CSIRO (Commonwealth Science and Industrial Research Organisation), Director of NBN Co. Limited (National Broadband Network Co.), Northern Star Resources Limited, Perth Airport, DUET Group, Asciano Limited and Alcoa of Australia Limited and a Council Member of the Chamber of Commerce and Industry of Western Australia. She was also the Managing Director of Verve Energy (2007 - 2012) and, previously, served in senior roles at Alcoa of Australia Limited, WMC Resources Ltd., Bond Corporation and BankWest Perth. Shirley is also a past Chair of the Queensland Government Expert Electricity Panel and a member of the Renewable Energy Target Review Panel for the Australian Department of Prime Minister and Cabinet. She also served as a member of the COAG Energy Council Selection Panel, a Council member of the Australian Institute of Company Directors (Western Australia) and the SMART Infrastructure Facility (University of Wollongong).</p> <p>Ms. In't Veld is the Chair of the Corporate Governance and Nominating Committee, and serves as a member of the Human Resources and Compensation Committee.</p>		

Nominees for Election as Directors	Number of Common Shares ⁽¹⁾	Number of Options ⁽²⁾	Number of Awards ⁽²⁾
Meri Verli Toronto, Ontario Age: 60 Director since May 16, 2022 Independent Director	-	-	4,902 DSUs
Ms. Verli is an experienced senior finance executive with an extensive background in financial management and reporting, financial and operational recovery, mergers and acquisitions, risk management and strategy development. Ms. Verli has held several senior management roles in the gold mining sector, including most recently as the Senior Vice President for Business Operation Management Systems and previously Senior Vice president Finance and Treasury at Kirkland Lake Gold, Chief Financial Officer of McEwen Mining Inc, and Vice President, Finance at Lake Shore Gold from 2007 to 2016. Ms. Verli is a Chartered Professional Accountant, holds a PhD in Economic Sciences, a Bachelor of Geology and Engineering and a Bachelor of Economics from the University of Tirana, Albania. Ms. Verli serves as the Chair of the Audit Committee.			

Notes:

- (1) The information as to the number of common shares beneficially owned, or controlled or directed, directly or indirectly, by the directors, including those which are not registered in their names and not being within the knowledge of the Corporation, has been furnished by such directors.
- (2) For additional information regarding Options and Awards held by directors, please see "*Statement of Executive Compensation – Director Compensation*".
- (3) Ms. In't Veld joined the Board of December 6, 2021. She had an unavoidable pre-existing business commitment on the date of the Corporation's December Human Resources and Compensation Committee meeting. The Corporation was aware of this conflict prior to appointing Ms. In't Veld to the Board.

Scott M. Hand was a director of Royal Coal Corp. during the period from August 2010 until May 2012. On May 3, 2012, a cease trade order was issued against Royal Coal Corp. by the Ontario Securities Commission for failure to file annual financial statements. On May 17, 2012, Royal Coal Corp. announced that it received notice from the TSX Venture Exchange that the TSX Venture Exchange had suspended trading in Royal Coal Corp.'s securities as a result of the cease trade order. The cease trade order was revoked on July 27, 2020 and, as of the date hereof, Royal Coal Corp. remains an unlisted reporting issuer.

Shareholder Nominees

Pursuant to section 5.10 of the Corporation's By-Law No. 2, nominations by shareholders for the election of directors at the Meeting (other than nominations by shareholders pursuant to a shareholder proposal or a requisitioned meeting), are to be received by the Corporation by 5:00 p.m. (Toronto time) on May 17, 2022.

Appointment of Auditors

The auditors of the Corporation are PricewaterhouseCoopers LLP, Chartered Accountants, who were first appointed as auditors of the Corporation on May 25, 2009.

Unless the shareholder has specified in the enclosed form of proxy that the common shares represented by such proxy are to be withheld from voting in the appointment of auditors, the persons named in the enclosed form of proxy intend to vote FOR the appointment of PricewaterhouseCoopers LLP, as auditors of the Corporation to hold office until the next annual meeting of shareholders, and to authorize the directors to fix the remuneration of the auditors.

Disclosure of fees received by PricewaterhouseCoopers LLP and its affiliates from the Corporation for the financial years ended December 31, 2021, and December 31, 2020, is set out under the heading "*Audit Committee Information*"

– *External Audit Fees*" in the Corporation's Annual Information Form dated March 31, 2022, which is available on SEDAR (www.sedar.com) under Karora's issuer profile.

Share Incentive Plan – Approval of Unallocated Entitlements and Amendments

Because the Share Incentive Plan of the Corporation (the "**Share Incentive Plan**") is currently an "evergreen" plan, the Corporation is required to obtain shareholder approval of unallocated entitlements thereunder every three years. The Corporation is proposing certain amendments to the Share Incentive Plan, subject to receipt of shareholder approval. See "*Share Incentive Plan – Amendments to Share Incentive Plan*" below. A full text copy of the amended and restated Share Incentive Plan (as amended, the "**Amended Share Incentive Plan**"), along with a comparative blackline showing the amendments to the plan, can be found below in Appendix C. An ordinary resolution substantially in the form of Resolution #1 set out in Appendix B (the "**Share Incentive Plan Resolution**") will be placed before the shareholders at the Meeting to approve the Amended Share Incentive Plan in the form as set forth in Appendix C hereto. Additionally, as the three-year period prescribed by the TSX will expire on June 19, 2022, the Share Incentive Plan Resolution will be placed before shareholders at the Meeting to also approve the unallocated entitlements under the Amended Share Incentive Plan. This approval will be effective for three (3) years from the date of the Meeting. To be effective, the Share Incentive Plan Resolution must be approved by at least a majority of the votes cast at the Meeting. If the Share Incentive Plan Resolution is not approved by shareholders, Options and Awards that have not been allocated as of June 19, 2022 and Options and Awards that are outstanding as of June 19, 2022 but are subsequently cancelled, terminated or exercised will not be available for new grants. However, previously allocated Options and Awards will continue to be unaffected by the approval or disapproval of Share Incentive Plan Resolution. Moreover, the Corporation will not be prohibited from granting incentives based on the performance of the Corporation's common shares, so long as such incentives are settled in cash only.

The Board recommends to shareholders of the Corporation that they vote FOR the Share Incentive Plan Resolution.

Unless the shareholder has specified in the enclosed form of proxy that the common shares represented by such proxy are to be voted against Share Incentive Plan Resolution, the persons named in the enclosed form of proxy intend to vote FOR the Share Incentive Plan Resolution.

STATEMENT OF EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Background

This Compensation Discussion and Analysis provides information regarding all significant elements of compensation paid, payable, granted, given or otherwise provided by the Corporation to the following individuals (collectively, the "**Named Executive Officers**" or "**NEOs**"):

- (a) Paul Huet, Chairman and Chief Executive Officer;
- (b) Barry Dahl, Chief Financial Officer;
- (c) Michael Doolin, Senior Vice President, Technical Services;
- (d) Graeme Sloan, Managing Director, Australia; and
- (e) Oliver Turner, Executive Vice President, Corporate Development.

All dollar amounts referred to in this Circular are in Canadian dollars unless otherwise stated.

Role of Human Resources and Compensation Committee

The compensation program of the Corporation is administered by the Board with the assistance of the Human Resources and Compensation Committee ("**Human Resources and Compensation Committee**"). The Human Resources and Compensation Committee currently consists of four directors, being Mr. Peter Goudie, as chairman, Mr. Chad Williams, Mr. Warwick Morley-Jepson, and Shirley In't Veld. All members of the Human Resources and Compensation Committee are independent directors of the Corporation. The Board, with the assistance of the Human Resources and Compensation Committee, reviews and makes decisions in respect of compensation matters relating to senior executives and directors of the Corporation, ensuring consistent application of matters relating to remuneration, competitive compensation and policies to attract and retain talent and ensuring that executive remuneration is consistent with industry standards and best designed and implemented to support the achievement of the Corporation's goals. The Human Resources and Compensation Committee reviews the Corporation's approach to human resource matters to ensure that the Corporation has appropriate policies in place to hire, develop and retain the human resources necessary to achieve the Corporation's goals and objectives.

The responsibilities of the Human Resources and Compensation Committee include assisting the Board with respect to, among other things: (a) developing a compensation philosophy and policies; (b) reviewing and approving goals and objectives relevant to the Chief Executive Officer's compensation, evaluating the performance of the Chief Executive Officer in light of those goals and objectives and making recommendations to the Board for the Chief Executive Officer's compensation based on the evaluation; (c) reviewing and making certain determinations with respect to the compensation of senior executives other than the Chief Executive Officer; (d) succession planning in respect of senior management; (e) making recommendations to the Board with respect to the form of compensation of the directors; and (f) reviewing executive compensation disclosure.

In addition to the Human Resources and Compensation Committee members' general business experience, the following direct experience (and the skills gained from this experience) is also relevant to their responsibilities to make decisions on the suitability of the Corporation's compensation policies and practices.

- *Peter Goudie.* Mr. Goudie has held a number of management positions throughout his career, certain responsibilities of which involved human resource and compensation matters.
- *Warwick Morley-Jepson.* Mr. Morley-Jepson has held a number of management positions throughout his career, certain responsibilities of which involved human resource and compensation matters.
- *Chad Williams.* Mr. Williams has extensive experience in mining finance and management, having previously held the positions of CEO of Victoria Gold Corp., Head of Mining Investment Banking at Blackmont Capital Inc. and a mining analyst at TD Securities and other Canadian brokerage firms. Several of these management and other positions which involved human resource and compensation matters.
- *Shirley In't Veld* has over 30 years of career experience in mining, renewables and energy sectors. She is currently a Director of Alumina Limited, APA Group, and Develop Global Ltd. She was also the Managing Director of Verve Energy (2007 - 2012) and, previously, served in senior roles at Alcoa of Australia Limited, WMC Resources Ltd., Bond Corporation and BankWest Perth.

Karora's overall corporate strategy and vision is to be a sustainable and responsible gold mining company that evolves into a mid-tier producer through the exploration, acquisition and development of a high-quality portfolio of precious metal assets. The Corporation seeks to be a strong and supportive partner in our communities, and to our employees, shareholders and business partners, by consistently creating sustainable value through the safe and responsible exploration, development, operation and (when appropriate) closure of our mining assets, while being committed to strong governance and enhancing the role of the minerals and metals sector to global sustainable development.

The Human Resources and Compensation Committee and Board recognize that Karora's NEOs are critical to the achievement of the company's overall strategy and vision, and that compensation plays an important role in achieving the short-term and long-term objectives that ultimately drive success and shareholder value.

The Human Resources and Compensation Committee, on behalf of the Corporation, has engaged an independent consulting firm (the "**Compensation Consultant**") to advise and assist in the development of compensation policies and benchmarking of executive and directors' remuneration. This includes working with the Human Resources and Compensation Committee and Board to identify an appropriate peer group to be used for executive compensation benchmarking. The Human Resources and Compensation Committee considers the results of benchmarking exercises and makes related NEO and Director compensation recommendations to the Board. The Compensation Consultant also assists the Human Resources and Compensation Committee with respect to executive and Board compensation matters. During 2021 and in prior years, The Human Well has served as Compensation Consultant.

Compensation Policies

The Human Resources and Compensation Committee develops compensation policies, which are reviewed and approved by the Board, to guide compensation decisions made by the Human Resources and Compensation Committee and Board. The Corporation's policies reflect the Board's philosophy regarding executive compensation:

- competitive level – appropriate to attract, retain and motivate high-performing senior executives with the skills necessary to achieve the Corporation's strategy;
- aligned directly to the successful achievement of the goals of the Corporation with personal performance objectives that cascade from the approved strategy;
- motivate execution of goals and objectives in a manner that is consistent with the Corporation's vision, mission and values; and
- align the interests of senior executives with those of the Corporation's shareholders.

The policy of the Corporation is that base salary for NEOs target the 50th percentile of the peer group and incentive elements (short-term and long-term) target the 75th percentile of the market, causing total compensation to fall between the 50th and 75th percentile.

Benchmarking

The Human Resources and Compensation Committee in 2021 engaged the Compensation Consultant to perform a benchmarking study and recommended updates to the comparator group of gold mining companies with a comparable profile to the Corporation. This included, in addition to a North American comparator group, the introduction of a second 'Australia' comparator group specifically for the purposes of benchmarking those executives based in Australia for application to compensation planning.

Comparators are within 0.25 to 4 times the size of Karora Resources. This range is recommended by proxy advisory firms but applied to both market capitalisation and revenue. Prior to Karora becoming a revenue producer market capitalisation was used solely as the criteria to select comparator companies.

The 2021 to 2023 comparator group selections will be based on both criteria (market capitalization and revenue). The Human Resources and Compensation Committee expects that a comparator group that reflects both of these metrics will have the effect of increasing the robustness of the compensation setting process.

In addition to this, a formal benchmarking process will take place every year from 2021 onwards as opposed to every second year previously.

The table below sets forth the consideration paid to The Human Well as Compensation Consultant during the two most recently completed financial years.

Fees of Compensation Consultants and Advisors	Year ended Dec 31, 2021	Year ended Dec 31, 2020
Executive Compensation-Related Fees	\$114,441	\$79,148
All Other Fees	Nil	Nil

Elements of Compensation

Compensation paid to the NEOs for the financial year ended December 31, 2021 comprised the following components:

Base Salary

Base salary is designed to remunerate the NEOs for discharging their duties and responsibilities and therefore takes into account the position and responsibilities of the NEO, previous experience, prior performance and anticipated contribution.

Short-term Incentive Compensation

In addition to base salary, the NEOs are eligible to receive an annual incentive based on the achievement of annual performance objectives. The Chief Executive Officer proposes annual objectives, which are reviewed and discussed with the Human Resources and Compensation Committee, and upon agreement recommended to the Board for approval. For the other NEOs, the performance objectives cascade from the Chief Executive Officer's objectives and the Corporation's strategy and key milestones and reflect the individual's position and responsibilities. These objectives are developed by the Chief Executive Officer with the Human Resources and Compensation Committee and are subject to the approval of the Board. The target incentive for each NEO is included in his or her employment contract expressed as a percentage of base salary.

The Human Resources and Compensation Committee reviews the performance of the Chief Executive Officer, with input from the Board, and the performance of the other NEOs, with input from the Chief Executive Officer, based on deliverables against objectives. The Human Resources and Compensation Committee and Board considered all these factors as well as the financial position of the Corporation and the need to retain the key talent in the organization when awarding annual incentive payments. For 2021, the key overall corporate objectives established for the Chief Executive Officer and the other NEOs focused on (i) the health and safety of the Corporation's employees and contractors, (ii) environmental, social, governance (ESG), (iii) gold production, (iv) all in sustaining costs, (v) certain strategic initiatives and (vi) total free cash flow. See "*Performance Score*" below.

Long-term Incentive Compensation (Share-Based Incentive Awards Program)

Long-term incentives are intended to align the interests of NEOs with the long-term interests of shareholders by motivating NEOs to increase shareholder value over time. Such incentives also serve as an important retention tool for the Corporation's senior management. Targets for long-term incentives are benchmarked to the comparator group and are included in each NEO's employment contract. Such targets consider the value of the NEO's contribution to the long-term success of the Corporation and the percentage of compensation that the Human Resources and Compensation Committee determines should be at risk. The Corporation updated its long-term incentives program in 2020 to better align with shareholder interests, with 50% of long-term incentive ("**LTI**") awards made to management in the form of performance share units ("**PSUs**") and 50% of the LTI grants made to management in the form of three-year time-vested restricted share units ("**RSUs**"). Under Karora's PSU framework, on each of the first three anniversary dates of the date of a PSU grant to a participant, 1/3 of the PSUs will vest and be redeemed based on and subject to the share price performance of the Karora common shares as compared to the applicable benchmark (i.e., the GDXJ) during the subject period. Such vesting and redemption occurs as follows:

- if, during the performance period, the Karora shares outperform the benchmark by 25% or more, then the performance factor is 150% (and, for example, 100 PSUs will be redeemed and settled with 150 shares of Karora);

- if, during the performance period, the Karora shares underperform the benchmark by 25% or more, then the performance factor is 50% (and, for example, 100 PSUs will be redeemed and settled with 50 shares of Karora);
- if, during the performance period, the Karora relative share price performance is more than 75% and less than 125% of the benchmark performance during the period, then the performance factor will correspond to such relative share price performance (for example, in the event Karora's share price performance during the subject period is 90% of the benchmark, 100 PSUs will be redeemed and settled with 90 shares of Karora).

PSUs are also subject to a performance limit, such that if total shareholder return (TSR) in any individual performance period is negative, then the performance factor will be capped at 100% regardless of relative share price performance during the period. For example, if during a period Karora shares outperform the benchmark by 5% but TSR during such period is -2%, then the performance factor is reduced from 105% to 100% (and 100 PSUs will be redeemed and settled with 100 shares of Karora).

RSUs and PSUs are issuable under the Corporation's Share Incentive Plan, which also allows for the issuance of Options, deferred share units ("**DSUs**"), share appreciation rights ("**SARs**") and other share-based awards. This change did not affect the value of the LTI awards made to management. For additional information regarding Options and Awards, please see "*Incentive Plan Awards – Share Incentive Plan*".

Perquisites and Benefits

The Corporation provides basic perquisites and benefits to its NEOs, including health and dental benefits, life insurance, and contribution to government-mandated public pension plans or (in the case of U.S. employees) to 401(k) plans. The total value of such perquisites and benefits for each NEO was less than \$50,000 (in the applicable local currency) in 2021. All of the NEOs have termination and change of control provisions in their employment agreements. The Corporation does not provide a private pension plan for NEOs.

Risks Associated with the Corporation's Compensation Policies and Practices

The Human Resources and Compensation Committee manages the Corporation's compensation policies and practices and provides oversight to ensure that senior executives consider the risks associated with their decisions and actions. The Human Resources and Compensation Committee is confident that these policies and practices, along with its overview, ensure that NEO incentives do not motivate the taking of inappropriate or excessive risk. Policy features include:

- quantitative metrics are used to determine the amount of Awards to NEOs under the Corporation's Share Incentive Plan;
- a significant level of LTI, which is delivered in RSUs and PSUs, is earned over time and in the case of PSUs is dependent upon relative performance of Karora's common shares to its peer group;
- a comprehensive Code of Conduct and a Whistleblower Policy that encourages reporting of imprudent corporate behaviour;
- a Human Resources and Compensation Committee that is comprised entirely of independent directors; and
- that NEOs are subject to a claw-back policy providing for the recovery of certain incentive compensation paid to the executive officers and other members of management in cases of a material restatement of the Corporation's financial statements. See description of "*Clawback Policy*" below.

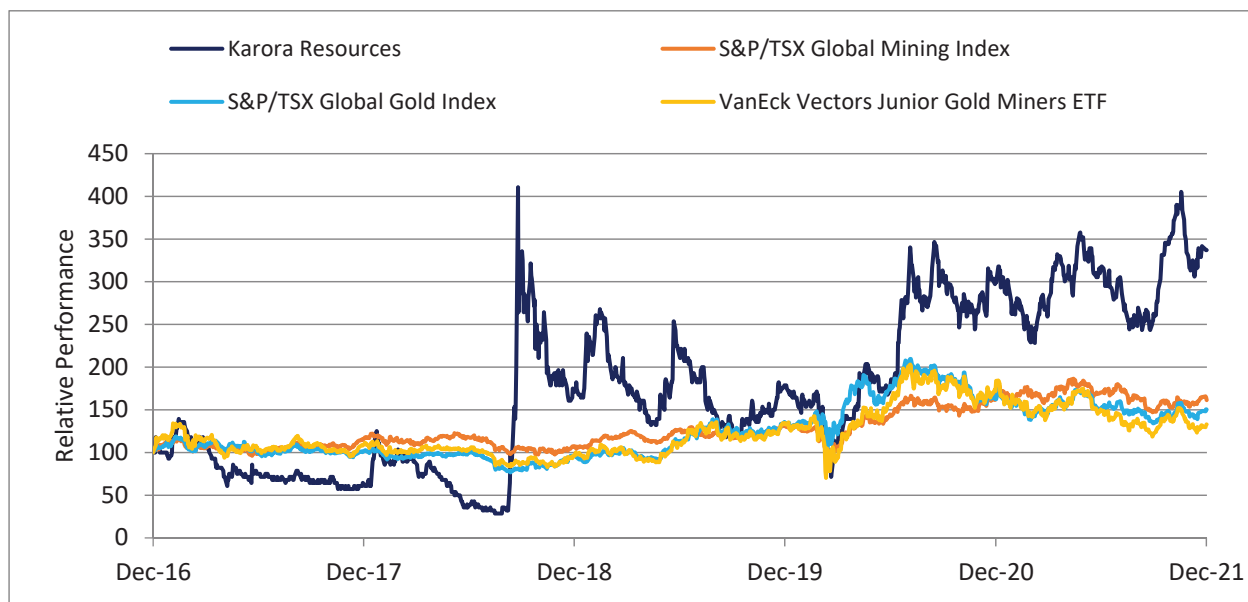
NEO Purchases of Financial Instruments

Pursuant to the terms of the Corporation's Insider Trading Policy, all trades in the Corporation's securities by personnel, including NEOs and directors, must be pre-approved by the CEO or CFO. Personnel are also prohibited

from selling securities of the Corporation short or buying or selling call or put options or other derivatives in respect of the Corporation's securities, and from entering into other transactions that have the effect of hedging the economic value of any direct or indirect interests of such personnel in the equity of the Corporation.

Performance Graph

The following graph compares the total cumulative shareholder return for \$100 invested in common shares of the Corporation with the total cumulative return of the S&P/TSX Global Base Metals Index since December 31, 2016:



	31-Dec-2016	31-Dec-2017	31-Dec-2018	31-Dec-2019	31-Dec-2020	31-Dec-2021
Common Shares of Karora on the TSX	\$100	\$64	\$171	\$179	\$299	\$337
S&P/TSX Global Mining Index	\$100	\$115	\$107	\$131	\$170	\$161
S&P/TSX Global Gold Index	\$100	\$101	\$96	\$135	\$162	\$150
GDXJ ETF	\$100	\$108	\$96	\$134	\$184	\$133

The VanEck Vectors Junior Gold Miners ETF (GDXJ) tracks a market-cap-weighted index of global gold- and silver-mining firms, focusing on small caps. The S&P/TSX Global Mining Index is an investable index that provides investors with a broadly representative benchmark for global mining portfolios. The S&P/TSX Global Gold Index is both broadly representative and an investable index. As such, it is difficult to directly compare the Corporation's NEO compensation with the trends reflected in the graph above (many members of this index are diversified, dividend paying and have much larger market capitalizations).

The Corporation's relative share price performance in 2021 is noteworthy – KRR shares increased by 12.7% during 2021, as compared to decreases of 1.6% for the S&P/TSX Global Mining Index, 7.4% for the S&P/TSX Global Gold Index, and 22.3% for the GDXJ ETF.

The Corporation's executive compensation package is designed to attract, retain and motivate high-performing senior executives with the skills and experience necessary to achieve the Corporation's strategy and grow the business through both adverse and favourable economic cycles. A significant portion of NEO compensation is based on long-term incentives with the ultimate value tied directly to the Corporation's share price performance.

Short-Term Incentive Awards – Performance Scores

Individual performance is assessed on performance relative to the goals and objectives determined at the beginning of the year, based on high-priority overall corporate objectives ("**Corporate Objectives**") and in some cases individualized objectives targeted at specific deliverables of the subject executive ("**Individual Objectives**").

In assessing corporate performance, it is recognized that executive officers cannot control certain factors, such as interest rates and the market prices for gold produced by the Corporation. When applying the corporate performance criteria, the Human Resources and Compensation Committee will generally focus on factors over which the executive officers can exercise control, such as achievement of production targets, control of costs, safety performance and the enhancement of competitive and business prospects of the Corporation. In determining payout targets, the Human Resources and Compensation Committee considers other similar companies in the mining industry.

In assessing the 2021 personal performance score used for determining short term incentive plan ("**STI**") awards, the Human Resources and Compensation Committee evaluated progress against the Corporate Objectives and Individual Objectives for all NEOs. Individual Objectives varied by NEO to account for the different roles served by each person and the different goals of the Corporation believed by the Human Resources and Compensation Committee to most highly correlate with the performance of such NEO. Each of the executive officers' STI awards were determined based on what the Human Resources and Compensation Committee determined to be weightings between corporate and individual objectives, based on the role of the particular executive officer and with reference to the target STI levels (i.e., a % of base salary) that is included in each executives employment contract (as summarized in further detail below).

For each of the Corporate Objectives, the Human Resources and Compensation Committee adopted graduated scale of payout percentages based on meeting or exceeding such targets, with payout percentages for each corporate objective, based on the Corporation's performance against the specified target ranges. In all cases, the Human Resources and Compensation Committee retained the ability to make any discretionary adjustments it deemed to be appropriate, taking into account all factors and circumstances. In assessing the executive officers' level of achievement in respect of Individual Objectives, the Human Resources and Compensation Committee assigned a score from 0% to 150% for each objective based on how the executive officer's performance in respect of the particular target objective.

Other than the CEO, who was rated solely on corporate objectives, Corporate Objectives represent 60% of the STI weighting for each executive, with the remaining 40% of each executive's STI weighting being made up of Individual Objectives.

The following sets out the established Corporate Objectives for the Corporation for 2021, actual results for 2021, along with the scale (where applicable) of payout percentages for each objective and payout score assigned for each objective based on the Corporation's 2021 performance against such metrics.

Corporate Objective	2021 Objectives	2021 Actual	Scale of Payout Percentage				2021 Payout Score
			0%	50%	100%	150%	
Health, Safety & Environment	Reduction of 15% in medical time injury, loss time injury and reportable environmental incidents frequency rate relative to 2020	Reduction of 50% (333.3% of target)	<0%	0% - 50%	50% - 100%	>100%	150%
Environmental, Social, Governance (ESG)	Complete Phase 1 of ESG Program	Accomplished (125% of target)	<0%	0% - 50%	50% - 100%	>100%	150%
Production	108,925 ounces	112,814 ounces (103.6% of target)	<90%	90%-100%	100% - 120%	>120%	100%

Corporate Objective	2021 Objectives	2021 Actual	Scale of Payout Percentage				2021 Payout Score
			0%	50%	100%	150%	
All-In-Sustaining Costs	A\$1,365 per ounce	A\$1,348 per ounce (98.8% of target)	>105%	100% - 105%	95% - 100%	<95%	100%
Strategic Initiative	Complete maiden resource estimate on Spargos; Complete PEA on Mt Henry; Announce Phase I mill expansion at Higginsville	Accomplished (100% of target)	<20%	20% - 80%	80% - 120%	>120%	100%
Cash Total free cash flow (in Australian dollars)	A\$7.2 million	A\$15.5 million (215.3% of target)	<90%	90% - 100%	100% - 130%	>130%	150%

The following shows the weighting given by the Human Resources and Compensation Committee to each corporate objective in the table below, the score awarded by the Human Resources and Compensation Committee in respect of each objective (as determined by the scoring scale) and the resulting weighted scores and total weighted average score.

Corporate Objective	Weight (A)	Score (B)	Weighted Score (A x B)
Health, Safety & Environment	20%	150%	30.0%
Environmental, Social, Governance (ESG)	10%	150%	15.0%
Production	20%	100%	20.0%
All In Sustaining Costs	20%	100%	20.0%
Strategic Initiative	10%	100%	10.0%
Cash	20%	150%	30.0%
TOTAL	100%	–	125%

The total weighted score, based on the Human Resources and Compensation Committee's assessment of the Corporation's performance in respect of all corporate objectives was 125% for 2021.

Short-Term Incentive Awards - Target Bonus Rate and Payout Amounts

In 2021, the Board set the target bonus rates for each NEO, representing the percentage of their base salary which their cash bonus would total assuming such NEO achieved all of such NEO's pre-determined corporate and individual objectives. Such target bonus rates, along with the calculated bonus amounts (based on the formula calculating bonus payouts and the performance scores for 2021 explained above), are shown below. Unless otherwise indicated, all dollar figures are in Canadian dollars.

NEO	Reference Salary	Weighting of Corporate Objectives	Weighting of Individual Objectives	Corporate Objectives Score	Individual Objectives Score	Overall Score	Target Bonus Rate	STI Bonus as % of Salary	Total 2021 STI Bonus (\$)
Paul Huet ⁽¹⁾	US\$473,000	100%	–	125%	–	125.0%	100%	125%	US\$591,250
Barry Dahl ⁽²⁾	US\$309,000	60%	40%	125%	92.5%	112.0%	60%	67.2%	US\$207,648

NEO	Reference Salary	Weighting of Corporate Objectives	Weighting of Individual Objectives	Corporate Objectives Score	Individual Objectives Score	Overall Score	Target Bonus Rate	STI Bonus as % of Salary	Total 2021 STI Bonus (\$)
Michael Doolin ⁽³⁾	US\$280,000	60%	40%	125%	95%	113.0%	60%	67.8%	US\$189,840
Graeme Sloan ⁽⁴⁾	A\$403,000	60%	40%	125%	101%	115.4%	60%	69.2%	A\$279,037
Oliver Turner	\$378,000	60%	40%	125%	107%	117.8%	60%	70.7%	\$267,170

Notes:

- (1) Mr. Huet is compensated in US dollars.
- (2) Mr. Dahl is compensated in US dollars.
- (3) Mr. Doolin is compensated in US dollars.
- (4) Mr. Sloan is compensated in Australian dollars.

Long-Term Incentives – Target Awards and Payout Amounts

As highlighted above, long-term incentives are intended to align the interests of NEOs with the long-term interests of shareholders, and serve as an important retention tool for the Corporation's senior management.

In 2020, the Corporation updated its long-term incentives program to better align with shareholder interests, with 50% of awards made to management in the form of performance shares units with vesting levels determined by reference to relative share performance, and the remaining 50% of awards made to management were made in the form of three-year time vested RSUs. This change did not affect the value of the LTI awards made to management.

Targets for long-term incentives are included in each NEO's employment contract. Such targets along with the calculated grant amounts are shown below.

NEO ⁽¹⁾	Annual Salary ⁽²⁾	Target Award as % of Salary	Actual Award as % of Salary	LTI Award Value	Number of RSUs ⁽³⁾	Number of PSUs ⁽³⁾
Paul Huet	US\$473,000	175%	175%	US\$827,750	154,046	154,045
Barry Dahl	US\$309,000	85%	85%	US\$262,650	48,880	48,879
Michael Doolin	US\$280,000	85%	85%	US\$238,000	44,293	44,292
Graeme Sloan	A\$403,000	125%	125%	A\$503,750	69,131	69,131
Oliver Turner	\$378,000	85%	110% ⁽⁴⁾	\$415,800	61,875	61,875

Notes:

- (1) The value of the above-detailed 2021 grants is included in the below NEO Summary Compensation Table (for all NEOs) as "Share-based awards".
- (2) Annual salaries at the time of grant were applied for purposes of this calculation.
- (3) The number of issued RSUs and PSUs was determined based on the price of the Karora common shares at the time of grant and the following currency exchange rates: US\$1.00 = C\$1.3404 and A\$1 = C\$0.9596.
- (4) Mr. Turner's actual award for 2021 was increased to 110% from the 85% target award in recognition of his significant contributions during the year.

NEO Summary Compensation Table

The Corporation became a reporting issuer on December 10, 2010. The following table (presented in accordance with Form 51-102F6 – *Statement of Executive Compensation* ("**Form 51-102F6**") under National Instrument 51-102 – *Continuous Disclosure Obligations* ("**NI 51-102**")) sets forth all direct and indirect compensation for, or in connection

with, services provided to the Corporation for the financial years ended December 31, 2020, 2019, and 2018 in respect of the Chief Executive Officer, the former Chief Executive Officer, the Chief Financial Officer and three executive officers of the Corporation (the NEOs). Unless otherwise indicated, all dollar figures are in Canadian dollars.

Name and principal position of NEO	Year	Salary	Share-based awards ⁽¹⁾	Option-based awards ⁽²⁾	Non-equity incentive plan compensation		All other compensation	Total compensation
					Annual incentive plans	Long-term incentive plans		
Paul Huet Chairman and Chief Executive Officer ⁽³⁾	2021	US\$473,000	US\$827,750	–	US\$591,250	–	–	US\$1,892,000
	2020	US\$450,000	US\$1,260,000	–	US\$495,000	–	–	US\$2,205,000
	2019	US\$318,356	US\$675,000	–	US\$412,462	–	–	US\$1,405,818
Barry Dahl, Chief Financial Officer ⁽⁴⁾	2021	US\$309,000	US\$262,650	-	US\$207,648	–	–	US\$779,298
	2020	US\$300,000	US\$408,000	-	US\$171,162	–	–	US\$879,162
	2019	-	-	-	-	–	-	-
Michael Doolin, Senior Vice President, Technical Services ⁽⁵⁾	2021	US\$280,000	US\$238,000	-	US\$189,840	–	–	US\$707,840
	2020	US\$70,000	US\$238,000	-	US\$46,200	–	–	US\$354,200
	2019	-	-	-	–	–	-	-
Graeme Sloan, Managing Director, Australian Operations ⁽⁶⁾	2021	A\$403,000	A\$503,750	–	A\$279,037	–	–	A\$1,185,787
	2020	A\$360,000	A\$720,000	–	A\$262,760	–	–	A\$1,342,760
	2019	A\$272,725	A\$360,000	–	A\$270,000	–	–	A\$902,725
Oliver Turner, Executive Vice President, Corporate Development ⁽⁷⁾	2021	\$378,000	\$415,800	–	\$267,170	–	–	\$1,060,970
	2020	\$299,000	\$406,640	–	\$223,174	–	–	\$928,814
	2019	-	–	–	–	–	–	–

Notes:

- (1) This column represents RSUs granted under the Share Incentive Plan and the NEO's LTI award value. The market or payout value was calculated using the closing price of common shares on the TSX on the last business day prior to the grant date. In recognition of the significant effort and progress made by the CEO and his management team during the CEO's first full year of service in this role, in 2020 the Board resolved to increase the LTI awards that each of the above listed NEOs was eligible for by 60% (other than Mr. Doolin, who was not employed by the Corporation during this period).
- (2) This column represents Options granted under the Share Incentive Plan. The fair value of option-based awards was determined using the Black-Scholes pricing model. The Black-Scholes award valuation is determined using the exercise price or base price expected life of the award, expected volatility of the common share price, expected dividend yield and risk-free interest rate. The Corporation assigns an exercise or base price equivalent to the value of one common share on the TSX on the date immediately preceding the date of the grant.
- (3) *Salary.* In respect 2019, Mr. Huet served as Executive Chairman (only) from February 25, 2019 to July 17, 2019. He received US\$113,698 in base salary during this period. He was appointed interim Chief Executive Officer as of July 18, 2019 (the term "interim" was removed from his title in August 2019) at an annual base salary of US\$450,000. He received US\$204,658 in base salary during the period from July 18, 2019 to December 31, 2019. His 2021 base salary was US\$473,000 per annum.

Share-based awards. Represents the long-term incentive award made to Mr. Huet (see above table under "*Long Term Incentives – Target Awards and Payout Amounts*" for 2021 grant amounts).

Non-equity incentive plan compensation. Represents the total short-term incentive award made to Mr. Huet (see above table under "*Short-Term Incentive Awards - Target Bonus Rate and Payout Amounts*").

Incentive Sign-on Grants. In connection with Mr. Huet's appointment as Executive Chairman (as of February 25, 2019), the Corporation agreed to grant him 88,889 RSUs (valued at US\$146,289) to further align his interests with those of shareholders and as a retention tool (as RSUs vest over three years). Mr. Huet was appointed Chairman and interim Chief Executive Officer of the Corporation as of July 18, 2019 (the "interim" portion of his title was removed in August 2019), and was

granted an additional 44,444 RSUs (valued at US\$59,285) and 166,667 Options (valued at US\$124,549) in connection with such appointment. Given that these awards would be non-recurring in subsequent years (i.e. in years after 2019), the 2019 award values are not included in the above NEO Summary Compensation Table (as inclusion would distort a comparison of compensation in subsequent years to current year).

Relocation expenses. In connection with Mr. Huet's relocation to Australia in 2021, Mr. Huet received a one-time relocation incentive of US\$494,641. Given that such incentive is non-recurring in subsequent years (i.e. in years after 2021), this amount is not included in the above NEO Summary Compensation Table (as inclusion would distort a comparison of compensation in subsequent years to current year). The Corporation also paid Mr. Huet's and his family's travel and other related expenses, income tax equalization costs, along with housing, educational and other amounts arising as a result Mr. Huet's and his family's relocation.

- (4) Mr. Dahl was appointed Chief Financial Officer of the Corporation as of March 1, 2020 and was not employed by the Corporation in 2019.

Salary. Mr. Dahl's 2021 base salary was US\$309,000 per annum.

Share-based awards. Represents the long-term incentive award made to Mr. Dahl (see above table under "*Long Term Incentives – Target Awards and Payout Amounts*" for 2021 grant amounts).

Non-equity incentive plan compensation. Represents the total short-term incentive award made to Mr. Dahl – see above table under "*Short-Term Incentive Awards - Target Bonus Rate and Payout Amounts*"

Incentive Sign-on Grants. In connection with Mr. Dahl's 2020 appointment as Chief Financial Officer, the Corporation agreed to grant him: as a sign-on incentive, 111,111 Options (valued at \$73,397) and 22,222 RSUs (valued at US\$21,146); and, as an initial LTI grant, 235,933 RSUs (valued at US\$224,508), to further align his interests with those of shareholders and as a retention tool (as Options and RSUs vest over three years). Given that these awards would be non-recurring in subsequent years (i.e. in years after 2020), the 2020 award values are not included in the above NEO Summary Compensation Table (as inclusion would distort a comparison of compensation in subsequent years to current year).

- (5) Mr. Doolin was appointed as Senior Vice President, Technical Services on October 1, 2020, and was not employed by the Corporation in 2019.

Salary. Mr. Doolin's 2021 base salary was US\$280,000 per annum.

Share-based awards. Represents the long-term incentive award made to Mr. Doolin (see above table under "*Long Term Incentives – Target Awards and Payout Amounts*" for 2021 grant amounts).

Non-equity incentive plan compensation. Represents the total short-term incentive award made to Mr. Doolin – see above table under "*Short-Term Incentive Awards - Target Bonus Rate and Payout Amounts*".

Incentive Sign-on Grants. In connection with Mr. Doolin's 2020 appointment as Senior Vice President, Technical Services, the Corporation agreed to grant him 75,000 Options (valued at US\$154,257) and 20,000 RSUs (valued at US\$59,225) to further align his interests with those of shareholders and as a retention tool (as Options and RSUs vest over three years). Given that these awards would be non-recurring in subsequent years (i.e. in years after 2020), the 2020 award values are not included in the above NEO Summary Compensation Table (as inclusion would distort a comparison of compensation in subsequent years to current year).

- (6) Mr. Sloan joined the Corporation in January 2019. He was initially engaged as a consultant, and then appointed Managing Director, Australian Operations effective October 1, 2019. He is compensated in Australian dollars.

Salary. Mr. Sloan's 2021 base salary was A\$403,000 per annum. He was paid a total of A\$272,725 during 2019 (A\$182,725 as a consultant and \$90,000 as an employee).

Share-based awards. Represents the long-term incentive award made to Mr. Sloan (see above table under "*Long Term Incentives – Target Awards and Payout Amounts*" for 2021 grant amounts).

Non-equity incentive plan compensation. Represents the total short-term incentive award made to Mr. Sloan – see above table under "*Short-Term Incentive Awards - Target Bonus Rate and Payout Amounts*".

Incentive Sign-on Grants. In connection with Mr. Sloan's 2019 appointment as Managing Director, Australian Operations, the Corporation agreed to grant 111,111 Options (valued at A\$112,350) and 22,222 RSUs (valued at A\$40,561) to Mr. Sloan to further align his interests with those of shareholders and as a retention tool (as Options and RSUs vest over three years). Given that these awards would be non-recurring in subsequent years (i.e. in years after 2019), the 2019 award values are not included in the above NEO Summary Compensation Table (as inclusion would distort a comparison of compensation in subsequent years to current year).

- (7) Mr. Turner became an employee of the Corporation, as Senior Vice President Corporate Development & Investor Relations, on March 31, 2020. During the period between September 9, 2019 and March 31, 2020, he was a consultant to the Corporation.

Salary. Mr. Turner's 2021 base salary was \$378,000 per annum.

Share-based awards. Represents the long-term incentive award made to Mr. Turner (see above table under "*Long Term Incentives – Target Awards and Payout Amounts*" for 2021 grant amounts).

Non-equity incentive plan compensation. Represents the total short-term incentive award made to Mr. Turner – see above table under "*Short-Term Incentive Awards - Target Bonus Rate and Payout Amounts*".

Discussion of Summary Compensation Table

Additional factors necessary to understand the information disclosed in the Summary Compensation Table above include the terms of each NEO's employment agreement.

Paul Huet

Mr. Huet has been a director of the Corporation since November 19, 2018 and was appointed Executive Chairman of the Board on February 25, 2019. On July 18, 2019 he was appointed Chairman and interim Chief Executive Officer (the "interim" designation was removed in August 2019). Mr. Huet's 2021 base salary was US\$473,000 per annum. He is eligible for an annual bonus with a target amount of 100% of then current annual base salary. The annual bonus is based on a recommendation from the Human Resources and Compensation Committee and is at the discretion of the Board, taking into account annual Corporate Objectives and/or Individual Objectives. Mr. Huet is also entitled to participate in the Corporation's share incentive awards program with a target amount of 175% of then current annual base salary. The annual share incentives awards program is based on a recommendation of the Human Resources and Compensation Committee and approved at the discretion of the Board. See also "*Performance Score*" above and "*Termination and Change of Control Benefits*" below.

Barry Dahl

Mr. Dahl serves as Chief Financial Officer. Mr. Dahl's 2021 base salary was US\$309,000 per annum. He is eligible for an annual bonus with a target amount of 60% of then current annual base salary. The annual bonus is based on a recommendation from the Human Resources and Compensation Committee and is at the discretion of the Board, taking into account annual Corporate Objectives and/or Individual Objectives. Mr. Dahl is also entitled to participate in the Corporation's share incentive awards program with a target amount of 85% of then current annual base salary. The annual share incentives awards program is based on a recommendation of the Human Resources and Compensation Committee and approved at the discretion of the Board. See also "*Performance Score*" above and "*Termination and Change of Control Benefits*" below.

Michael Doolin

Mr. Doolin serves as Senior Vice President, Technical Services. Mr. Doolin's 2021 base salary was US\$280,000 per annum. He is eligible for an annual bonus with a target amount of 60% of then current annual base salary. The annual bonus is based on a recommendation from the Human Resources and Compensation Committee and is at the discretion of the Board, taking into account annual Corporate Objectives and/or Individual Objectives. Mr. Doolin is also entitled to participate in the Corporation's share incentive awards program with a target amount of 85% of then current annual base salary. The annual share incentives awards program is based on a recommendation of the Human Resources and Compensation Committee and approved at the discretion of the Board. See also "*Performance Score*" above and "*Termination and Change of Control Benefits*" below.

Graeme Sloan

Mr. Sloan serves as Managing Director, Australian Operations. Mr. Sloan's 2021 base salary was A\$403,000 per annum. He is eligible for an annual bonus with a target amount of 60% of then current annual base salary. The annual bonus is based on a recommendation from the Human Resources and Compensation Committee and is at the discretion of the Board, taking into account annual Corporate Objectives and/or Individual Objectives. Mr. Sloan is also entitled

to participate in the Corporation's share incentive awards program with a target amount of 125% of then current annual base salary. The annual share incentives awards program is based on a recommendation of the Human Resources and Compensation Committee and approved at the discretion of the Board. See also "*Performance Score*" above and "*Termination and Change of Control Benefits*" below.

Oliver Turner

Mr. Turner serves as Executive Vice President, Corporate Development. Mr. Turner's 2021 base salary was \$378,000 per annum. He is eligible for an annual bonus with a target amount of 60% of then current annual base salary. The annual bonus is based on a recommendation from the Human Resources and Compensation Committee and is at the discretion of the Board, taking into account annual Corporate Objectives and/or Individual Objectives. Mr. Turner is also entitled to participate in the Corporation's share incentive awards program with a target amount of 85% of then current annual base salary. The annual share incentives awards program is based on a recommendation of the Human Resources and Compensation Committee and approved at the discretion of the Board. See also "*Performance Score*" above and "*Termination and Change of Control Benefits*" below.

Incentive Plan Awards

Share-Based Awards and Option-Based Awards as at December 31, 2021

The following table sets forth for each NEO all Awards outstanding at the end of the most recently completed financial year ended December 31, 2021, including Awards granted before the most recently completed financial year that remained outstanding on December 31, 2021. All dollar figures are in Canadian dollars.

Name of NEO	Option-based Awards Vested and Unvested				Share-based Awards		
	Number of securities underlying unexercised award (#) ⁽¹⁾	Award exercise or base price (\$)	Award expiration date	Value of unexercised in-the-money awards (\$) ⁽²⁾	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$) ⁽³⁾	Market or payout value of vested share-based awards not paid out or distributed (\$) ⁽³⁾
Paul Huet	Options 23,944 53,111 166,666	2.52 2.97 1.73	11/15/2023 2/26/2024 9/27/2024	\$41,423 \$67,982 \$419,582	818,691	\$3,479,437	\$476,421
Barry Dahl	Options 111,111	1.35	3/30/2025	\$322,222	355,210	\$1,509,643	-
Michael Doolin	Options 75,000	3.95	9/30/2025	\$22,500	148,357	\$630,517	-
Graeme Sloan	Options 111,111	1.67	10/22/2024	\$287,222	329,341	\$1,399,699	\$548,565
Oliver Turner	Options 44,444 44,444	1.58 1.73	10/2/2024 10/21/2024	\$118,888 \$111,888	123,750	\$525,938	-

Notes:

(1) This column represents Options granted under the Share Incentive Plan.

- (2) The value of unexercised Option-based awards was calculated using the closing price of common shares on the TSX on December 31, 2021 of \$4.25 less the exercise or base price of the award.
- (3) The market or payout value was calculated using the closing price of common shares on the TSX on December 31, 2021 of \$4.25.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table (presented in accordance with Form 51-102F6) sets forth details of the value vested or earned during the most recently completed financial year ended December 31, 2021 for each incentive plan award. All dollar figures are in Canadian dollars.

Name of NEO	Option-based awards – Value vested during the year (\$) ⁽¹⁾	Share-based awards – Value vested during the year (\$) ⁽²⁾	Non-equity incentive plan compensation – Value earned during the year (\$) ⁽³⁾
Paul Huet	77,486	\$1,450,771	\$741,147
Barry Dahl	92,963	\$466,879	\$260,292
Michael Doolin	-	\$181,919	\$237,969
Graeme Sloan	98,704	\$522,679	\$262,839
Oliver Turner	64,038	\$313,264	\$267,170

Notes:

- (1) This column represents the aggregate dollar value that would have been realized if the Options or SARs that vested during the year had been exercised or redeemed, as applicable, on the vesting date.
- (2) This column represents RSUs and PSUs granted under the Share Incentive Plan and the aggregate dollar value that would have been realized if the RSUs and PSUs that vested during the year had been redeemed on the vesting date.
- (3) This column represents the annual incentive plan cash bonuses paid to the NEOs in respect of 2021 expressed in Canadian dollars.

Share Incentive Plan

On June 14, 2010, the shareholders approved the Corporation's 2010 share incentive plan. The 2010 share incentive plan was subsequently amended and restated on March 26, 2013 and further amended and restated upon approval of shareholders on June 19, 2019 (the "**Share Incentive Plan**"). The Corporation is asking its shareholders to pass an ordinary resolution to approve the amended and restated Share Incentive Plan.

The following is a description of the Share Incentive Plan, after giving effect to the proposed amendments. For a description of the amendments to the Share Incentive Plan that the shareholders are being asked to approve see "*Amendments to Share Incentive Plan*" below. For a full text copy of the Share Incentive Plan, along with a comparative blackline showing the amendments noted under the heading "*Amendments to Share Incentive Plan*" below, see Appendix C.

The Share Incentive Plan provides for the granting of equity-based compensation securities, including Options and Awards for the purpose of advancing the interests of the Corporation through the motivation, attraction and retention of senior executives, directors, employees (including prospective employees) and consultants of the Corporation and to secure for the Corporation and the shareholders of the Corporation the benefits inherent in the holding of Options and Awards that are tied to the long term performance of common shares by senior executives, directors, employees and consultants of the Corporation.

The Share Incentive Plan provides for the issuance of Options and other equity-based awards ("**Awards**") including SARs, restricted shares, RSUs, PSUs, DSUs and performance shares. Employees, directors and officers of the Corporation and its subsidiaries, as well as consultants (as defined in National Instrument 45-106 – *Prospectus Exemptions*) (the "**Participants**"), are eligible to participate in the Share Incentive Plan.

Common Shares Subject to the Share Incentive Plan. The Share Incentive Plan provides that the maximum number of common shares issuable upon the exercise of Options and made available as Awards, in aggregate, shall not exceed 7.5% of the issued and outstanding common shares from time to time, of which the maximum number of common shares made available for issuance pursuant to Awards granted under the Share Incentive Plan shall not exceed 5.5% of the outstanding common shares from time to time. As a result, should the Corporation issue additional common shares in the future, the number of common shares issuable under the Share Incentive Plan will increase accordingly. The Share Incentive Plan is considered an "evergreen" plan, since the common shares covered by Options and Awards that have been exercised or redeemed, as the case may be, shall be available for subsequent grants under the Share Incentive Plan. As of the date hereof, prior to giving effect to the amendments to the Share Incentive Plan described herein, up to 5,759,819 common shares (representing approximately 3.7% of the issued and outstanding common shares of the Corporation as of the date hereof) are issuable under Options and Awards outstanding at the date hereof, out of a total available of 23,289,067 common shares under the Share Incentive Plan. As of the date hereof, prior to giving effect to the amendments to the Share Incentive Plan described herein, 17,529,248 common shares (represents approximately 11.3% of the issued and outstanding common shares of the Corporation as of the date hereof) may be issuable under Options and Awards that remain available for grant under the Share Incentive Plan. At the Meeting, the Corporation will seek shareholder approval to amend the maximum number of common shares issuable upon the exercise of Options and made available as Awards under the Share Incentive Plan. See —*Amendments to Share Incentive Plan*.

Burn Rate. In accordance with the rules of the TSX, the following table sets out the annual burn rate for the Share Incentive Plan for the three prior fiscal years, expressed as a percentage of the number of securities granted under the Share Incentive Plan in each fiscal year over the weighted average number of common shares outstanding at the applicable year end:

Year	Options Granted	RSUs Granted	PSUs Granted	DSUs Granted	Total Securities Granted	Weighted Average Number of Shares Outstanding as at December 31	Burn Rate (Total Securities Granted / Shares Outstanding)
2021	-	1,077,930	981,125	129,627	2,188,682	148,698,289	1.47%
2020	269,221	1,479,103	900,338	158,815	2,807,477	139,759,510	2.01%
2019	1,507,764	2,331,258	-	-	3,839,022	119,244,912	3.22%
Three Year Average Annual Burn Rate							2.17%

Maximum Percentage of Available Securities to Insiders Under All Share Compensation Arrangements. The aggregate number of common shares issuable to insiders under the Share Incentive Plan and any other share compensation arrangement shall not exceed 10% of the common shares issued and outstanding at any time. Insiders shall not be issued, pursuant to the Share Incentive Plan and any other share compensation arrangement, within any one-year period, a number of common shares which exceeds 10% of the common shares issued and outstanding. As of the date hereof, prior to giving effect to the amendments to the Share Incentive Plan described herein, a total of up to 3,618,219 common shares are issuable to insiders under granted Options and Awards (representing approximately 2.3% of the issued and outstanding common shares of the Corporation as of the date hereof), out of a total available to insiders of 15,526,044 common shares.

Maximum Number of Securities Issuable to One Person. The Share Incentive Plan does not provide for a maximum number of common shares which may be issued to an individual pursuant to the Share Incentive Plan and any other share compensation arrangement (expressed as a percentage or otherwise).

Annual Grant Limit. The Share Incentive Plan provides that (i) at no time will the number of common shares issuable to all non-employee directors exceed 1% of the issued and outstanding common shares at such time, and (ii) the

number of common shares issuable to any one non-employee director will be subject to an annual grant limit of \$150,000 worth of Awards and Options, in aggregate, per such non-employee director, of which no more than \$100,000 may be issued in the form of Options. Such non-employee director participation limits do not apply to (i) one-time initial grants made to a new director upon joining the Board, or (ii) to Awards taken in lieu of any cash fee or retainer payable for serving as a director. At the Meeting, the Corporation will seek shareholder approval to amend the grant limits to non-employee directors under the Share Incentive Plan. See —*Amendments to Share Incentive Plan*.

Restricted Share Issuances. The Share Incentive Plan permits the Human Resources and Compensation Committee to grant restricted shares to Participants. The Human Resources and Compensation Committee may determine when a restricted share shall vest, or have the restricted shares vest in instalment on such terms as the Human Resources and Compensation Committee deems to be advisable. After the restricted shares have vested and the Participant executes an award agreement, the Corporation will issue the Participant a certificate for the number of common shares granted as restricted shares. Once the Participant has the certificate, the Participant shall have the rights of a shareholder with respect to the restricted shares, subject to any restrictions or conditions as the Human Resources and Compensation Committee may in its discretion include in the applicable award agreement.

Restricted Share Units. The Human Resources and Compensation Committee may grant Awards of RSUs to Participants in such amounts and subject to the vesting provisions as it shall determine. On the payment date, the Participant of each RSU shall receive common shares, cash, securities or other property equal in value to the common shares or a combination thereof, as specified in the applicable award agreement.

Performance Share Units. PSUs are a form of RSUs, with performance-based vesting conditions. The Human Resources and Compensation Committee may grant Awards of PSUs to Participants in such amounts and subject to the vesting provisions as it shall determine. On the payment date, the Participant of each PSU shall receive common shares, cash, securities or other property equal in value to the common shares or a combination thereof, as specified in the applicable award agreement.

Deferred Share Units. The Human Resources and Compensation Committee may grant Awards of DSUs to Participants in such amounts and subject to such vesting provisions the vesting provisions (time-based and / or performance-based) and other terms and conditions as the Human Resources and Compensation Committee shall determine. A Participant is only entitled to payment in respect of the DSUs when the Participant ceases to be an employee or director of the Corporation or any affiliate thereof for any reason. At the time of grant, the Human Resources and Compensation Committee shall determine whether the DSUs shall be redeemed for (i) common shares only, or (ii) at the option of the Participant, common shares or the redemption value determined in accordance with the applicable award agreement.

Performance Shares and Performance Share Units. The Human Resources and Compensation Committee may grant Awards of performance shares to Participants in the form of (a) common shares or (b) performance share units, in such amounts and subject to such terms and conditions as the Human Resources and Compensation Committee shall determine in its discretion. A Participant who is granted a performance share unit will have only the rights of an unsecured creditor of the Corporation until payment of common shares, cash or other securities or property is made as specified in the applicable award agreement. In the event that a certificate is issued in respect of an Award of performance shares in the form of common shares, such certificate shall be registered in the name of the Participant but shall be held by the Corporation or its designated agent until the time the performance shares are earned or become vested in accordance with the terms of the applicable award agreement. The Human Resources and Compensation Committee shall determine in its sole discretion whether performance share units shall be settled in common shares, cash, securities or other property, or a combination thereof.

Method of Determining Option Exercise Price. Under the Share Incentive Plan, the Human Resources and Compensation Committee has the authority to fix the exercise price of an Option at the time the Option is granted, provided that the price per common share fixed by the Human Resources and Compensation Committee is in Canadian dollars and shall not be less than the market price of the common shares immediately preceding the grant.

Calculation of Market Appreciation of Share Appreciation Rights. The Share Incentive Plan allows the granting of SARs. Market appreciation of SARs shall be calculated as an amount equal to (a) the excess of the fair market value of a common share on the date of redemption of the share appreciation right, over (b) the fair market value of a

common share as of the date of grant, multiplied by (c) the number of common shares with respect to which the share appreciation right is redeemed. The Share Incentive Plan does not provide for the ability of the Corporation to transform an Option into a SAR involving an issuance of securities from treasury.

Vesting of Options and Option Period. At the time of the grant of an Option, the Human Resources and Compensation Committee may determine when any Option will become exercisable and may determine that the Option shall be exercisable in instalments on such terms as to vesting or otherwise, as the Human Resources and Compensation Committee deems advisable. Unless otherwise determined by the Human Resources and Compensation Committee, Options will vest, as to one-third of Options granted, on each of the first, second and third anniversaries of the date of grant, provided that the grantee is still a Participant at that time.

Term of Options. The Human Resources and Compensation Committee may set the term of the Options, so long as such term is not more than ten years from the date of the grant of the Option.

Other Equity-Based Awards. The Human Resources and Compensation Committee may grant other types of equity-based or equity-related Awards to Participants (including the grant of unrestricted common shares) in such amounts and subject to such terms and conditions as the Human Resources and Compensation Committee shall in its discretion determine. Such Awards may entail the transfer of actual common shares to Participants, or payment in cash or otherwise of amounts based on the value of common shares, and may include, without limitation, Awards designed to comply with or take advantage of the applicable local laws of foreign jurisdictions.

Causes of Cessation of Entitlement. The Share Incentive Plan sets out provisions regarding the exercise and cancellation of Options and Awards if a Participant's employment terminates or a Participant otherwise ceases to be eligible under the Share Incentive Plan. Under the Share Incentive Plan, subject (x) to any express provisions included in an employment/termination agreement with respect to an Option or Award, which shall in no case provide for an exercise period beyond 12 months from the termination date, or (y) any other determination made by the Board at the time of the termination:

- If the Participant ceases to be eligible by reason of retirement, early retirement at the request of the Corporation, death or disability, there shall be either (i) immediate vesting of all Options and Awards if so provided for in an employment/termination agreement, or (ii) immediate vesting of the Options and Awards that would have vested in the 12 months following the effective termination date in all other cases. All vested Options and Awards shall be exercisable or redeemed during the period that is the shorter of (x) the remainder of the option period (or other applicable period in respect of Awards), and (y) 180 days after the effective date of termination.
- If the Participant ceases to be eligible for any reason other than those specified above, including termination subsequent to change of control, there shall be either (i) immediate vesting of all Options and Awards or immediate vesting of the Options and Awards that would otherwise have vested in the 90 days following the termination date, as applicable, if so provided in an employment/termination agreement, or (ii) no accelerated vesting of the Options and Awards in all other cases. All vested Options and Awards shall be exercisable or redeemed, as the case may be, during the period which is the shorter of (x) the remainder of the option period (or other applicable period in respect of Awards), and (y) 90 days after the termination date.

Assignability. No Award or Option or right granted to any person under the Share Incentive Plan shall be assignable other than by will or by the laws of descent and distribution.

Amendments, Suspension or Termination of the Share Incentive Plan. Subject to the provisions below respecting amendments requiring shareholder approval, the Human Resources and Compensation Committee may amend, suspend or terminate the Share Incentive Plan, at any time, including with respect to the following matters, provided that no such amendment, suspension or termination may: (i) contravene the requirements of the TSX or any securities commission or other regulatory body to which the Share Incentive Plan or the Corporation is now or may hereafter be subject to or be made without obtaining any required regulatory approvals; or (ii) adversely affect the rights of any optionee or award holders who holds an Option or Award at the time of such amendment, without the consent of that optionee or award holder.

Without limiting the generality of the foregoing, the Human Resources and Compensation Committee may from time to time, in the absolute discretion of the Human Resources and Compensation Committee and without shareholder approval, make the following amendments to the Share Incentive Plan or any Option or Award granted under the Share Incentive Plan:

- an amendment to the termination provisions of the Share Incentive Plan or any Option or Award, provided such amendment does not extend the expiry date or term of the Option or Award beyond the expiry date or term determined at the date of grant;
- an amendment to the vesting provisions of the Share Incentive Plan and any option agreement or award agreement granted under the Share Incentive Plan;
- an amendment to provide or modify a cashless exercise feature of an Option or the Share Incentive Plan, whether or not there is a full deduction of the number of underlying common shares from the total number of common shares available for issuance under the Share Incentive Plan;
- an addition to, deletion from or alteration of the Share Incentive Plan or an Option or Award that is necessary to comply with applicable law or the requirements of any regulatory authority or a stock exchange;
- any amendment of a "housekeeping" nature, including, without limitation, any amendment for the purpose of curing any ambiguity, error or omission in the Share Incentive Plan or any Option or Award, to correct or supplement any provision of the Share Incentive Plan or any Option or Award that is inconsistent with any other provision of the Share Incentive Plan or any Option or Award, to correct grammatical or typographical errors, or to amend the definitions contained within the Share Incentive Plan respecting the administration of the Share Incentive Plan; and
- any amendment respecting the administration of the Share Incentive Plan.

Amendments Requiring Shareholder Approval. Shareholder approval will be required for the following amendments to the Share Incentive Plan:

- any increase in the maximum number of common shares issuable under the Share Incentive Plan, either as a fixed number or a fixed percentage of the Corporation's outstanding common shares;
- to remove or exceed the insider participation limit;
- any amendment to the definition of Participant under the Share Incentive Plan, including amendments that would permit the introduction or reintroduction of non-employee directors as Participants on a discretionary basis, or any amendment to remove or exceed the limits previously imposed on non-employee director participation;
- to an amending provision within the Share Incentive Plan including any amendment that deletes or reduces the range of amendments which require shareholder approval under the Share Incentive Plan;
- any reduction in the exercise/purchase price of an Option or Award to a price below the exercise/purchase price applicable to such Option or Award determined at the date of grant or that would be treated as a "repricing" under the then-applicable rules, regulations or listing requirements adopted by the exchange(s) on which the common shares of the Corporation are then listed, in each case, other than pursuant to provisions of the Share Incentive Plan, including any cancellation and reissuance of any Option or Award;
- any amendment which would allow for the transfer or assignment of Awards or Options under the Share Incentive Plan, other than for normal estate settlement purposes;

- any extension of the expiry date or term of an Option or Award beyond the expiry date or term determined at the date of grant, except as otherwise provided in the Share Incentive Plan; and
- any amendments required to be approved by shareholders under applicable law or the rules, regulations and policies of any stock exchange on which the common shares of the Corporation are listed.

Amendments to Share Incentive Plan

The Corporation is proposing certain amendments to the Share Incentive Plan, which is being placed before shareholders at the Meeting for approval:

- Amending the maximum number of common shares available for issuance under the Share Incentive Plan so as not to exceed 7.5% of the outstanding common shares of the Corporation from time to time, of which the maximum number of common shares made available pursuant to grants of Awards shall not exceed 5.5% of the outstanding common shares of the Corporation from time to time;
- Amending the non-employee director participation limits such that the Share Incentive Plan provides that (i) at no time will the number of common shares issuable to all non-employee directors exceed 1% of the issued and outstanding common shares at a given time, and (ii) the number of common shares issuable to any one non-employee director will be subject to an annual grant limit of \$150,000 worth of Awards and Options, in aggregate, per such non-employee director, of which no more than \$100,000 may be issued in the form of Options; provided that, the foregoing non-employee director participation limits will not apply to one-time initial grants made to a new non-employee director upon joining the Board or Awards taken in lieu of any cash fee or retainer payable for serving as a director;
- Removing the discretion of the Human Resources and Compensation Committee to specify a date on which non-transferability of restrictions on transfer and assignment of Awards could lapse;
- Adding a clawback provision to allow for deductions and clawback of Awards and Options as may be required in certain circumstances; and
- Certain revisions to Section 22 regarding the amendments to the Share Incentive Plan that would or would not require the approval of shareholders, including making the following amendments or clarifications to Section 22(c) which require shareholder approval to:
 - make any amendment to the definition of participant under the Share Incentive Plan, including amendments that would permit the introduction or reintroduction of non-employee directors as participants on a discretionary basis, or any amendment to remove or exceed the limits previously imposed on non-employee director;
 - make any amendment to an amending provision within the Share Incentive Plan, including any amendment that deletes or reduces the range of amendments which require shareholder approval under Section 22(c);
 - make any reduction in the exercise/purchase price of an Option or Award to a price below the exercise/purchase price applicable to such Option or Award determined at the date of grant or that would be treated as a "repricing" under the then-applicable rules, regulations or listing requirements adopted by the exchange(s) on which the Common Shares are then listed, in each case, other than pursuant to Sections 17 and 18, including any cancellation and reissuance of any Option or Award;
 - make any amendment which would allow for the transfer or assignment of Awards or Options under this Share Incentive Plan, other than for normal estate settlement purposes; and
 - make any amendments required to be approved by shareholders under applicable law or the rules, regulations and policies of any stock exchange on which the common shares are listed

- Housekeeping amendments to Section 21(b)(ii) and Section 22(a) and other housekeeping amendments to reflect the Corporation's current name;

A full text copy of the Share Incentive Plan, along with a comparative blackline showing the above noted amendments, can be found below in Appendix C.

Termination and Change of Control Benefits

The employment agreements, as amended, between the Corporation and the NEOs contain the following termination without cause and change of control provisions.

Termination Without Cause

In the event Mr. Huet, Mr. Dahl, Mr. Sloan, Mr. Turner or Mr. Doolin is terminated without cause, such NEO will be entitled to payment that is calculated with reference to his base salary (as described in the below table) in a lump sum or by salary continuation. The NEO's benefits coverage will continue until the end of the compensation period. The Corporation will also provide certain NEOs with a lump-sum payment for outplacement services to the extent actually and properly incurred on his or her behalf. Vesting of Options and other Awards is accelerated on a complete or partial basis on a termination without cause.

For illustrative purposes, had a termination without cause occurred on December 31, 2021, the applicable multiple, the compensation period for benefits, the amounts payable and the incremental value of Options and Awards in respect of which vesting would have accelerated would have been as set out in the below table. Unless otherwise indicated, all dollar figures are in Canadian dollars.

Name	Multiple	Aggregate Amount Payable (for Base Salary)	Compensation Period for Benefits	Aggregate Amount Payable for Benefits ⁽³⁾	Option-Based Awards – Value Vested ⁽⁴⁾	Share-Based Awards – Value Vested (\$) ⁽⁵⁾	Contribution Towards Outplacement Costs ⁽⁶⁾
Paul Huet ⁽¹⁾	2 times	US\$946,000	2 years	US\$64,338	US\$289,058	US\$3,115,946	US\$15,000
Barry Dahl ⁽¹⁾	1 times	US\$309,000	1 year	-	-	US\$263,635	-
Michael Doolin ⁽¹⁾	1 times	US\$280,000	1 year	-	-	-	-
Graeme Sloan ⁽²⁾	1 times	A\$403,000	1 year	-	-	-	-
Oliver Turner	2 times	\$756,000	2 years	-	-	-	-

Notes:

- (1) Mr. Huet, Mr. Dahl and Mr. Doolin's compensation are in U.S. dollars.
- (2) Mr. Sloan's compensation is in Australian dollars.
- (3) The aggregate value of benefits for the period is less than \$50,000 for each NEO other than Mr. Huet (aggregate amount listed above).
- (4) The value of Options in respect of which vesting would have accelerated on a termination without cause was calculated using the closing price of the common shares on the TSX on December 31, 2021 which was \$4.25 per share, less the exercise or base price of the award.
- (5) The value of RSUs in respect of which vesting would have occurred on a termination without cause was calculated using the closing price of the common shares on the TSX on December 31, 2021 which was \$4.25 per share.
- (6) Entitled to the allotted cost of outplacement services to the extent actually and properly incurred on his or her behalf.

Termination on a Change of Control (Double Trigger)

In the event of a change of control (as defined below) of the Corporation and a termination of the NEO's employment during the six month period following such Change of Control (including by constructive dismissal), the NEO will be entitled to a lump sum payment of multiple (2.5 times, or 30 months, in the case of the Chairman and CEO, and 2 times, or 24 months, in the case of the other NEOs) of the NEO's base salary and STI target. Vesting of Options and other Awards is accelerated on a complete or partial basis on a change of control. The NEO's are also entitled to have their benefits coverage continue until the end of the compensation period. The Corporation will also provide certain NEOs with a lump-sum payment for outplacement services to the extent actually and properly incurred on his or her behalf (see below).

A "change of control" is defined as when any individual, sole proprietorship, partnership, unincorporated association, unincorporated syndicate, unincorporated organization, trust, body corporate, or a natural person in his or her capacity as trustee of any of the foregoing, alone or acting in concert with any of the foregoing or combination of the foregoing, beneficially own or control, directly or indirectly, over 40% of the outstanding common shares or the votes attaching thereto of the Corporation.

For illustrative purposes, had a change of control occurred on December 31, 2021, the applicable multiple, the compensation period for benefits, the amounts payable and the incremental value of Options and Awards in respect of which vesting would have accelerated would have been as set out in the below table. Unless otherwise indicated, all dollar figures are in Canadian dollars.

Name	Multiple	Aggregate Amount Payable (for Base Salary and STI)	Compensation Period for Benefits	Aggregate Amount Payable for Benefits (\$) ⁽³⁾	Option-Based Awards – Value of Accelerated Vesting (\$) ⁽⁴⁾	Share-Based Awards - Value of Accelerated Vesting (\$) ⁽⁵⁾	Contribution Towards Outplacement Costs ⁽⁶⁾
Paul Huet ⁽¹⁾	2.5 times	US\$2,365,000	2 years	US\$64,338	US\$289,058	US\$3,115,946	US\$15,000
Barry Dahl ⁽¹⁾	2 times	US\$979,200	2 years	US\$64,624	US\$169,439	US\$1,190,758	US\$15,000
Michael Doolin ⁽¹⁾	2 times	US\$896,000	2 years	-	US\$5,916	US\$497,332	US\$15,000
Graeme Sloan ⁽²⁾	2 times	A\$1,289,600	2 years	-	A\$208,019	A\$1,520,586	A\$15,000
Oliver Turner	2 times	\$1,209,600	2 years	-	C\$153,854	C\$779,063	C\$15,000

Notes:

- (1) Mr. Huet, Mr. Dahl and Mr. Doolin's compensation are in U.S. dollars.
- (2) Mr. Sloan's compensation is in Australian dollars.
- (3) The aggregate value of benefits for the period is less than \$50,000 for each NEO other than Mr. Huet (aggregate amount listed above).
- (4) The value of Options in respect of which vesting would have accelerated on a change of control was calculated using the closing price of the common shares on the TSX on December 31, 2021 which was \$4.25 per share, less the exercise or base price of the award.
- (5) The value of RSUs in respect of which vesting would have accelerated on a change of control was calculated using the closing price of the common shares on the TSX on December 31, 2021 which was \$4.25 per share.
- (6) Entitled to the allotted cost of outplacement services to the extent actually and properly incurred on his or her behalf.

Clawback Policy

The Board has adopted a Clawback Policy under which it may, in its sole discretion, to the full extent permitted by governing laws and to the extent it determines that it is in the best interests of the Corporation to do so, require the recoupment of all or a portion of certain incentive compensation paid to all current and former executive officers and members of management (the "**Senior Employees**") in certain circumstances when the Corporation has been required to issue restated financial results. Senior Employees will be required to reimburse, in all appropriate cases as determined by the Board, any bonus, short-term incentive award or amount, or long-term incentive award or amount awarded to the executive officer or member of management and any non-vested equity-based awards previously granted to the executive officer or member of management (collectively "**Incentive Compensation**") if: (a) the

amount of the Incentive Compensation was calculated based upon, or contingent on, the achievement of certain financial results that were subsequently the subject of or affected by a material restatement or the correction of a material error; and (b) the Senior Employees was grossly negligent, or engaged in intentional misconduct, or fraud, causing or partially causing the need for the restatement or causing or partially causing the material error; and (c) the amount of the Incentive Compensation that would have been awarded to the executive officer or member of management, had the financial results been properly reported, would have been lower than the amount actually awarded. The recoupment mechanics are contained in the Clawback Policy. All Senior Employees are required to comply with the Clawback Policy and to complete a receipt and acknowledgement of same.

Shareholder Engagement Policy

In order to ensure that it is responsive to shareholders and other stakeholders the Board has adopted a Shareholder Engagement Policy to formalize how shareholders may engage with management and the Board. The Shareholder Engagement Policy can be found at <https://www.karoraresources.com/governance>. The Corporation believes that regular and constructive engagement with shareholders is important in contributing to good corporate governance and transparency. The Corporation communicates regularly and extensively with shareholders and other stakeholders through various channels, including annual reports, management information circulars, quarterly reports, annual information form, news releases, web site and presentations at its annual meeting of shareholders, one-on-one and group meetings, and industry conferences. In addition, the Corporation's quarterly earnings call is open to all, over the phone or webcast.

The Corporation recognizes that feedback from shareholders assists management in understanding what information and disclosure is most meaningful to shareholders and the broader investment community. All shareholder inquiries and comments relating to the business and operations of the Corporation, financial results, strategic direction and similar matters are to be directed to the Corporation's Investor Relations team at info@karoraresources.com. Management engages with shareholders through one-on-one or group meetings between management and institutional shareholders and at the annual meeting, as well as by letter (via regular mail or courier), e-mail or telephone contact. This engagement is coordinated through the Corporation's Investor Relations office.

Share Ownership Policy

Karora has in place a Share Ownership Policy that serves to align the interests of members of senior management and the Directors with those of the shareholders of the Corporation, by requiring such persons to hold a significant number of common shares, RSUs, DSUs and/or SARs of the Corporation.

Ownership Requirements

The CEO is required to hold common shares having an aggregate value of at least three times his or her annual base salary. Each non-management Director is required to hold common shares having an aggregate value of at least four times the annual Board retainer (base) paid to the non-management Director during the applicable year. This policy was extended in March 2021 to all other NEOs – each is required to hold common shares having an aggregate value of at least two times his or her annual base salary. Each subject person is required to reach the applicable threshold by the later of (i) that date which is three years following his or her appointment, and (ii) that date which is three years following the date the Share Ownership Policy was first adopted, and, with respect to any increases in base annual salary (in the case of the CEO) or in the annual Board retainer (base) paid to a NEO or management Director, the subject person will be required to reach the applicable threshold within three years after the increase or after the commencement of services, as applicable.

As of December 31, 2021, the CEO, the senior executives and each non-management Director were in compliance with these requirements.

Director Compensation

The Corporation's compensation philosophy for directors is designed to provide competitive compensation sufficient to attract, retain and motivate highly skilled and experienced directors. In 2021, Directors' compensation includes the components described below.

1. *Annual Retainer.* An annual retainer for the Lead Director, each other director (other than the Chairman), with an additional amount (as detailed below) for each committee Chair, detailed as follows (for 2021) (in Canadian dollars):

Annual Board Retainer (base) (for Directors other than the CEO and the Lead Director).....	\$35,000
Annual Retainer for Lead Director.....	\$86,000
Additional Annual retainer for Audit Committee Chair.....	\$17,000
Additional Annual retainer for Chairpersons of other Board Committees	\$12,000

Directors may elect to receive these fees in cash, RSUs, DSUs or a combination thereof.

2. *Meeting Fees.* A per meeting fee of \$1,700 for each director for each properly called and duly constituted meeting attended (in person or by phone) by such director (other than the Chair). Directors were also paid \$1,400 per day for travel to and from meetings. Directors may elect to receive these fees in cash, RSUs, DSUs or a combination thereof.
3. *Initial Grant.* An initial grant of a long-term retention (generally in the form of RSUs, DSUs or Options) for each director upon being elected to the Board.
4. *Annual Grant.* An annual grant of a long-term retention (generally in the form of RSUs, DSUs or Options).

The Policy of the Corporation is that the annual retainer and meeting fees for directors be targeted at the 50th percentile of the peer group and the long-term retainer targeted at the 75th percentile causing Total Compensation to fall between the 50th and 75th percentile.

Director Compensation Table

The following table sets forth all amounts of compensation provided to the directors for the Corporation's financial year ended December 31, 2021. All dollar figures are in Canadian dollars.

Name	Fees Earned ⁽¹⁾	Share-Based Awards ⁽²⁾	Option-Based Awards ⁽³⁾	All Other Compensation	Total Compensation
Peter Goudie	\$101,387	\$100,000	-	-	\$201,387
Scott M. Hand	\$123,400	\$130,000	-	-	\$253,400
Paul Huet	-	-	-	-	-
Wendy Kei ⁽⁴⁾	\$94,500	\$100,000	-	-	\$194,500
Warwick Morley-Jepson	\$89,500	\$100,000	-	-	\$189,500
Chad Williams	\$83,500	\$100,000	-	-	\$183,500
Shirley In't Veld	\$5,276	\$25,000	-	-	\$30,276

Notes:

- (1) Directors may elect to receive Director fees (listed above under "*Fees Earned*") in cash, RSUs, DSUs or a combination thereof.
- (2) This column represents RSUs and DSUs granted under the Share Incentive Plan. Currently, pursuant to the Corporation's Share Incentive Plan, each non-employee director may receive a maximum annual value of \$100,000 worth of Options and

\$150,000 worth of share-based Awards. This provision does not apply to grants made prior to the amendments to the Share Incentive Plan in 2019, one-time initial grants made to a new director upon joining the Board, awards granted in lieu of cash fees, or cash settled RSUs or other cash-settled awards. The Corporation is in compliance with these limitations. At the Meeting, the Corporation will seek shareholder approval to amend the annual grant limits to non-employee directors under the Share Incentive Plan. See *Incentive Plan Awards—Share Incentive Plan—Amendments to Share Incentive Plan*.

- (3) This column represents Options granted under the Share Incentive Plan. Currently, pursuant to the Corporation's Share Incentive Plan, each non-employee director may receive a maximum annual value of \$100,000 worth of Options and \$150,000 worth of share-based Awards. This provision does not apply to grants made prior to the amendment to the Share Incentive Plan in 2019, one-time initial grants made to a new director upon joining the Board, awards granted in lieu of cash fees, or cash settled RSUs or other cash-settled awards. The Corporation is in compliance with these limitations. At the Meeting, the Corporation will seek shareholder approval to amend the annual grant limits to non-employee directors under the Share Incentive Plan. See *Incentive Plan Awards—Share Incentive Plan—Amendments to Share Incentive Plan*.
- (4) Ms. Kei resigned from the Board effective May 16, 2022.

Share-Based Awards and Option-Based Awards as at December 31, 2021

The following table sets forth for each director all Awards outstanding at the end of the financial year ended December 31, 2021, including Awards granted before the most recently completed financial year that were still outstanding on December 31, 2021. All dollar figures are in Canadian dollars.

Name	Option-based Awards Vested and Unvested				Share-based Awards		
	Number of securities underlying unexercised award (#) ⁽¹⁾	Award exercise or base price (\$)	Award expiration date ⁽²⁾	Value of unexercised in-the-money awards (\$) ⁽³⁾	Number of shares or units of shares that have not vested (#) ⁽⁴⁾	Market or payout value of share-based awards that have not vested (\$) ⁽⁵⁾	Market or payout value of vested share-based awards not paid out or distributed (\$) ⁽⁵⁾
Paul Huet	<u>Options</u>						
	23,944	2.52	11/15/2023	\$41,423	818,691	\$3,479,437	\$476,421
	53,111	2.97	2/26/2024	\$67,982			
	166,666	1.73	9/27/2024	\$419,582			
Scott M. Hand	<u>Options</u>						
	17,333	1.80	12/14/2022	\$42,466	49,107	\$208,705	\$1,378,135
	266,666	1.06	2/6/2023	\$851,331			
	129,333	2.97	2/26/2024	\$165,546			
Peter Goudie	<u>Options</u>						
	11,555	1.80	12/14/2022	\$28,310	17,636	\$74,953	\$750,571
	133,333	1.06	2/6/2023	\$425,666			
	53,111	2.97	2/26/2024	\$67,982			
Wendy Kei ⁽⁶⁾	<u>Options</u>						
	124,444	0.45	7/12/2023	\$472,887	17,636	\$74,953	\$561,871
	53,111	2.97	2/26/2024	\$67,982			
Warwick Morley-Jepson	<u>Options</u>						
	144,444	2.52	11/15/2023	\$249,888	57,009	\$242,288	\$464,198
	53,111	2.97	2/26/2024	\$67,982			

Name	Option-based Awards Vested and Unvested				Share-based Awards		
	Number of securities underlying unexercised award (#) ⁽¹⁾	Award exercise or base price (\$)	Award expiration date ⁽²⁾	Value of unexercised in-the-money awards (\$) ⁽³⁾	Number of shares or units of shares that have not vested (#) ⁽⁴⁾	Market or payout value of share-based awards that have not vested (\$) ⁽⁵⁾	Market or payout value of vested share-based awards not paid out or distributed (\$) ⁽⁵⁾
Chad Williams	<u>Options</u> None				57,884	\$246,007	\$272,043
Shirley In't Veld	<u>Options</u> None				-	-	\$32,173

Notes:

- (1) This column represents Options and stand-alone cash-settled SARs. Subject to certain exceptions relating to a change of control or ceasing to be a director, the SARs granted to the directors vest if the Human Resources and Compensation Committee passes a resolution approving the redemption of the SARs having regard to the Corporation's financial condition, project status and overall market conditions, provided that the number of SARs to vest will be dependent upon the length of service of the director as follows: one-third will not be dependent on the length of service and shall vest upon the Committee approval condition referred to above, one-third will only vest subject to the Committee approval referred to above if the director is still serving as a director on the first anniversary of the date of grant and the remaining one-third will only vest subject to the Committee approval referred to above if the director is still serving as a director on the second anniversary of the date of grant. Notwithstanding the above, in the event that the Committee approval condition is not met prior to December 14, 2022 (for SARs granted in 2012), the SARs will be redeemed on December 14, 2022.
- (2) All vested SARs must be redeemed on or before the expiration date specified above.
- (3) The value of unexercised Option-based awards and unredeemed SARs was calculated using the closing price of common shares on the TSX on December 31, 2021 of \$4.25 less the exercise or base price of the award.
- (4) This represents RSUs and DSUs.
- (5) The market or payout value was calculated using the closing price of common shares on the TSX on December 31, 2021 of \$4.25.
- (6) Ms. Kei resigned from the Board effective May 16, 2022.

Incentive Plan Awards – Value Vested or Earned During The Year

The following table sets forth details of the value vested or earned by each director during the financial year ended December 31, 2021 for each incentive plan award. All dollar figures are in Canadian dollars.

Name	Option-based awards – Value vested during the year (\$) ⁽¹⁾	Share-based awards – Value vested during the year (\$) ⁽²⁾
Scott M Hand	-	\$176,528
Peter Goudie	-	\$69,666
Wendy Kei ⁽³⁾	-	\$69,666
Warwick Morley-Jepson	-	\$176,666
Chad Williams	-	\$131,829
Shirley In't Veld	-	-

Notes:

- (1) Represents the aggregate dollar value that would have been realized if the applicable awards had been exercised or redeemed, as applicable, on the vesting date.

- (2) Represents RSUs and DSUs received in prior years as long-term retention awards that vested during 2021, and does not include RSUs and DSUs received by Directors at their election in lieu of base retainers or meeting fees. Such values were calculated using the closing price of common shares on the applicable vesting date on the TSX.
- (3) Ms. Kei resigned from the Board effective May 16, 2022.

OTHER INFORMATION

Securities Authorized for Issuance Under Equity Compensation Plans

The following table sets forth all compensation plans under which equity securities of the Corporation are authorized for issuance as of the end of the most recently completed financial year. At the Meeting, the Corporation will seek shareholder approval to amend the maximum number of common shares issuable upon the exercise of Options and made available as Awards under the Share Incentive Plan. See *Incentive Plan Awards—Share Incentive Plan—Amendments to Share Incentive Plan*.

Equity Compensation Plan Information

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (#) (a)	Weighted-average exercise price of outstanding options, warrants and rights (\$) (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities in column (a)) (#) (c)
Equity compensation plans approved by securityholders ⁽¹⁾			
Options	2,507,402	\$1.89	
Awards	4,051,845	-	
Sub Total	6,559,247 ⁽²⁾		14,129,499
Equity compensation plans not approved by securityholders	-	-	-
Total	6,559,247	-	14,129,499

Notes:

- (1) As at the end of the Corporation's most recently completed financial year, the number of common shares issuable upon the exercise of Options and made available as Awards, in aggregate, could not exceed 15% of the issued and outstanding common shares from time to time; however, at the Meeting, the Corporation will seek shareholder approval to amend the maximum number of common shares issuable upon the exercise of Options and made available as Awards under the Share Incentive Plan. See *Incentive Plan Awards—Share Incentive Plan—Amendments to Share Incentive Plan*.
- (2) Includes Options and Awards under Share Incentive Plan, which Awards include 419,625 DSUs, 1,492,117 PSUs and 2,140,103 RSUs which are redeemable in cash or common shares at the option of the holder, but exclude 40,443 SARs and 1,088,673 RSUs, which are redeemable in cash only.

Indebtedness of Directors and Executive Officers

No director, proposed nominee for election as a director, executive officer, employee or associate of any such persons has been or is indebted to the Corporation, nor has the Corporation guaranteed any loans on behalf of any of these persons.

Interest of Informed Persons in Material Transactions

Management of the Corporation is not aware of any material interest, direct or indirect, of any director or executive officer of the Corporation, any other informed person of the Corporation (as defined in NI 51-102), any proposed nominee for election as a director of the Corporation, or any associate or affiliate of any such person, in any transaction

since the commencement of the Corporation's most recently completed financial year or in any proposed transaction which has materially affected or would materially affect the Corporation or any of its subsidiaries.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

Karora considers good corporate governance to be central to the effective and efficient operation of its business and is committed to implementing high standards of corporate governance and reporting. The Board reviews and formulates policies with respect to corporate governance issues. Karora attempts, so far as is practical and reasonable given the nature of Karora's business and available resources, to seek to adhere to the guidelines outlined in National Policy 58-201 – *Corporate Governance Guidelines*.

Board of Directors

Composition of the Board

The Articles of incorporation and Bylaws of the Corporation provide that its Board be comprised of a minimum of three directors and a maximum of ten directors. The Board has considered the independence of each of its directors. Consistent with National Instrument 58-101 – *Disclosure of Corporate Governance Practices* ("NI 58-101"), to be considered independent, the Board must conclude that a director has no material relationship with the Corporation. A "material relationship" is a relationship that could, in the view of the Board, be reasonably expected to interfere with the exercise of a director's independent judgment and includes an indirect material relationship. The Board has concluded that all directors standing for election other than Paul Huet are "independent" as defined in NI 58-101. Mr. Huet is considered non-independent as a result of his managerial role as Chairman and Chief Executive Officer of the Corporation.

Chairman of the Board

The prime responsibility of the Chairman is to provide leadership to the Board to enhance Board effectiveness. Paul Huet currently serves as Chairman and is considered non-independent under applicable securities laws. The Board has ultimate accountability for supervision of management of the business and affairs of the Corporation. Critical to meeting this accountability is the relationship between the Board, management and shareholders. The Chairman oversees these relationships and acts as the presiding member of the Board with a view to ensuring that these relationships are effective, efficient and further the best interests of the Corporation.

Lead Director

Lead Director is a non-executive position which focuses on ensuring open and candid discussion takes place among the independent directors, and between independent and non-independent directors. The Corporation appoints a Lead Director in circumstances where the Chairman of the Board is considered non-independent under applicable securities laws. Mr. Hand current services as Lead Director. To enhance the effectiveness of the Board, among other things, the Lead Director ensures that the independent directors have an opportunity to meet, without management and the non-independent directors being present at Board meetings.

Other Directorships

Certain directors of the Corporation who are standing for election are also presently directors of other issuers that are reporting issuers (or the equivalent) in Canada or elsewhere. Information as to such other directorships is set out below.

Director	Public Corporation
Shirley In't Veld	APA Group Develop Global Ltd. Alumina Ltd.

Director	Public Corporation
Warwick Morley-Jepson	Wesdome Gold Mines Ltd. AEX Gold Inc.
Chad Williams	Blue Thunder Mining Inc. Honey Badger Silver Inc. Golden Tag Resources Ltd.

Director Interlocks

None of the Corporation's directors currently sit on other public company boards of directors with other current directors.

Attendance at Meetings

The Board meets regularly to review the activities and financial results of the Corporation and as necessary to review and consider significant impending actions of the Corporation. For the attendance record of each director for all Board meetings held during the financial year ended December 31, 2021, please see the table under "*Business of the Meeting – Election of Directors*".

Independent Directors' Meetings

The Board meets at least once each quarter, with additional meetings held as deemed necessary. A session of the independent directors is held at which non-independent directors, if any, and members of management are not in attendance at the end of each regularly scheduled Board meeting. In 2021, seven Board meetings were held at which such independent sessions were held.

Board Mandate

The Charter of the Board (the "**Board Charter**") sets out the roles and responsibilities to be discharged by directors. A copy of the Board Charter is attached as Appendix A to this Circular.

Position Descriptions

Written position descriptions have been developed by the Board for the Chairman of the Board, the Lead Director of the Board, the Chairs of the committees of the Board and the Chief Executive Officer of the Corporation. These position descriptions have been approved by the Board.

Orientation and Continuing Education

In accordance with the Corporation's policies on orientation for new directors, each new director is provided a copy of the Corporation's Director Handbook, which contains written information about the Corporation's governing documents, code of business conduct and ethics, charters and other material information about the Corporation. Directors are strongly encouraged to visit the Corporation's facilities and operations and to meet with the senior executives of the Corporation, when appropriate. Due to restrictions with COVID-19, such visits have not been possible in 2021. Directors are also encouraged to be a member of a professional director organization and/or have a subscription with an organization that provides educational materials or corporate governance and/or director responsibilities, current trends and other relevant director information. The Board and its Committees also from time to time conduct continuing education sessions for Directors and senior management (for example, in 2021, various presentations were provided to Directors regarding ESG matters, proxy advisory firm guidance on best practices, and a presentation was made to the Audit Committee and management with respect to new accounting and auditing guidelines).

Code of Business Conduct and Ethics

The Board has adopted a written Code of Business Conduct and Ethics (the "**Code**") to outline principles to which Karora's employees, officers and directors are expected to adhere in the conduct of the Corporation's business. The Code addresses, among other things, conflicts of interest, protection and proper use of corporate assets and opportunities, confidentiality of corporate information, compliance with laws and the reporting of illegal or unethical behaviour. All employees, officers and directors are expected to abide by the Code. Compliance with the Code is monitored by the Corporate Governance and Nominating Committee. In order to ensure compliance with the Code, directors, officers and other employees of the Corporation may be required to provide certificates of compliance with the Code at least annually. The Code is available on SEDAR (www.sedar.com) under Karora's issuer profile and on Karora's website at www.karoraresources.com.

The Corporation has also adopted a whistleblower policy, an insider trading policy and other policies with a view to promoting a culture of ethical business conduct.

Director Nominations

The Corporate Governance and Nominating Committee (the "**CGN Committee**") assists in the identification of and recommends to the Board nominees for election or re-election to the Board, or for appointment to fill any vacancy that is anticipated or has arisen on the Board. The process by which the Board will identify new candidates for Board nomination will involve: periodically, or as frequently as deemed necessary, reviewing the appropriate skills and characteristics required of Board members to add value to the Corporation; periodically, or as frequently as deemed necessary, reviewing the current composition of the Board in light of the characteristics of independence, diversity, age, skills, experience and availability of service of its members and of anticipated needs; and seeking and reviewing individuals qualified to become members of the Board, in the context of the Corporation's needs and the criteria established by the Board.

To assist in this key function, the CGN Committee now maintains a list of potential director candidates to assist in filling vacancies. In addition to possessing the characteristics and skills determined by the CGN Committee to be lacking in the current Board composition, nominees must be able to devote the time and effort required to fulfil his or her duties as members of the Board.

Majority Voting Policy

The Corporation has adopted a majority voting policy that stipulates that, except in a contested meeting, if a director nominee receives a greater number of votes withheld for his or her election than for his or her election, the nominee will submit his or her resignation promptly after the meeting. Absent exceptional circumstances, the Board will accept the resignation. The Board's decision to accept or reject the resignation offer will be disclosed to the public. Subject to certain exceptions, the nominee will not participate in any committee or Board deliberations on the resignation offer. The Corporation is entitled to nominate only those candidates for election or re-election as directors who agree, prior to their nomination, to tender their resignations in accordance with the terms of the policy.

Board Tenures, Term Limits

The period of time served by each Board member is as follows: (i) Mr. Huet, 3.5 years, (ii) Mr. Hand, 14 years, (iii) Mr. Goudie, 14 years; (iv) Mr. Morley-Jepson, 3 years, (v) Mr. Williams, 2 years, and (vi) Ms. Shirley In't Veld, 6 months. Average tenure of the Board as a whole is approximately 6 years. Meri Verli was appointed to the Board on May 16, 2022.

The Corporation is committed to ensuring that the Board at all times has the appropriate mix of skills, expertise and knowledge. It has not adopted, and is not currently contemplating the adoption of, formal term limits or a formal retirement policy for its directors. The Corporation believes that the imposition of such limits could be counter-productive as it has been the Corporation's experience that its more senior directors, who may have been forced to retire if such policies were implemented, continue to provide invaluable insight, perspectives and guidance that are critical as the Board and senior management work to achieve Karora's strategic and operational objectives. Renewal

is facilitated through the annual assessments of the Board, its committees, committee chairs and individual Directors (described below) in which Board members evaluate each other and the Board as a whole in order to determine whether there are areas where the Board requires improvement).

The addition to the Board of Paul Huet (in 2018) and Warwick Morley-Jepson (in 2019), both highly regarded and experienced gold mining industry executives, Wendy Kei (in 2018), a highly qualified finance executive with extensive and varied experience, Chad Williams (in 2020), with extensive mining-focused capital markets and leadership experience, Ms. In't Veld (in 2021) with extensive senior executive management and board experience and Ms. Verli (in 2022) with extensive mining and senior finance-related management experience, are examples of the Board's commitment to renewal and improvement as circumstances warrant.

Board Assessments & Skills Matrix

The Board has responsibility under its Charter to assess the its own effectiveness, including by monitoring the effectiveness of its committees and individual directors. The CGN Committee is responsible for establishing criteria and processes for, and leading the Board in, such evaluations (which are performed annually). The results of this exercise are reported to the full Board by the chair of the CGN Committee.

The CGN Committee has also developed a skills matrix survey in order to assist the Board in evaluating the experience and competencies of each current Director, and in considering any potential gaps when considering potential new Director candidates. The CGN Committee maintains and administers this process. The results of such survey completed in early 2022, which are summarized below, demonstrate that each Director contributes to the depth and breadth of experience on the Board (as is also demonstrated by their respective biographies, which are included above).

In the below table: a full circle means that the Director has moderate to extensive level of experience and related subject matter skills in the subject matter area; a half circle means that the Director has working knowledge of the subject matter area; and an empty box with no circle means that the Director has limited experience or subject matter skills in the area.

	Board of Directors – Skills & Experience																		
Director	Finance					Industry Knowledge						General							
	Financial Literacy	Accounting and Audit	Enterprise Risk Management	Capital Markets	M&A	Exploration & Geology	Mining Operations	Project Development	Health, Safety & Environment	Corporate Social Responsibility	ESG	Legal & Regulatory	Compensation and Human Capital	Corporate Strategy	Leadership	Investor Communication & Marketing	Information Technology	International Operations	Cybersecurity
Peter Goudie	●	●	●	○	●		○	●	○	●	○	○	●	●	●	●	○	●	
Scott Hand	●	○	●	●	●	○	●	●	●	●	○	●	●	●	●	●	○	●	
Paul Huet	●	○	●	●	●	●	●	●	●	●	●	●	●	●	●	●	○	●	
Wendy Kei	●	●	●	○	●		○	○	○	●	●	●	●	●	●	○	●	○	○
Warwick Morley-Jepson	●	○	●	○	○	●	●	●	●	●	●	○	●	●	●	○	○	●	
Chad Williams	○	○	○	●	●	●	●	○	○	○	○	○	○	○	●	●	○	○	
Shirley In't Veld	●	○	○	●	●	○	○	○	●	●	●	○	●	●	●	●	○	○	

Diversity and Inclusion

The Corporation believes that decision-making is enhanced through diversity in the broadest sense. In the context of an effective board of directors, diversity includes expression of thought, business experience, skill sets and capabilities. Diversity also includes valuing an individual's race, colour, gender, age, religious belief, ethnicity, cultural background, economic circumstance, human capacity, and sexual orientation. Taken together, these diverse skills and backgrounds help to create a business environment that encourages a range of perspectives and fosters excellence in the creation of shareholder value. The Corporation further believes that diversity provides a competitive advantage and makes for better decisions, which create further value for shareholders. The Corporation supports and encourages diversity at all levels, as is reflected in its Diversity and Inclusion Policy. See "*Canada Business Corporations Act requirements on Diversity*" below.

Board Diversity

The Corporation's Diversity and Inclusion Policy provides, among other things, that in reviewing Board composition, the CGN Committee will consider the benefits of all aspects of diversity, including gender, age, ethnicity, disability and geographical background of each candidate, in order to enable the Board to discharge its duties and responsibilities

effectively. The Board is committed to ensuring that gender diversity is actively pursued and implemented. With this in mind, the Corporation has committed to having women make up at least 30% of the Board. Having regard to the four "designated groups" specified by the CBCA (women, members of a visible minority, persons with a disability and Aboriginal person), Board appointment recommendations look to highly qualified individuals based on their experience, education, expertise, personal qualities, and general business and sector specific knowledge. In identifying suitable candidates for appointment to the Board, the CGN Committee considers candidates on merit against objective criteria as described above and with due regard for the benefits of diversity on the Board. The Board is committed to ensuring that gender diversity is actively pursued. When filling a vacancy, the CGN Committee generally seeks women candidates during the director identification and selection process by reviewing information sources that profile women who are currently on or have an interest in serving on public Canadian boards and also by identifying qualified women in the mining industry. Selection of female candidates to join the Board will be, in part, dependent on the pool of female candidates with the necessary skills, knowledge and experience. The ultimate decision will be based on merit and expected contribution of the chosen candidate. See "*Canada Business Corporations Act requirements on Diversity*" below.

Senior Management Diversity

The Policy also covers senior executive appointments and requires the Chief Executive Officer of the Corporation to have reference to the policy in selecting and assessing candidates and in presenting recommendations to the Board regarding appointments to the senior executive team. The Policy requires the Board to also consider all aspects of diversity and the objectives of the policy when considering those recommendations. In addition to senior executive appointments, diversity is an important consideration as the Corporation recruits other personnel at all levels of the organization. Having regard to the four "designated groups", the Corporation looks to hire highly qualified individuals at all levels of the organization based on their experience, education, expertise, personal qualities, and general business and sector specific knowledge. See "*Canada Business Corporations Act requirements on Diversity*" below.

Effectiveness of the Diversity and Inclusion Policy

The CGN Committee measures the effectiveness of the Diversity and Inclusion Policy by monitoring the initiatives undertaken by the Corporation to promote diversity within the organization, and ensuring that balanced slates of candidates are presented for board searches and senior management positions where possible and reviews the Diversity and Inclusion Policy and its objectives annually to assess its effectiveness and reports to the Board and recommends any revisions that may be necessary.

Canada Business Corporations Act requirements on Diversity

Effective January 1, 2020, the CBCA was amended to require additional disclosures about diversity. Although the CGN Committee and the Board have not adopted a target number or percentage objective for each of the "designated groups" (as such term is defined in the CBCA which, in turn, is defined in the *Employment Equity Act of Canada*), the Board, its relevant committees and senior management actively consider and review whether candidates representing diversity criteria have been considered and/or appointed to senior management positions and to the Board.

In addition to the designated groups stipulated by the CBCA, we view diversity in the broadest sense and consider the following as examples of additional diversity dimensions that are equally important and necessary across our organization: diversity of thought, perspectives and life experience which can include education, socioeconomic status, language, sexual orientation, values and beliefs, among others. For these reasons and in light of all that is currently considered and actively discussed about diversity, our Diversity and Inclusion Policy was not amended to add (and does not include) targets and objectives for women, visible minorities, persons with disabilities or aboriginal persons (as such terms are defined in the *Employment Equity Act*) on its board or executive positions at this time.

As it relates to the "designated groups" specified by the CBCA (the below information is provided as of the date of this Circular):

- Two (29%) of our seven directors, and none of our five NEOs, is a woman;

- None of our seven directors, none of our five NEOs, self-identifies as a member of a visible minority; and
- None of our seven directors, and none of our five NEOs, self-identifies as a person with a disability or an Aboriginal person.

Other Board Committees

In addition to the CGN Committee, the other standing committees of the Board are the Audit Committee, the Human Resources & Compensation Committee and the Technical, Safety and Sustainability Committee. The primary functions of each of these committees is described below.

Audit Committee

The primary function of the Audit Committee is to assist the Board in fulfilling its financial reporting and controls responsibilities to the shareholders of the Company in accordance with 52-110. This includes oversight and evaluation of: (i) external auditors, (ii) risk management, (iii) financial statements and other financial information, (iv) internal controls, (v) disclosure controls and reporting, (vi) legal and regulatory compliance, and (vii) overseeing non-audit services.

Human Resources & Compensation Committee

It is the Human Resources and Compensation Committee's responsibility to: develop a compensation philosophy and policy; evaluate and make recommendations to the Board regarding cash, equity-based and incentive compensation of the Corporation's directors and senior executives; review and approve the goals and objectives relevant to the compensation of the Chief Executive Officer, evaluate the performance of the Chief Executive Officer in light of those goals and objectives and make recommendations to the Board for the Chief Executive Officer's compensation based on the evaluation; oversee succession planning with respect to the Corporation's senior management; review and make recommendations to the Board with respect to the compensation of directors; make certain determinations with respect to the compensation of senior executives other than the Chief Executive Officer; and review executive compensation disclosure before the Corporation publicly discloses the information.

Technical, Safety and Sustainability Committee

The Technical, Safety and Sustainability Committee (the "**TSS Committee**") is responsible for overseeing the development and implementation of policies and management systems of the Corporation relating to exploration, development and operational matters, including environmental and health and safety issues in order to ensure compliance with applicable laws and best management practices. The TSS Committee also oversees all major capital growth and development projects. It is the TSS Committee's responsibility to ensure adequate resources are available and systems are in place for management of the Corporation to implement appropriate operational, environmental, health and safety programs and to ensure that the Corporation has implemented an environmental and health and safety compliance audit program. The TSS Committee is also responsible for the review of sustainability initiatives, technical reports prepared for the Corporation under National Instrument 43-101 – *Standards of Disclosure for Mineral Projects*, and news releases and other disclosure announcing technical results on the Corporation's material properties.

NORMAL COURSE ISSUER BID

On May 14, 2021, the Corporation announced that the TSX had accepted its notice of intention to proceed with a normal course issuer bid (the "**Bid**") for its Common Shares. Pursuant to the Bid, the Corporation is permitted to purchase up to 7,335,151 Common Shares, representing approximately 5% of the Corporation's issued and outstanding Common Shares on May 13, 2021, during the twelve-month period commencing on May 18, 2021 and ending on May 17, 2022. Under the Bid, the Corporation can purchase up to 145,338 Common Shares on the TSX during any trading day, representing approximately 25% of 581,355, which represents the average daily trading volume on the TSX for the most recently completed six calendar months prior to the TSX's acceptance of the notice of the Bid. Any Common Shares so purchased under the Bid will be cancelled. As at the date of this Circular, 63,000 Common Shares have been

purchased for cancellation by the Corporation through the Bid. A copy of the notice of intention to proceed with the Bid may be obtained upon request.

ADDITIONAL INFORMATION

The CBCA, which governs the Corporation, provides that shareholder proposals must be received within sixty (60) days of the anniversary date of the Corporation's last annual meeting to be considered for inclusion in the proxy statement and the form of proxy for this annual meeting.

Additional information relating to the Corporation is available on SEDAR (www.sedar.com) under Karora's issuer profile. Financial information is provided in the Corporation's audited annual financial statements and management's discussion and analysis ("**MD&A**") for the year ended December 31, 2021.

In addition, copies of the Corporation's audited financial statements and MD&A may be obtained upon request to the Chief Financial Officer of the Corporation. The Corporation may require the payment of a reasonable charge if the request is made by a person who is not a shareholder of the Corporation.

DIRECTORS' APPROVAL

The directors of the Corporation have approved the contents and the sending of this Circular.

BY ORDER OF THE BOARD

(signed) Paul Huet

Toronto, Ontario
May 16, 2022

Paul Huet
Chairman and Chief Executive Officer

APPENDIX A

CHARTER OF THE BOARD OF DIRECTORS

1. ROLE OF THE BOARD

The role of the board of directors (the "**Board**") of Karora Resources Inc. (the "**Corporation**") is to oversee, directly and through its committees, the business and affairs of the Corporation, which are conducted by its officers and employees under the direction of the Chief Executive Officer ("**CEO**"). In doing so, the Board acts at all times with a view to the best interests of the Corporation.

2. AUTHORITY AND RESPONSIBILITIES

The Board meets regularly to review reports by management on the performance of the Corporation with, as set out in the Board Committee Charters, the assistance of the established Board Committee. In addition to the general supervision of management, the Board performs the following functions:

2.1 Strategic Planning

Overseeing the strategic planning process within the Corporation and periodically reviewing, approving and monitoring the strategic plan for the Corporation including fundamental financial and business strategies and objectives.

2.2 Fiduciary Duty

When acting with a view to the best interests of the corporation, the duty of loyalty will of necessity demand that boards consider the interests of the stakeholders of the corporation. This includes considering the long-term sustainability of the corporation's business.

To understand the best interests of the corporation, the Board should have knowledge of the stakeholders of the corporation, which may include but not be limited to people and organizations interested in or representing the following: shareholders, climate and greenhouse gasses, communities in which the Corporation operates, governments, customers, employees and contractors, pollution and environmental damage, supply-chain parties, and holders of the corporation's debt.

2.3 Risk Assessment

Assessing the major risks facing the Corporation and reviewing, approving, monitoring and mitigating those risks.

2.4 CEO

Developing the corporate objectives that the CEO is responsible for meeting and selecting, evaluating and compensating the CEO.

2.5 Succession Planning

Succession planning for the CEO of the Corporation. The Corporate Governance and Nominating Committee oversees succession planning associated with the members of the Board (with final approval by the Board). The Human Resources & Compensation Committee oversees succession planning associated with positions that report directly to the CEO (with final approval by the Board).

2.6 Senior Management

Overseeing the selection, evaluation and compensation of senior management, and monitoring succession planning in respect of these roles (the Human Resources and Compensation Committee shall have direct responsibility for senior management succession planning).

2.7 Disclosure Policy

Adopting a disclosure policy for the Corporation which is designed to ensure the timeliness and integrity of communications to shareholders and establishing suitable mechanisms to receive stakeholder views.

2.8 Financial Statements and Internal Controls

- (a) Reviewing and monitoring the controls and procedures within the Corporation to maintain its integrity including its disclosure controls and procedures, and its internal controls and procedures for financial reporting and compliance.
- (b) Reviewing and approving the financial statements of the Corporation, as recommended by the Audit Committee of the Board.

2.9 Environment, Social and Governance

- (a) Review management reports on sustainability, environmental and social matters, including local community engagement activities, including the Corporation's record of performance on social and environmental matters, along with any proposed actions based on the record of performance.
- (b) Review with management the Corporation's goals, policies and programs relative to sustainability issues.
- (c) Review the results of any sustainability and environmental audits.
- (d) Make inquiries of management concerning the Corporation's compliance with its goals, policies, and programs and with applicable laws, rules, regulations and standards of corporate conduct.
- (e) Confirm that management has in place compliance procedures that:
 - (i) allow the Corporation to respond to social and environmental violations and incidents in a timely and effective manner;
 - (ii) allow the Board to receive adequate notification of such violations and incidents; and
 - (iii) promote accountability, the avoidance of incidents and violations and improvements in the future.
- (f) Review with management the following items as they relate to social, sustainability and environmental matters:
 - (i) the Corporation's policies with respect to risk assessment and risk management;
 - (ii) the steps management has taken to monitor and control environmental risk exposures; and
 - (iii) the effect of relevant regulatory initiatives and trends.
- (g) Developing the Corporation's approach to corporate governance, including developing a set of corporate governance principles and guidelines applicable to the Corporation.

2.10 Maintaining Integrity

On an ongoing basis, satisfying itself as to the integrity of the CEO and other executive officers and that the CEO and other executive officers create a culture of integrity throughout the Corporation, including compliance with its Code of Business Conduct and Ethics.

2.11 Standing Committees

The Board has established the following standing committees (each, a "**Committee**") to assist the Board in discharging its responsibilities: (i) Audit, (ii) Corporate Governance and Nominating, (iii) Human Resources & Compensation, and (iv) Technical, Health and Sustainability. Special committees may be established from time to time to assist the Board in connection with specific matters. The chair of each committee reports to the Board following meetings of the committee. The terms of reference of each standing committee are reviewed periodically by the Board.

2.12 Evaluation

The Corporate Governance and Nominating Committee performs an annual assessment of: (i) the effectiveness of the Board as a whole, the committees of the Board and the contributions of individual directors, and (ii) the skills level of Board members in various listed categories.

2.13 Compensation

The Human Resources and Compensation Committee recommends to the Board the compensation for non-management directors. In reviewing the adequacy and form of compensation, the committee seeks to ensure that the compensation reflects the responsibilities and risks involved in being a director of the Corporation and aligns the interests of the directors with the best interests of the Corporation.

2.14 Access to Independent Advisors

The Board and any committee may at any time retain outside financial, legal or other advisors at the expense of the Corporation. Any director may, subject to the approval of the Chair of the Board, retain an outside advisor at the expense of the Corporation.

3. COMPOSITION AND PROCEDURES

3.1 Size of Board and Selection Process

The directors of the Corporation are elected each year by shareholders at the annual meeting of shareholders. The Board, with the assistance of the Corporate Governance and Nominating Committee, proposes individual nominees to shareholders for election. Any shareholder may propose a nominee for election to the Board either by means of a shareholder proposal upon compliance with the requirements prescribed by the *Canada Business Corporations Act* ("CBCA") or by complying with the advance notice requirements of the Corporation's by-laws. The Board also recommends the number of directors on the Board to shareholders for approval. Between annual meetings, the Board may appoint directors to serve until the next annual meeting.

3.2 Qualifications

Directors should have the highest personal and professional integrity, ethics and values and be committed to advancing the best interests of the Corporation. They should possess skills and competencies in areas that are relevant to the Corporation's activities. A majority of the directors will be independent based on the rules and guidelines of applicable stock exchanges and securities regulatory authorities.

3.3 Chair of the Board & Lead Director

Where the Chair of the Board is determined not to be "independent" (as interpreted under Canadian securities laws), whether by virtue of serving an Executive Chair or otherwise, the Board will appoint a Lead Director to provide independent leadership to the Board.

3.4 Director Orientation

The Corporation's management team is responsible for providing an orientation and education program for new directors.

4. MEETINGS

The Board has at least four scheduled meetings a year. The Board is responsible for its agenda. Prior to each Board meeting, the CEO discusses agenda items for the meeting with the Chair of the Board. Materials for each meeting are distributed to the directors in advance of the meetings. At the conclusion of each regularly scheduled meeting, the independent directors meet without management present. The Secretary of the Corporation will prepare minutes of all Board meetings, which shall be available for review by the Board. Except in exceptional circumstances, draft minutes of each meeting of the Board shall be circulated to the Board for review within 14 days following the date of each such meeting.

4.1 Attendance

Directors are expected to attend all properly called meetings in person or by telephone. As a minimum, directors are expected to attend at least 75% of all properly called meetings and to have reviewed meeting materials in advance.

4.2 Quorum

Subject to the by-laws of the Corporation, quorum for the transaction of business of the Board shall be a majority of the number of the members of the Board. If within one hour of the time appointed for a meeting of the Committee, a quorum is not present, the meeting shall stand adjourned to the same hour on the next business day following the date of such meeting at the same place. If at the adjourned meeting a quorum as hereinbefore specified is not present within one hour of the time appointed for such adjourned meeting, such meeting shall stand adjourned to the same hour on the second business day following the date of such meeting at the same place.

4.3 Notice

Subject to the CBCA, and the articles and by-laws of the Corporation, Board meetings shall be held from time to time and at such place as any member of the Board shall determine upon reasonable notice to each of its members which shall not be less than forty-eight (48) hours. The notice period may be waived by all members of the Board. If any one of the Chairperson of the Board or the CEO considers it a matter of urgency that a meeting of the Board be convened, he or she may give notice of a meeting by means of any telephonic, electronic or other communication facility no less than one hour before the meeting. No notice of a meeting will be necessary if all the directors in office are present or if those absent waive notice of that meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

4.4 Participation

Members may participate in a meeting of the Board in person or by means of telephone, web conference or other communication equipment that permits all persons to participate in the meeting adequately. The Board may invite other officers and employees of the Corporation and such other advisors and persons as is considered advisable to attend any meeting of the Board. For greater certainty, the Board shall have the right to determine who shall and who shall not be present at any time during a meeting of the Board.

4.5 Voting

Subject to the CBCA and the articles and by-laws of the Corporation, any matter to be determined by the Board shall be decided by a majority of the votes cast at a meeting of the Board called for such purpose. Any action of the Board may also be taken by an instrument or instruments in writing signed by all of the members of the Board (including in counterparts, by facsimile or other electronic signature) and any such action shall be as effective as if it had been

decided by a majority of the votes cast at a meeting of the Committee called for such purpose. In case of an equality of votes, the Chairman of the Board will not be entitled to a second or casting vote.

APPENDIX B
AUTHORIZING RESOLUTIONS

Resolution #1 – Share Incentive Plan Resolution

CONTEXT:

- A. On June 14, 2010, the shareholders of Karora approved its 2010 share incentive plan. The 2010 share incentive plan was amended and restated on March 26, 2013 (other than amendments to Section 22, which became effective upon approval of shareholders of Karora at its annual and special shareholders meeting held on June 14, 2013) and further amended and restated upon approval of shareholders of Karora at its annual and special meeting of shareholders held on June 19, 2019 (the "**Share Incentive Plan**");
- B. The Corporation is proposing certain additional amendments to the Share Incentive Plan, subject to receipt of shareholder approval. The Corporation is asking its shareholders to pass an ordinary resolution to approve the amended and restated Share Incentive Plan.
- C. The rules of the TSX require that all unallocated entitlements under plans that do not have a fixed maximum number of shares issuable (*i.e.*, "evergreen plans") must be approved by shareholders every three years; and
- D. The board of directors of Karora has, subject to shareholder approval, adopted a resolution approving the Share Incentive Plan and all unallocated entitlements under the Share Incentive Plan.

BE IT RESOLVED THAT:

- 1. the amendment to the Share Incentive Plan (as amended, the "**Amended Share Incentive Plan**"), as described in the Circular and in the form set forth in Appendix C thereto, are hereby approved;
- 2. all unallocated entitlements under the Amended Share Incentive Plan be and are hereby approved;
- 3. Karora has the ability to continue granting entitlements under the Amended Share Incentive Plan until June 16, 2025; and

Any director or officer of the Corporation be and is hereby authorized and directed to execute and deliver for and in the name of and on behalf of Karora all such certificates, instruments, agreements, documents and notices and to do all such other acts and things as in such person's opinion may be necessary or desirable for the purpose of giving effect to this resolution.

**APPENDIX C
SHARE INCENTIVE PLAN**

AMENDED AND RESTATED SHARE INCENTIVE PLAN

1. Purpose of the Plan

The Karora Resources Inc. Share Incentive Plan, as amended or amended and restated from time to time, provides for the granting of Options and Awards to Participants for the purpose of advancing the interests of the Company through the motivation, attraction and retention of key officers, directors, employees (including prospective employees) and consultants of the Company and the Designated Affiliates and to secure for the Company and the shareholders of the Company the benefits inherent in the holding of Options and Awards that are tied to the long term performance of Common Shares by key officers, directors, employees and consultants of the Company and its Designated Affiliates.

2. Definitions

Unless otherwise defined herein, the following terms used in this Plan have the meaning given to them below:

"**Acceleration Event**" has the meaning as defined in Section 17;

"**Affiliate**" means the following:

a company is an Affiliate of another company if:

- (a) one of them is the Subsidiary of the other; or
- (b) each of them is controlled by the same Person.

In addition, a company is "**controlled**" by a Person if:

- (c) voting shares of the company are held, directly or indirectly, other than by way of security only, by or for the benefit of that Person; and
- (d) the voting shares, if voted, entitle the Person to elect a majority of the directors to the company;

"**Associate**" has the meaning given to it in the *Securities Act* (Ontario), as amended from time to time;

"**Award**" means an award (other than an Option) made pursuant to the Plan, as provided in Section 4;

"**Award Agreement**" means a written document by which each Award is evidenced;

"**Blackout Period**" means the period during which Participants cannot trade securities of the Company pursuant to the Company's policy respecting restrictions on trading which is in effect at that time (which, for greater certainty, does not include the period during which a cease trade order is in effect to which the Company or in respect of an insider, that insider, is subject);

"**Blackout Period Expiry Date**" means the date on which a Blackout Period expires;

"**Board**" and "**Board of Directors**" mean the board of directors of the Company;

"**Business Day**" means each day other than a Saturday, Sunday or statutory holiday in Toronto, Ontario, Canada;

"Certificate" means a share certificate (or other appropriate document or indicia of ownership) representing Common Shares of the Company;

"Committee" means the compensation committee appointed by the Board of Directors to administer this Plan. All references in this Plan to the Committee means the Board of Directors if no such compensation committee has been appointed;

"Common Shares" means the common shares in the capital of the Company;

"Company" means Karora Resources Inc., any successor of it, and where the context so requires, any Subsidiary of Karora Resources Inc.;

"Consultant" has the meaning given to it in National Instrument 45-106, as amended from time to time;

"Consulting Contract" means a written contract between a Consultant (or a company or partnership of which the individual Consultant is an employee or a shareholder or partner) and the Company, governing the terms with respect to the provision of the Consultant's services to the Company;

"Date of Grant" means the date a Participant is granted an Option or Award;

"Designated Affiliate" means the Affiliates of the Company designated by the Committee for purposes of the Plan from time to time;

"Directors" means the directors of the Company from time to time;

"Eligible Directors" means the Directors or the directors of any Designated Affiliate to whom Options and Awards can be granted in reliance on a prospectus exemption under applicable securities law from time to time;

"Eligible Employees" means:

- (i) an individual who is considered an employee under the *Income Tax Act* (Canada) (such as an individual for whom income tax, employment insurance and Canadian Pension Plan deductions must be made at the source) of the Company or any Designated Affiliate;
- (ii) an individual who works full-time for the Company or any Designated Affiliate thereof providing services normally provided by an employee and who is subject to the same control and direction by the Company or any Designated Affiliate thereof over the details and methods of work as an employee of the Company or any Subsidiary thereof, but for whom income tax deductions are not made at the source; or
- (iii) an individual who works for the Company or any Designated Affiliate thereof on a continuing and regular basis for a minimum amount of time per week providing services normally provided by an employee and who is subject to the same control and direction by the Company or any Designated Affiliate thereof over the details and methods of work as an employee of the Company or any Designated Affiliate thereof, but for whom income tax deductions are not made at the source.

"Employment Contract" means any contract between the Company or any Designated Affiliate and any Eligible Employee, Eligible Director or Other Participant relating to, or entered into in connection with, the employment or departure of the Eligible Employee, the appointment or election of the Eligible Director or the engagement of the Other Participant or any other agreement to which the Company or a Designated Affiliate is a party with respect to the rights of such Participant in respect of a change in control of the Company or the termination of employment, appointment, election or engagement of such Participant;

"Exercise Date" means the date the Company receives from a Participant a completed notice of exercise contemplated by Section 8(f), together with payment for the Option Shares being purchased;

"Exercise Price" means the price per share at which a Participant may purchase Option Shares as fixed by the Committee;

"Fair Market Value" means, as of a specified date, the last closing price of the Common Shares on the Stock Exchange (or, if the Common Shares are not listed on such exchange, such other stock exchange on which the Common Shares are then listed) on the trading day immediately preceding that date, or if no prices are reported on that date, on the last preceding date on which such prices of the Common Shares are so reported. If the Common Shares are not then listed on any stock exchange but is traded over the counter at the time determination of Fair Market Value is required to be made hereunder, Fair Market Value shall be deemed to be equal to the average between the reported high and low sales prices of Common Shares on the most recent date on which Common Shares were publicly traded. If the Common Shares are not publicly traded at the time of determination, Fair Market Value shall be made by the Board or Committee in such manner as it deems appropriate.

"Insider" means a reporting insider as defined in National Instrument 55-104 – Insider Reporting Requirements and Exemptions;

"Market Price" means, with respect to a grant of Options, the last closing price of the Common Shares on the Stock Exchange (or, if the Common Shares are not listed on such exchange, such other stock exchange on which the Common Shares are then listed) prior to the grant. If the Common Shares are not then listed on any stock exchange but is traded over the counter at the time determination of Market Price is required to be made hereunder, Market Price shall be deemed to be equal to the average between the reported high and low sales prices of Common Shares on the most recent date on which Common Shares were publicly traded. If the Common Shares are not publicly traded at the time of determination, Market Price shall be made by the Board or Committee in such manner as it deems appropriate.

"Option" means a non-assignable, non-transferable right to purchase Common Shares granted pursuant to, or governed by the Share Option Plan;

"Option Agreement" means a written document by which each Option is evidenced;

"Option Period" means the period set forth in Section 8(b) during which a Participant may purchase Option Shares (provided, however, that the Option Period may not exceed ten years from the relevant Date of Grant);

"Option Shares" means the Common Shares which a Participant is entitled to purchase pursuant to Options granted pursuant to the Share Option Plan;

"Optionee" shall mean a Participant to whom an Option has been granted pursuant to the Share Option Plan;

"Other Awards Plan" means the other awards plan described in Section 9 hereof;

"Other Participants" shall mean any Person engaged to provide ongoing management or consulting services for the Company or a Designated Affiliate, or any employee of such Person, other than an Eligible Director or an Eligible Employee;

"Participant" with respect to the Share Option Plan and the Other Awards Plan shall mean each Eligible Director, Eligible Employee, Consultant and any Other Participant who has been designated by the Committee in accordance with Section 3 hereof;

"Performance-Based Incentives" means Awards, the vesting of which is contingent upon achievement by the Company of milestones or targets specified in the underlying Award Agreement;

"Person" means an individual, partnership, association, company or personal representative;

"Plan" means this share incentive plan which includes the Share Option Plan and the Other Awards Plan, as amended from time to time;

"Proposed Transaction" has the meaning as defined in Section 17;

"Section 409A" means Section 409A of the *United States Internal Revenue Code* and related guidance, as these may be amended from time to time.

"Share Compensation Arrangement" means a stock option, stock option plan or any other compensation or incentive mechanism involving the issue or potential issue of securities of the Company to one or more Participants, including a share purchase from treasury which is financially assisted by the Company by way of a loan, guaranty or otherwise;

"Share Option Plan" means the share option plan described in Section 8 hereof;

"Stock Exchange" means The Toronto Stock Exchange;

"Subsidiary" of another entity means an entity that would be deemed to be a subsidiary of the other entity of the purposes of the *Securities Act* (Ontario) other than Part XX of that Act;

"Termination" has the meaning given to it in Section 21 hereof; and

"Termination Date" has the meaning given to it in Section 21 hereof.

"U.S. Participant" means a Participant who is subject to United States taxation.

3. Eligibility

Options and Awards shall be granted only to *bona fide* Participants. Participation in this Plan shall be limited to Participants who are designated from time to time by the Committee. Participation shall be voluntary and the extent to which any Participant shall be entitled to participate in this Plan shall be determined by the Committee.

4. Types of Awards Under Plan

Grants under the Plan may be made in the form of Options or Awards, which Awards may include the following: (i) share appreciation rights, (ii) restricted shares, (iii) restricted share units, (iv) deferred share units, (v) performance shares and performance share units, and (vi) other equity-based or equity related awards that the Committee determines to be consistent with the purpose of the Plan and the interests of the Company.

5. Number of Common Shares Available for Awards

- (a) Plan Maximum: The maximum number of Common Shares made available under this Plan shall not exceed 7.5% of the outstanding Common Shares from time to time, of which the maximum number of Common Shares made available for issuance pursuant to Awards granted under this Plan shall not exceed 5.5% of the outstanding Common Shares from time to time.
- (b) Limits with respect to Insiders:
 - (i) the aggregate number of Common Shares issuable under this Plan and any other Share Compensation Arrangement to Insiders shall not exceed 10% of the Common Shares issued and outstanding at any time;

- (ii) Insiders shall not be issued, pursuant to this Plan and any other Share Compensation Arrangements, within any one year period, a number of Common Shares which exceeds 10% of the Common Shares issued and outstanding.
- (c) Limits with respect to Non-Employee Directors:
 - (i) The Plan will not result at any time in (i) a number of Common Shares issuable to all non-employee Directors exceeding 1% of the issued and outstanding Common Shares at such time, and (ii) a number of Common Shares issuable to any one non-employee Directors will be subject to an annual grant limit of \$150,000 worth of Awards and Options, in aggregate, per such non-employee Director, of which no more than \$100,000 may be issued in the form of Options;
 - (ii) The limit in Section 5(c)(i) does not apply to (i) one-time initial grants made to a new non-employee Director upon joining the Board or (ii) Awards taken in lieu of any cash fee or retainer payable for serving as a Director.

6. Agreements Evidencing Awards

Each Award and/or Option granted under this Plan shall be evidenced by a written document which shall contain such provisions and conditions as the Committee in its discretion deems appropriate. The Committee may grant Awards and Options in tandem with or, if applicable, subject to pre-clearance with the Stock Exchange, in substitution for any other Award or Option granted under this Plan, provided that no such substitutions shall be made for Awards or Options granted to U.S. Participants to the extent it would result in a violation of Section 409A. By accepting an Award or Option pursuant to the Plan, a Participant thereby agrees that the Award or Option shall be subject to all of the terms and conditions of this Plan and the applicable Award or Option Agreement.

7. No Rights as a Shareholder

No Participant shall have any of the rights or privileges of a shareholder of the Company with respect to Common Shares subject to such Award or Option until the issuance of a Certificate for such Common Shares.

OPTION PLAN

8. Options, Price, Vesting, Payment and Termination

- (a) A Share Option Plan is hereby established for the Eligible Directors, Eligible Employees, Consultants and Other Participants of the Plan.
- (b) The Committee shall determine the number of Option Shares that such Participant is entitled to purchase, the Exercise Price, the Option Period (which may not exceed ten years from the relevant Date of Grant) and the vesting schedule, if any.
- (c) Each Option granted to a Participant shall be evidenced by an Option Agreement setting out terms and conditions consistent with the provisions of the Plan, which terms and conditions need not be the same in each case and which terms and conditions may be changed from time to time.
- (d) The Committee shall fix the Exercise Price in its discretion at the time the Option is granted, provided that the Exercise Price shall be fixed by the Committee in Canadian dollars and shall be no less than the Market Price.
- (e) At the time of grant or thereafter, the Committee may determine when an Option will vest and become exercisable and may determine that the Option shall be exercisable in instalments on such terms as to vesting or otherwise as the Committee deems advisable subject to the rules of the Stock

Exchange, if any. Unless otherwise determined by the Committee, Options will vest and become exercisable, as to one third of the Options granted, on each of the first, second and third anniversaries of the Date of Grant, provided that the Participant is an Eligible Employee, Eligible Director, Consultant or Other Participant at the time of vesting.

- (f) A Participant may from time to time and at any time during the Option Period, exercise an Option to purchase all or a portion of the Option Shares which such Participant is then entitled to purchase by delivering to the Company at its registered office, a notice in writing which shall specify the number of Option Shares that the Participant desires to purchase accompanied by payment in full of the Exercise Price for such Option Shares plus any amount that the Company determines in its discretion is required to satisfy the Company's withholding tax and source deduction remittance obligations in respect of the exercise of the Options, and the acquisition of Option Shares. Payment may be made by cash, certified cheque, bank draft, money order or such electronic method of payment as may be acceptable to the Company, in each case payable to the order of the Company.
- (g) Notwithstanding the expiration provisions hereof, the expiration date of an Option will be the date fixed by the Board or Committee with respect to such Option unless such expiration date falls within a Blackout Period or within nine Business Days after a Blackout Period Expiry Date, in which case the expiration date of the Option will be the date which is ten Business Days after the Blackout Period Expiry Date. Notwithstanding anything else herein contained, the ten Business Day period referred to in this Section 8(g) may not be extended by the Board or Committee.
- (h) The obligation of the Company to issue and deliver any Common Shares in accordance with the Share Option Plan shall be subject to any necessary approval of any stock exchange or regulatory authority having jurisdiction over the securities of the Company. If any Common Shares cannot be issued to any Participant upon the exercise of an Option for whatever reason, the obligation of the Company to issue such Common Shares shall terminate and any Exercise Price paid to the Company in respect of the exercise of such Option shall be returned to the Participant.
- (i) Notwithstanding anything to the contrary, the Committee may in its sole discretion allow for the cashless exercise of all or a portion of the Options granted hereunder by (x) waiving the Participant's obligation to pay the Exercise Price per Option exercised, and (y) permitting the Participant to receive either, as determined by Committee in its sole discretion, (i) Option Shares or (ii) a cash payment (*in lieu* of Option Shares), in each case, equal to the amount, if any, by which the value of Common Shares (valued at Fair Market Value) exceeds the Exercise Price per Option exercised, in exchange for such Participant disposing of such Options to the Company.

OTHER AWARDS PLAN

9. Other Awards, Vesting, etc.

- (a) The Other Awards Plan is hereby established for Eligible Directors, Eligible Employees, Consultants and Other Participants. The Committee shall determine the type and number of Awards that such Participant is entitled to, the term of such Awards and the vesting schedule, if applicable, of such Awards.
- (b) Each Award granted to a Participant shall be evidenced by an Award Agreement setting out terms and conditions of the Award, which terms and conditions need not be the same in each case and which terms and conditions may be changed from time to time.
 - (i) ***Share Appreciation Rights***

The Committee may grant share appreciation rights to Participants in such amounts and subject to such terms and conditions as the Committee shall determine in its discretion. The

grantee of a share appreciation right shall have the right, subject to the terms of the Plan and the applicable Award Agreement, to receive from the Company an amount equal to (a) the excess of the Fair Market Value of a Common Share on the date of redemption of the share appreciation right, over (b) the Fair Market Value of a Common Share as of the Date of Grant as set forth in the Award Agreement, multiplied by (c) the number of Common Shares with respect to which the share appreciation right is redeemed. Payment upon redemption of a share appreciation right may be in cash, Common Shares (valued at Fair Market Value), or any combination thereof, all as the Committee shall determine in its discretion.

(ii) ***Restricted Shares***

The Committee may grant Awards of restricted shares to Participants in such amounts and subject to such terms and conditions as the Committee may determine in its discretion, as follows:

- (A) At the time of the grant, the Committee may determine when a restricted share will become vested and may determine that the restricted share shall be vested in instalments on such terms as the Committee deems advisable. Unless otherwise provided by the Committee, restricted shares will vest as to one third of the restricted shares granted, on each of the first, second and third anniversaries of the Date of Grant, provided that the Participant is an Eligible Employee, Eligible Director, Consultant or Other Participant at the time of vesting.
- (B) Promptly after a Participant accepts an Award of restricted shares and executes an Award Agreement, the Company shall issue in the Participant's name a Certificate for the number of Common Shares granted as restricted shares. Upon the issuance of such Certificate, the Participant shall have the rights of a shareholder with respect to the restricted shares, subject to any restrictions and conditions as the Committee in its discretion may include in the applicable Award Agreement. Unless the Committee shall otherwise determine, any Certificate issued evidencing Common Shares which are restricted shares shall remain in the possession of the Company or its designated agent until such Common Shares vest and are free of any restrictions specified in the applicable Award Agreement.

(iii) ***Restricted Share Units***

The Committee may grant Awards of restricted share units to Participants in such amounts and subject to such terms and conditions as the Committee shall determine in its discretion. The restricted share units are to be credited to a notional account maintained for the Participant by the Company, or as specified by the Committee, and are subject to adjustment for normal anti-dilution events including the subdivision, consolidation or reclassification of the outstanding Common Shares. In the event that the Company declares a dividend on the Common Shares, dividend equivalents may be awarded by the granting of additional restricted share units credited to the Participant in the Participant's account. A Participant who is granted a restricted share unit will have only the rights of a general unsecured creditor of the Company until payment of Common Shares, cash or other securities or property is made as specified in the applicable Award Agreement. On the payment date, the Participant of each restricted share unit not previously forfeited under the terms of the applicable Award Agreement shall receive Common Shares, cash, securities or other property equal in value to the Common Shares or a combination thereof, as specified by the Committee and set out in the applicable Award Agreement.

(iv) ***Deferred Share Units***

The Committee may grant Awards of deferred share units in the form of units each convertible into one Common Share, in such amounts and subject to such terms and conditions at the Committee shall determine in its discretion. The deferred share units are to be credited to a notional account maintained for the Participant by the Company, or as specified by the Committee, and are subject to adjustment for normal anti-dilution events including the subdivision, consolidation or reclassification of the outstanding Common Shares. In the event that the Company declares a dividend on the Common Shares, dividend equivalents may be awarded by the granting of additional deferred share units credited to the Participant in the Participant's account. A Participant who is granted deferred share units will have only rights of an unsecured creditor of the Company until such time as payment in Common Shares or cash is made as specified under the applicable Award Agreement. Subject to the provisions of Sections 17 and 18, a Participant is only entitled to payment in respect of the deferred share units when the Participant ceases to be an employee or director of the Company or any Affiliate thereof for any reason. At the time of grant, the Committee shall determine whether the deferred share units shall be redeemed for: (i) Common Shares only, or (ii) at the option of the Participant, Common Shares or the redemption value determined in accordance with the applicable Award Agreement of the deferred share units.

(v) ***Performance Shares and Performance Share Units***

The Committee may grant Awards of performance shares to Participants in the form of (a) Common Shares or (b) performance share units, in such amounts and subject to such terms and conditions as the Committee shall determine in its discretion. A Participant who is granted a performance share unit will have only the rights of a general unsecured creditor of the Company until payment of Common Shares, cash or other securities or property is made as specified in the applicable Award Agreement. In the event that a Certificate is issued in respect of an Award of performance shares in the form of Common Shares, such Certificate shall be registered in the name of the Participant but shall be held by the Company or its designated agent until the time the performance shares are earned and become vested in accordance with the terms of the applicable Award Agreement. The Committee shall determine in its sole discretion whether performance share units shall be settled in Common Shares, cash, securities or other property, or a combination thereof.

(vi) ***Other Equity-Based Awards***

The Committee may grant other types of equity-based or equity-related Awards to Participants (including the grant of unrestricted Common Shares) in such amounts and subject to such terms and conditions as the Committee shall in its discretion determine. Such Awards may entail the transfer of actual Common Shares to Participants, or payment in cash or otherwise of amounts based on the value of Common Shares, and may include, without limitation, Awards designed to comply with or take advantage of the applicable local laws of foreign jurisdictions.

GENERAL

10. Withholding of Tax

If the Company determines that under the requirements of applicable taxation laws it is obliged to withhold for remittance to a taxing authority any amount whatsoever in connection with this Plan, any Option or Award or the issuance of any Common Shares, the Company may take such steps for the deduction, withholding and remittance of such amounts. Without limiting the generality of the foregoing, the Company may, as a condition of issuing the

Common Shares on the exercise of an Option, require the Participant to pay to the Company, in addition to and in the same manner and at the same time as the payment of the Exercise Price for the Common Shares, such amount as the Company is obliged to remit to such taxing authority in respect of the issuance of the Common Shares. Other methods of satisfying the withholding and remittance requirements in respect of Options and Awards include: (a) withholding the amount required to be remitted from cash remuneration or other amounts payable to the Participant, whether or not related to the Plan; (b) allowing the Participant to make a cash payment to the Company equal to the amount required to be remitted, which amount shall be remitted by the Company for the account of the Participant; and (c) sell, on behalf of the Participant, that number of Common Shares to be issued such that the amount withheld by the Company from the proceeds of such sale will be sufficient to satisfy any amounts required to be remitted by the Company for the account of the Participant. Where the Company considers that the steps undertaken in connection with the foregoing result in inadequate withholding or a late remittance of taxes, the delivery of any Common Shares to be issued to a Participant may be made conditional on the Participant (or other Person) reimbursing the Company or making arrangements satisfactory to the Company for the payment in a timely manner of all amounts required to be remitted for the account of the Participant.

11. Adjustment in Shares

- (a) The number of Common Shares subject to this Plan, the number of Common Shares available under Awards or Options granted and the Exercise Price and/or cash value allocated to Awards shall be adjusted from time to time, in such manner and by such procedure deemed appropriate by the Committee, subject to applicable law and the applicable rules and policies of the stock exchange to reflect adjustments in the number of Common Shares arising as a result of rights offering, consolidation, subdivision or reclassification of Common Shares, the payment of stock dividends by the Company or other relevant changes in the authorized or issued capital of the Company.
- (b) [Intentionally deleted.]
- (c) In the event of a change in the Company's currently authorized Common Shares which is limited to a change in the designation thereof, the common shares resulting from any such change shall be deemed to be Common Shares within the meaning of the Plan.
- (d) In the event of any other change affecting the Common Shares, such adjustment, if any, shall be made as may be deemed equitable by the Committee to properly reflect such event.
- (e) No fractional Common Shares shall be issued on the redemption or exercise of an Award or the exercise of an Option. Accordingly, if, as a result of any adjustment under this Section 11, a Participant would become entitled to a fractional Common Share, the Participant shall have the right to acquire only the adjusted number of full Common Shares and no payment or other adjustment will be made with respect to the fractional Common Shares so disregarded.
- (f) No provision of this Section 11 shall be given effect to the extent that such provision would cause any Award or Option to be in violation of Section 409A.

12. Required Consents

- (a) If the Committee shall at any time determine that any consent (as hereinafter defined) is necessary or desirable as a condition of, or in connection with, the granting of any Award or Option, the issuance of Common Shares or the delivery of any cash, securities or other property under the Plan, or the taking of any other action thereunder (each such action being hereinafter referred to as a "plan action"), then such plan action shall not be taken, in whole or in part, unless and until such consent shall have been effected or obtained to the full satisfaction of the Committee.
- (b) The term "consent" as used herein with respect to any plan action includes (i) any and all listings, registrations or qualifications in respect thereof upon any stock exchange or under any applicable law, rule or regulation, (ii) any and all written agreements and representations by the grantee with

respect to the disposition of shares, or with respect to any other matter, which the Committee shall deem necessary or desirable to comply with the terms of any such listing, registration or qualification or to obtain an exemption from the requirement that any such listing, qualification or registration be made and (iii) any and all other consents, clearances and approvals in respect of a plan action by any governmental or other regulatory body or any stock exchange or self-regulatory agency having jurisdiction.

13. Transfer and Assignment

Except to the extent otherwise provided in the applicable Award or Option Agreement, no Award or Option or right granted to any Person under the Plan shall be sold, exchanged, transferred, assigned, pledged, hypothecated or otherwise disposed of (including through the use of any cash-settled instrument) other than by will or by the laws of descent and distribution in accordance with Section 14, and all such Awards, Options and rights shall be exercisable during the life of the grantee only by the grantee or the grantee's legal representative.

14. Effect of Death.

If a Participant or, in the case of an Other Participant which is not an individual, the primary individual providing services to the Company or Designated Affiliates on behalf of the Other Participant, shall die, any Option or Award that would have vested within 12 months after the date of such death of the Participant or Other Participant shall vest immediately before the time of death notwithstanding Sections 8(e) and 9(b)(ii)(A), respectively, and such vested Options and Awards may devolve upon the Person or Persons to whom the rights of the Optionee or Award holder under the Option or Award pass by the will of the Optionee or Award holder or the laws of descent and distribution.

15. Employment and Board Position Non-Contractual

The granting of an Award or Option to a Participant under this Plan does not confer upon the Participant any right to continue as an Eligible Employee, Eligible Director, Consultant or Other Participant, as the case may be, nor does it interfere in any way with the right of the Participant or the Company to terminate the Participant's employment or a Consulting Contract at any time, or the shareholders' right to elect or remove Directors.

16. Administration of Plan

- (a) The Plan shall be administered by the Committee. Subject to any limitations of the Plan and regulatory requirements the Committee shall have full authority to administer the Plan including the authority to interpret and construe any provision of the Plan and to adopt, amend and rescind such rules and regulations for administering the Plan as the Committee may deem necessary or desirable in order to comply with the requirements of the Plan. Subject to the power and authority of the Board, all actions taken and all interpretations and determinations made by the Committee in good faith shall be final and conclusive and shall be binding on the Company, all Participants and all other Persons affected thereby. No member of the Committee shall be personally liable for any action taken or determination or interpretation made in good faith in connection with the Plan and all members of the Committee shall, in addition to their rights as Directors, be fully protected, indemnified and held harmless by the Company with respect to any such action taken or determination or interpretation made. The appropriate officers of the Company are hereby authorized and empowered to do all things and execute and deliver all instruments, undertakings and applications and writings as they, in their absolute discretion, consider necessary or desirable for the implementation of the Plan and of the rules and regulations established for administering the Plan. All costs incurred in connection with the Plan shall be for the account of the Company.
- (b) The day to day administration of this Plan may be delegated to such officers and employees as the Committee shall determine.

17. Acceleration on Take-over Bid, Consolidation, Merger, etc.

Subject to any action by the Committee under Section 18, in the event that:

- (a) the Company seeks or intends to seek approval from the shareholders of the Company for a transaction which, if completed, would constitute an Acceleration Event (as defined below); or
- (b) a Person makes a *bona fide* offer or proposal to the Company or the shareholders of the Company which, if accepted or completed, would constitute an Acceleration Event,

(either of (a) or (b) being a "**Proposed Transaction**") (i) the Company shall give written notice of the Proposed Transaction (the "**Acceleration Notice**") to all Participants holding outstanding Options or Awards as soon as practicable, (ii) the Company shall notwithstanding any vesting conditions applicable to any Option or Award or Sections 8(e) or 9(b)(ii)(A) hereof, accelerate the vesting of all outstanding Options and Awards, remove any other pre-conditions or restrictions on the exercise or redemption of such Options and Awards and accelerate the redemption date of Awards as applicable (such acceleration and removal to be conditional upon completion of the Proposed Transaction), such that all outstanding Options and Awards shall become immediately exercisable or redeemable (provided that any exercise or redemption is to be conditional upon the completion of the Proposed Transaction) during the period specified in the Acceleration Notice (but in no event later than the applicable expiry date of an Option or Award) so that the Participants may participate in or benefit from the Proposed Transaction; and (iii) the Committee may accelerate the vesting of all outstanding Options and Awards, including the time for the fulfillment of any conditions or restrictions on the exercise or redemption of the Options and Awards. In addition, if, as a result of or in connection with a contested election of Directors, the nominees named in the most recent management information circular of the Company for election to the Board shall not constitute a majority of the Board, the Company shall, immediately prior to the happening of such event, accelerate the redemption of all outstanding Performance-Based Incentives to the extent the performance/service condition has been met.

The Acceleration Notice shall include such information as is required by an Award Agreement in respect of an Award affected by this Section 17.

An Acceleration Event means:

- (a) the acquisition by any "offeror" (as defined in Section 89 of the *Securities Act* (Ontario)) as of the date hereof) of beneficial ownership of more than 50% of the votes attached to the outstanding voting securities of the Company, by means of a take-over bid or otherwise;
- (b) any consolidation, merger, statutory amalgamation or arrangement involving the Company and pursuant to which the Company will not be the continuing or surviving corporation or pursuant to which the Common Shares will be converted into cash or securities or property of another entity, other than a transaction involving the Company and in which the shareholders of the Company immediately prior to the completion of the transaction will have the same proportionate ownership of the surviving corporation immediately after the completion of the transaction;
- (c) a separation of the business of the Company into two or more entities that are not Subsidiaries of the Company;
- (d) any sale, lease, exchange or other transfer (in one transaction or a series of related transactions) of all or substantially all of the assets of the Company to another entity other than a sale, lease, exchange or other transfer to a Subsidiary of the Company; or
- (e) the approval by the shareholders of the Company of any plan of liquidation or dissolution of the Company.

Notwithstanding the foregoing, except as provided in Section 409A, no acceleration of time or schedule of any payment to a U.S. Participant is permitted under this Plan.

18. Proposed Transaction - Securities Exchange.

In the event of a Proposed Transaction, the Committee may send notice to all Participants requiring them to exchange their Options or Awards for replacement options or awards and such Participants shall be deemed to have exchanged such Options or Awards on the date specified in such notice without further formality, provided that:

- (a) the Committee delivers with such notice an irrevocable and unconditional offer by the acquiror to grant replacement options or awards to Participants;
- (b) the Committee has determined, in good faith, that such replacement options or awards have substantially the same economic value as the Options or Awards being exchanged;
- (c) the exchange of Options or Awards for replacement options or awards can be effected on a tax-deferred basis under the *Income Tax Act* (Canada) and the *United States Internal Revenue Code*, as applicable; and
- (d) for U.S. Participants, the surrender of Options and Awards and the granting of replacement options and awards shall not be in violation of Section 409A.

19. Notices

All written notices to be given by the Participant to the Company may be delivered personally or by registered mail, postage prepaid, addressed as follows:

Karora Resources Inc.

141 Adelaide Street West, Suite 1608
Toronto, Ontario
M5H 3L5

Attention: Chief Financial Officer

Any notice given by the Participant pursuant to the terms of the Option or Award shall not be effective until actually received by the Company at the above address. Any notice to be given to the Participant shall be sufficiently given if delivered personally or by postage prepaid mail to the last address of the Participant on the records of the Company and shall be effective seven days after mailing.

20. Corporate Action

Nothing contained in this Plan or any Option or Award granted shall be construed so as to prevent the Company or any Subsidiary of the Company from taking corporate action which is deemed by the Company or the Subsidiary to be appropriate or in its best interest, whether or not such action would have an adverse effect on this Plan or on any Option or Award granted.

21. Termination of Options and Awards under the Plan; Clawback

- (a) If (X) a Participant's employment with the Company terminates, whether for or without cause and whether with or without reasonable notice or any reason whatsoever including death, or (Y) a Participant who is an Eligible Director, Consultant or Other Participant for any reason whatsoever including death ceases to be an Eligible Director, Consultant or Other Participant, as the case may be (each a "**Termination**"), the termination date of such Participant (the "**Termination Date**") shall be determined as follows: (i) in the case of death, the Termination Date shall be the date of death; (ii) in the case of a termination of employment, the Termination Date shall be the effective date of such termination as determined by the Committee in its discretion and shall not be the date any reasonable notice would expire in the case of termination by the Company; and (iii) in the case of a

Participant who is an Eligible Director, Consultant or Other Participant, the Termination Date shall be the date such Participant ceases to be an Eligible Director, Consultant or Other Participant, as the case may be, as determined by the Committee in its discretion.

- (b) Subject to: (x) any express provision included in an employment/termination agreement entered into with an Optionee with respect to an Option, which shall in no case provide for an exercise period beyond 12 months from the Termination Date, or (y) any other determination made by the Board at the time of the termination, if such Termination is due to:
 - (i) (A) normal retirement under the Company's then existing policies; (B) early retirement at the request of the Company; (C) death; or (D) disability, then there shall be either (w) immediate vesting of all Options and Awards in the specified circumstances where such immediate vesting has been expressly provided for in the employment/termination agreement for a Participant, or (x) immediate vesting of the Options or Awards that would otherwise have vested in the 12 month period following the Termination Date in all other cases, and all other Options or Awards shall expire or be forfeited, as the case may be as of the Termination Date. Restricted shares that have vested as of the Termination Date shall cease to be subject to the restrictions in the applicable Award Agreement. All Options or Awards (other than an award of restricted shares) that have vested as of the Termination Date shall be exercisable or redeemed during the period which is the shorter of: (x) the remainder of the applicable Option Period (or other applicable period in respect of Awards); and (y) 180 days after the Termination Date, after which period, such Options or Awards may no longer vest or be exercised or redeemed and will be deemed to be forfeited, as the case may be; or
 - (ii) any reason other than those specified in item (i) (A) to (D), including termination subsequent to change of control, then there shall be either (w) immediate vesting of all Options and Awards or immediate vesting of the Options and Awards that would otherwise have vested in the 90 days following the Termination Date, as applicable, in the specified circumstances where such immediate vesting has been expressly provided for in the employment/termination agreement for a Participant, or (x) no accelerated vesting of the Options and Awards in all other cases, and all other Options or Awards that have not vested as of the Termination Date shall expire or be forfeited, as the case may be as of the Termination Date. Restricted shares that have vested as of the Termination Date shall cease, as of the applicable Termination Date, to be subject to the restrictions in the applicable Award Agreement, and all Options and Awards (other than an award of restricted shares) that have vested as of the Termination Date shall be exercisable or redeemed, as the case may be, during the period which is the shorter of: (y) the remainder of the applicable Option Period (or other applicable period in respect of Awards), and (z) 90 days after the Termination Date, after which period, the Options and/or Awards may no longer be exercised or redeemed and will be deemed to be forfeited, as the case may be.
- (c) Notwithstanding any other provisions in this Plan, any Award or Option which is subject to recovery under any law, government regulation or stock exchange listing requirement, will be subject to such deductions and clawback as may be required to be made pursuant to such law, government regulation or stock exchange listing requirement (or any policy adopted by the Company pursuant to any such law, government regulation or stock exchange listing requirement) or any policy adopted by the Company. Without limiting the generality of the foregoing, the Board may provide in any case that outstanding Awards or Options (whether or not vested or exercisable) and the proceeds from the exercise or disposition of Awards or Options or the Common Shares acquired under Awards or Options will be subject to forfeiture and disgorgement to the Company, with interest and other related earnings, if the Participant to whom the Award or Option was granted violates (i) a non-competition, non-solicitation, confidentiality or other restrictive covenant by which he or she is bound, or (ii) any policy adopted by the Company applicable to the Participant that provides for forfeiture or disgorgement with respect to incentive compensation that includes Awards or Options under the Plan. In addition, the Board may require forfeiture and disgorgement to the Company of

outstanding Awards and Options and the proceeds from the exercise or disposition of Awards or Options or the Common Shares acquired under Awards or Options, with interest and other related earnings, to the extent required by law or applicable stock exchange listing standards, including any related policy adopted by the Company. Each Participant, by accepting or being deemed to have accepted an Award or Option under the Plan, agrees to cooperate fully with the Board, and to cause any and all permitted transferees of the Participant to cooperate fully with the Board, to effectuate any forfeiture or disgorgement required hereunder. Neither the Board nor the Company nor any other person, other than the Participant and his or her permitted transferees, if any, will be responsible for any adverse tax or other consequences to a Participant or his or her permitted transferees, if any, that may arise in connection with this Section 21(c).

22. Amendment or Termination of the Plan

- (a) Subject to Section 22(c), the Committee may amend, suspend or terminate the Plan, or any portion thereof, at any time, provided that no such amendment, suspension or termination may:
 - (1) contravene the requirements of the Exchange or any securities commission or other regulatory body to which the Plan or the Company is now or may hereafter be subject to or be made without obtaining any required regulatory approvals; or
 - (2) adversely affect the rights of any Optionee or holder of an Award who holds an Option or Award at the time of any such amendment, without the consent of the affected Optionee or Award holder.
- (b) Without limiting the generality of the foregoing, the Committee may from time to time, in the absolute discretion of the Committee and without shareholder approval, make the following amendments to the Plan or any Option or Award granted under the Plan:
 - (1) an amendment to the termination provisions of the Plan or any Option or Award, provided such amendment does not extend the expiry date or term of the Option or Award beyond the expiry date or term determined at the Date of Grant;
 - (2) an amendment to the vesting provisions of the Plan and any Option Agreement or Award Agreement granted under the Plan;
 - (3) an amendment to provide or modify a cashless exercise feature to an Option or the Plan, whether or not there is a full deduction of the number of underlying Common Shares from the total number of Common Shares available for issuance under the Plan;
 - (4) an addition to, deletion from or alteration of the Plan or an Option or Award that is necessary to comply with applicable law or the requirements of any regulatory authority or the Stock Exchange;
 - (5) any amendment of a "housekeeping" nature, including, without limitation, any amendment for the purpose of curing any ambiguity, error or omission in this Plan or any Option or Award, to correct or supplement any provision of this Plan or any Option or Award that is inconsistent with any other provision of this Plan or any Option or Award, to correct grammatical or typographical errors, or to amend the definitions contained within this Plan respecting the administration of the Plan; and
 - (6) any amendment respecting the administration of this Plan.

(c) Shareholder approval will be required for the following amendments to the Plan or any Option or Award granted under the Plan:

- (1) any increase to the maximum number of Common Shares issuable under the Plan, either as a fixed number or a fixed percentage of the Company's outstanding Common Shares;
- (2) any amendment to remove or exceed the Insider participation limit;
- (3) any amendment to the definition of Participant under the Plan, including amendments that would permit the introduction or reintroduction of non-employee Directors as Participants on a discretionary basis, or any amendment to remove or exceed the limits previously imposed on non-employee Director participation;
- (4) any amendment to an amending provision within the Plan, including any amendment that deletes or reduces the range of amendments which require shareholder approval under this Section 22(c);
- (5) any reduction in the exercise/purchase price of an Option or Award to a price below the exercise/purchase price applicable to such Option or Award determined at the Date of Grant or that would be treated as a "repricing" under the then-applicable rules, regulations or listing requirements adopted by the exchange(s) on which the Common Shares are then listed, in each case, other than pursuant to Sections 17 and 18, including any cancellation and reissuance of any Option or Award **Error! Reference source not found.**;
- (6) any amendment which would allow for the transfer or assignment of Awards or Options under this Plan, other than for normal estate settlement purposes;
- (7) any extension of the expiry date or term of an Option or Award beyond the expiry date or term determined at the Date of Grant, except as provided in Section 8(g); and
- (8) any amendments required to be approved by shareholders under applicable law or the rules, regulations and policies of any stock exchange on which the Common Shares are listed.

23. Governing Law

This Plan is established under the laws of Ontario and the rights of all parties and the construction and effect of each provision of this Plan shall be according to the laws of Ontario and the laws of Canada applicable in Ontario.

24. Government Regulation

The Company's obligation to issue and deliver Common Shares under any Option or Award is subject to:

- (a) the satisfaction of all requirements under applicable securities law in respect thereof and obtaining all regulatory approvals as the Company shall determine to be necessary or advisable in connection with the authorization, issuance or sale thereof;
- (b) the admission of such Common Shares to listing on any stock exchange in Canada or the United States on which Common Shares may then be listed; and

- (c) the receipt from the Participant of such representations, agreements and undertakings as to future dealings in such Common Shares as the Company determines to be necessary or advisable in order to safeguard against the violation of the securities laws of any jurisdiction.

In this connection, the Company shall take all reasonable steps to obtain such approvals and registrations as may be necessary for the issuance of such Common Shares in compliance with applicable securities laws and for the listing of such Common Shares on a stock exchange in Canada or the United States on which the Common Shares are then listed.

25. Approvals

This Plan shall be subject to shareholder approval and acceptance by the Stock Exchange in compliance with all conditions imposed by the Stock Exchange. Any Awards or Options granted prior to such acceptance shall be conditional upon such acceptance being given and any conditions complied with and no Options or Awards may be exercised unless such acceptance is given and such conditions are complied with.

26. Unfunded and Unsecured Plan

The Plan shall be unfunded and the Company will not secure any of its obligations under the Plan.

27. Internal Revenue Code Section 409A

For any Options or Awards granted under this Plan to U.S. Participants, nothing in this Plan (or administration thereof) nor any such Options or Awards are intended to violate or shall be construed in a manner that would result in a violation of Section 409A.

28. Independent Advice

By accepting an Option or Award, each Participant shall be deemed to have acknowledged that he or she has been advised to retain independent legal, tax and financial advisors at his or her own expense and agreed that any failure on his or her part to retain legal, tax or financial advisors shall not affect the validity of this Plan.

APPENDIX A

PROVISIONS APPLICABLE TO GRANTS OF DEFERRED SHARE UNITS TO U.S. PARTICIPANTS

- A-1. **Purpose and Application.** The purposes of this Appendix A to the Karora Resources Inc. Deferred Share Unit Agreement pursuant to the Karora Resources Inc. Share Incentive Plan, as amended from time to time, (the "**Plan**") is to modify, supersede and supplement the terms of the DSU Agreement and the Plan as they relate to certain amendments required or permitted under certain provisions of the American Jobs Creation Act ("**AJCA**"). This Appendix is intended as good faith compliance with the requirements of AJCA and is to be construed in accordance with Section 409A of the Internal Revenue Code (the "**Code**"), Internal Revenue Service ("**IRS**") Notice 2005-1, final Treasury Regulations to Section 409A, and additional guidance by the IRS, as these may be amended from time to time (collectively, "**Section 409A**").

The provisions of this Appendix apply only to Participants who are citizens or residents of the United States or otherwise subject to United States personal taxation ("**U.S. Participants**") effective as of June 3, 2010, and will supersede the provisions of the DSU Agreement and the Plan with respect to U.S. Participant to the extent those provisions are inconsistent with the provisions of this Appendix.

- A-2. **Disability.** The following definition of Disability shall apply to U.S. Participants:

"**Disability**" shall have the meaning set forth in Section 409A.

- A-3. **Termination of Employment/Termination Date.** Termination of Employment for a U.S. Participant shall have the meaning of "separation from service" for the purposes of Section 409A. Termination Date for a U.S. Participant shall be the date a "separation from service" for purposes of Section 409A occurs. If any difference shall arise between Termination of Employment and "separation from service", the Section 409A definition shall prevail. Where this is the case, the shares transferred to the Participant in settlement of the DSU Award shall be newly-issued.

- A-4. **Deferral Election.** The following paragraph shall be incorporated in Section 1 ("Issuance of Deferred Share Units") of the DSU Agreement entered into by a U.S. Participant:

The grant of Deferred Share Units that result from deferrals of the director's fees shall also be subject to the U.S. Participant's duly filing with the Committee of a "Deferral Election" substantially in the form presented in the attached appendix.

- A-5. **Timing of Deferral Election.**

- (1) For the first year of the DSU Agreement and the Plan or the first year of participation, as of the effective date of the DSU Agreement and the Plan, Participants who wish to defer their director's fees must file their Deferral Elections with the Committee within 30 days after becoming an "eligible participant" in the Plan, as defined by Section 409A (taking into account plans that are required to be aggregated for the purposes of Section 409A).
- (2) For any subsequent year, executives who wish to be Participants must file their Deferral Election with the Committee no later than December 31st prior to the start of the year during which the director's fees to which such election shall apply will be earned.
- (3) Such election shall be an "initial deferral election" for the purposes of Section 409A and shall only apply to director's fees not yet earned. No subsequent deferral elections are permitted under the DSU Agreement and the Plan.

- A-6. **Distribution Date.** The following definition of Distribution Date shall apply to U.S. Participants in lieu of any reference to a settlement/payment/distribution/redemption date under the DSU Agreement and the Plan (as applicable to Deferred Share Unit Awards):

"**Distribution Date**" with respect to a U.S. Participant to whom a Termination Date has occurred will be within 30 days from the Termination Date, and the service provider shall not have a right to designate the taxable year of the payment.

A template of Deferral Election is attached in the appendix.

- A-7. **Amount of Deferral.** The following paragraph shall be incorporated in Section 6 ("Vesting; Acceleration") of the DSU Agreement entered into by a U.S. Participant:

Each Participant who is a U.S. Participant will receive all of his or her director's fees in form of DSUs, to the extent such Participant has made the "Deferral Election" specified in the attached appendix.

- A-8. **Delay of Settlement of Deferred Share Units for U.S. Participant "Key Employees".** Notwithstanding any other provision of the Plan or this Appendix, if the Company determines that the U.S. Participant is a "specified employee," as defined in Section 409A(a)(2)(B)(i) of the Code and any subsequent regulatory guidance issued under Section 409A, at the time the U.S. Participant's benefits become payable, to the extent necessary to avoid application of any adverse tax consequences of Section 409A, any payment due during the six months immediately following the U.S. Participant's separation from service shall be withheld and paid on the day that is six months and one day after the U.S. Participant's separation from service.

- A-9. **No Acceleration of Payments.** The following paragraph shall be incorporated in Section 17 ("Acceleration, Take-over Bid, Consolidation, Merger etc.") of the Plan:

Except as provided in Section 409A, no acceleration of time or schedule of any payment to a U.S. Participant is permitted under the Plan.

- A-10. **Section 409A compliance.**

- (1) The DSU Agreement and the Plan provisions applicable to Deferred Share Unit Awards, and the administration thereof, are intended to be in compliance with the requirements of Section 409A. Nothing in the DSU Agreement, the Plan provisions applicable to Deferred Share Unit Awards, or an amendment thereof, shall be construed as causing the DSU Award to be in violation of the requirements of Section 409A. The DSU Agreement and the Plan shall all times be administered without causing a violation of the requirements of Section 409A.

- (2) The following paragraph shall be added as paragraph (f) to Section 11 ("Adjustment in Shares") of the Plan:

No provision of this Section 11 shall be given effect to the extent that such provision would cause any Award to be in violation of Section 409A.

- (3) The following paragraph shall be added as paragraph (d) to Section 18 ("Securities Exchange Take-over Bid") of the Plan:

The surrender of Options or Awards and the granting of surrender options or awards shall not be in violation of Section 409A.

**KARORA RESOURCES INC.
DEFERRED SHARE UNIT AGREEMENT**

**DEFERRAL ELECTIONS
U.S. PARTICIPANTS**

1. In accordance with the DSU Agreement and the Plan, I hereby elect to receive a portion of my director's fees in the form of Deferred Share Units. I elect to receive my director's fees as follows with such election to be effective immediately and unless and until it is changed in accordance with the terms of the DSU Agreement:
 - 1.1 Director's fees:
 - (a) _____ in Deferred Share Units; and
 - (b) _____ in cash.
2. The Distribution of my Deferred Share Units (less any tax withholdings the Company may be required to make under applicable tax laws) will be made in a lump sum within 30 days from the Termination Date, as determined by the Company, in accordance with the terms of the DSU Agreement.
3. I understand that if I am a "specified employee" for the purposes of Section 409A, Distribution will take place six months and one day after my Termination Date.
4. I confirm that:
 - (a) I have received and reviewed a copy of the DSU Agreement and the Plan and agree to be bound by it;
 - (b) I understand that this Deferral Election is subject to the terms and conditions set forth in the DSU Agreement, and that all capitalized terms and undefined terms in this Deferral Election have the meanings attributed to them in the DSU Agreement and the Plan.
 - (c) I understand and agree that this election is irrevocable for the _____ taxable year;
 - (d) I understand that this election to defer compensation is subject to Section 409A. Any portion of this agreement which is not in conformity with the aforementioned will be null and void.

Date: _____

PARTICIPANT

Signature of Participant

Name:

Title:

Date:

AMENDED AND RESTATED SHARE INCENTIVE PLAN

1. Purpose of the Plan

The ~~Royal Nickel Corporation 2010~~**Karora Resources Inc.** Share Incentive Plan, as amended or amended and restated ~~on March 26, 2013 (other than amendments to Section 22, which shall become effective upon approval by the shareholders of the Company)~~from time to time, provides for the granting of Options and Awards to Participants for the purpose of advancing the interests of the Company through the motivation, attraction and retention of key officers, directors, employees (including prospective employees) and consultants of the Company and the Designated Affiliates and to secure for the Company and the shareholders of the Company the benefits inherent in the holding of Options and Awards that are tied to the long term performance of Common Shares by key officers, directors, employees and consultants of the Company and its Designated Affiliates.

2. Definitions

Unless otherwise defined herein, the following terms used in this Plan have the meaning given to them below:

“**Acceleration Event**” has the meaning as defined in Section 17;

“**Affiliate**” means the following:

a company is an Affiliate of another company if:

- (a) one of them is the Subsidiary of the other; or
- (b) each of them is controlled by the same Person.

In addition, a company is “**controlled**” by a Person if:

- (a) voting shares of the company are held, directly or indirectly, other than by way of security only, by or for the benefit of that Person; and
- (b) the voting shares, if voted, entitle the Person to elect a majority of the directors to the company;

“**Associate**” has the meaning given to it in the *Securities Act* (Ontario), as amended from time to time;

“**Award**” means an award (other than an Option) made pursuant to the Plan, as provided in Section 4;

“**Award Agreement**” means a written document by which each Award is evidenced;

“**Blackout Period**” means the period during which Participants cannot trade securities of the Company pursuant to the Company’s policy respecting restrictions on trading which

is in effect at that time (which, for greater certainty, does not include the period during which a cease trade order is in effect to which the Company or in respect of an insider, that insider, is subject);

“Blackout Period Expiry Date” means the date on which a Blackout Period expires;

“Board” and **“Board of Directors”** mean the board of directors of the Company;

“Business Day” means each day other than a Saturday, Sunday or statutory holiday in Toronto, Ontario, Canada;

“Certificate” means a share certificate (or other appropriate document or indicia of ownership) representing Common Shares of the Company;

“Committee” means the compensation committee appointed by the Board of Directors to administer this Plan. All references in this Plan to the Committee means the Board of Directors if no such compensation committee has been appointed;

“Common Shares” means the common shares in the capital of the Company;

“Company” means ~~Royal Nickel Corporation~~ **Karora Resources Inc.**, any successor of it, and where the context so requires, any Subsidiary of ~~Royal Nickel Corporation~~ **Karora Resources Inc.**;

“Consultant” has the meaning given to it in National Instrument 45-106, as amended from time to time;

“Consulting Contract” means a written contract between a Consultant (or a company or partnership of which the individual Consultant is an employee or a shareholder or partner) and the Company, governing the terms with respect to the provision of the Consultant’s services to the Company;

“Date of Grant” means the date a Participant is granted an Option or Award;

“Designated Affiliate” means the Affiliates of the Company designated by the Committee for purposes of the Plan from time to time;

“Directors” means the directors of the Company from time to time;

“Eligible Directors” means the Directors or the directors of any Designated Affiliate to whom Options and Awards can be granted in reliance on a prospectus exemption under applicable securities law from time to time;

“Eligible Employees” means:

- (i) an individual who is considered an employee under the *Income Tax Act* (Canada) (such as an individual for whom income tax, employment

insurance and Canadian Pension Plan deductions must be made at the source) of the Company or any Designated Affiliate;

- (ii) an individual who works full-time for the Company or any Designated Affiliate thereof providing services normally provided by an employee and who is subject to the same control and direction by the Company or any Designated Affiliate thereof over the details and methods of work as an employee of the Company or any Subsidiary thereof, but for whom income tax deductions are not made at the source; or
- (iii) an individual who works for the Company or any Designated Affiliate thereof on a continuing and regular basis for a minimum amount of time per week providing services normally provided by an employee and who is subject to the same control and direction by the Company or any Designated Affiliate thereof over the details and methods of work as an employee of the Company or any Designated Affiliate thereof, but for whom income tax deductions are not made at the source.

“Employment Contract” means any contract between the Company or any Designated Affiliate and any Eligible Employee, Eligible Director or Other Participant relating to, or entered into in connection with, the employment or departure of the Eligible Employee, the appointment or election of the Eligible Director or the engagement of the Other Participant or any other agreement to which the Company or a Designated Affiliate is a party with respect to the rights of such Participant in respect of a change in control of the Company or the termination of employment, appointment, election or engagement of such Participant;

“Exercise Date” means the date the Company receives from a Participant a completed notice of exercise contemplated by Section 8(f), together with payment for the Option Shares being purchased;

“Exercise Price” means the price per share at which a Participant may purchase Option Shares as fixed by the Committee;

“Fair Market Value” means, as of a specified date, the last closing price of the Common Shares on the Stock Exchange (or, if the Common Shares are not listed on such exchange, such other stock exchange on which the Common Shares are then listed) on the trading day immediately preceding that date, or if no prices are reported on that date, on the last preceding date on which such prices of the Common Shares are so reported. If the Common Shares are not then listed on any stock exchange but is traded over the counter at the time determination of Fair Market Value is required to be made hereunder, Fair Market Value shall be deemed to be equal to the average between the reported high and low sales prices of Common Shares on the most recent date on which Common Shares were publicly traded. If the Common Shares are not publicly traded at the time of determination, Fair Market Value shall be made by the Board or Committee in such manner as it deems appropriate.

“Insider” means a reporting insider as defined in National Instrument 55-104 – Insider Reporting Requirements and Exemptions;

“Market Price” means, with respect to a grant of Options, the last closing price of the Common Shares on the Stock Exchange (or, if the Common Shares are not listed on such exchange, such other stock exchange on which the Common Shares are then listed) prior to the grant. If the Common Shares are not then listed on any stock exchange but is traded over the counter at the time determination of Market Price is required to be made hereunder, Market Price shall be deemed to be equal to the average between the reported high and low sales prices of Common Shares on the most recent date on which Common Shares were publicly traded. If the Common Shares are not publicly traded at the time of determination, Market Price shall be made by the Board or Committee in such manner as it deems appropriate.

“Option” means a non-assignable, non-transferable right to purchase Common Shares granted pursuant to, or governed by the Share Option Plan;

“Option Agreement” means a written document by which each Option is evidenced;

“Option Period” means the period set forth in Section 8(b) during which a Participant may purchase Option Shares (provided, however, that the Option Period may not exceed ten years from the relevant Date of Grant);

“Option Shares” means the Common Shares which a Participant is entitled to purchase pursuant to Options granted pursuant to the Share Option Plan;

“Optionee” shall mean a Participant to whom an Option has been granted pursuant to the Share Option Plan;

“Other Awards Plan” means the other awards plan described in Section 9 hereof;

“Other Participants” shall mean any Person engaged to provide ongoing management or consulting services for the Company or a Designated Affiliate, or any employee of such Person, other than an Eligible Director or an Eligible Employee;

“Participant” with respect to the Share Option Plan and the Other Awards Plan shall mean each Eligible Director, Eligible Employee, Consultant and any Other Participant who has been designated by the Committee in accordance with Section 3 hereof;

“Performance-Based Incentives” means Awards, the vesting of which is contingent upon achievement by the Company of milestones or targets specified in the underlying Award Agreement;

“Person” means an individual, partnership, association, company or personal representative;

“**Plan**” means this share incentive plan which includes the Share Option Plan and the Other Awards Plan, as amended from time to time;

“**Proposed Transaction**” has the meaning as defined in Section 17;

“**Section 409A**” means Section 409A of the *United States Internal Revenue Code* and related guidance, as these may be amended from time to time.

“**Share Compensation Arrangement**” means a stock option, stock option plan or any other compensation or incentive mechanism involving the issue or potential issue of securities of the Company to one or more Participants, including a share purchase from treasury which is financially assisted by the Company by way of a loan, guaranty or otherwise;

“**Share Option Plan**” means the share option plan described in Section 8 hereof;

“**Stock Exchange**” means The Toronto Stock Exchange;

“**Subsidiary**” of another entity means an entity that would be deemed to be a subsidiary of the other entity of the purposes of the *Securities Act* (Ontario) other than Part XX of that Act;

“**Termination**” has the meaning given to it in Section 21 hereof; and

“**Termination Date**” has the meaning given to it in Section 21 hereof.

“**U.S. Participant**” means a Participant who is subject to United States taxation.

3. Eligibility

Options and Awards shall be granted only to *bona fide* Participants. Participation in this Plan shall be limited to Participants who are designated from time to time by the Committee. Participation shall be voluntary and the extent to which any Participant shall be entitled to participate in this Plan shall be determined by the Committee.

4. Types of Awards Under Plan

Grants under the Plan may be made in the form of Options or Awards, which Awards may include the following: (i) share appreciation rights, (ii) restricted shares, (iii) restricted share units, (iv) deferred share units, (v) performance shares and performance share units, and (vi) other equity-based or equity related awards that the Committee determines to be consistent with the purpose of the Plan and the interests of the Company.

5. Number of Common Shares Available for Awards

- (a) Plan Maximum: The maximum number of Common Shares made available under this Plan shall ~~be determined by the Committee but, in any case, maximum~~ **not exceed 7.5% of the outstanding Common Shares** from time to time ~~by, of which the Committee but, in any case, maximum~~

number of Common Shares made available for issuance pursuant to Awards granted under this Plan shall not exceed ~~15~~5.5% of the outstanding Common Shares from time to time.

(b) Limits with respect to Insiders:

- (i) the aggregate number of Common Shares issuable under this Plan and any other Share Compensation Arrangement to Insiders shall not exceed 10% of the Common Shares issued and outstanding at any time;
- (ii) Insiders shall not be issued, pursuant to this Plan and any other Share Compensation Arrangements, within any one year period, a number of Common Shares which exceeds 10% of the Common Shares issued and outstanding.

(c) Limits with respect to Non-Employee Directors:

- (i) ~~Non~~The Plan will not result at any time in (i) a number of Common Shares issuable to all non-employee Directors exceeding 1% of the issued and outstanding Common Shares at such time, and (ii) a number of Common Shares issuable to any one non-employee Directors will be subject to an annual grant limit of \$100,000 ~~worth of Options and \$150,000 worth of share-based Awards and Options, in aggregate, per such non-employee Director, of which no more than \$100,000 may be issued in the form of Options;~~
- (ii) The limit in Section 5(c)(i) does not apply to (i) one-time initial grants made to a new non-employee Director upon joining the Board or ~~to cash-settled~~(ii) Awards taken in lieu of any cash fee or retainer payable for serving as a Director.

6. Agreements Evidencing Awards

Each Award and/or Option granted under this Plan shall be evidenced by a written document which shall contain such provisions and conditions as the Committee in its discretion deems appropriate. The Committee may grant Awards and Options in tandem with or, if applicable, subject to pre-clearance with the Stock Exchange, in substitution for any other Award or Option granted under this Plan, provided that no such substitutions shall be made for Awards or Options granted to U.S. Participants to the extent it would result in a violation of Section 409A. By accepting an Award or Option pursuant to the Plan, a Participant thereby agrees that the Award or Option shall be subject to all of the terms and conditions of this Plan and the applicable Award or Option Agreement.

7. No Rights as a Shareholder

No Participant shall have any of the rights or privileges of a shareholder of the Company with respect to Common Shares subject to such Award or Option until the issuance of a Certificate for such Common Shares.

OPTION PLAN

8. Options, Price, Vesting, Payment and Termination

- (a) A Share Option Plan is hereby established for the Eligible Directors, Eligible Employees, Consultants and Other Participants of the Plan.
- (b) The Committee shall determine the number of Option Shares that such Participant is entitled to purchase, the Exercise Price, the Option Period (which may not exceed ten years from the relevant Date of Grant) and the vesting schedule, if any.
- (c) Each Option granted to a Participant shall be evidenced by an Option Agreement setting out terms and conditions consistent with the provisions of the Plan, which terms and conditions need not be the same in each case and which terms and conditions may be changed from time to time.
- (d) The Committee shall fix the Exercise Price in its discretion at the time the Option is granted, provided that the Exercise Price shall be fixed by the Committee in Canadian dollars and shall be no less than the Market Price.
- (e) At the time of grant or thereafter, the Committee may determine when an Option will vest and become exercisable and may determine that the Option shall be exercisable in instalments on such terms as to vesting or otherwise as the Committee deems advisable subject to the rules of the Stock Exchange, if any. Unless otherwise determined by the Committee, Options will vest and become exercisable, as to one third of the Options granted, on each of the first, second and third anniversaries of the Date of Grant, provided that the Participant is an Eligible Employee, Eligible Director, Consultant or Other Participant at the time of vesting.
- (f) A Participant may from time to time and at any time during the Option Period, exercise an Option to purchase all or a portion of the Option Shares which such Participant is then entitled to purchase by delivering to the Company at its registered office, a notice in writing which shall specify the number of Option Shares that the Participant desires to purchase accompanied by payment in full of the Exercise Price for such Option Shares plus any amount that the Company determines in its discretion is required to satisfy the Company's withholding tax and source deduction remittance obligations in respect of the exercise of the Options, and the acquisition of Option Shares. Payment may be made by cash, certified cheque, bank draft, money order or such electronic method of payment as may be acceptable to the Company, in each case payable to the order of the Company.
- (g) Notwithstanding the expiration provisions hereof, the expiration date of an Option will be the date fixed by the Board or Committee with respect to such Option unless such expiration date falls within a Blackout Period or within nine Business

Days after a Blackout Period Expiry Date, in which case the expiration date of the Option will be the date which is ten Business Days after the Blackout Period Expiry Date. Notwithstanding anything else herein contained, the ten Business Day period referred to in this Section 8(g) may not be extended by the Board or Committee.

- (h) The obligation of the Company to issue and deliver any Common Shares in accordance with the Share Option Plan shall be subject to any necessary approval of any stock exchange or regulatory authority having jurisdiction over the securities of the Company. If any Common Shares cannot be issued to any Participant upon the exercise of an Option for whatever reason, the obligation of the Company to issue such Common Shares shall terminate and any Exercise Price paid to the Company in respect of the exercise of such Option shall be returned to the Participant.
- (i) Notwithstanding anything to the contrary, the Committee may in its sole discretion allow for the cashless exercise of all or a portion of the Options granted hereunder by (x) waiving the Participant's obligation to pay the Exercise Price per Option exercised, and (y) permitting the Participant to receive either, as determined by Committee in its sole discretion, (i) Option Shares or (ii) a cash payment (*in lieu* of Option Shares), in each case, equal to the amount, if any, by which the value of Common Shares (valued at Fair Market Value) exceeds the Exercise Price per Option exercised, in exchange for such Participant disposing of such Options to the Company.

OTHER AWARDS PLAN

9. Other Awards, Vesting, etc.

- (a) The Other Awards Plan is hereby established for Eligible Directors, Eligible Employees, Consultants and Other Participants. The Committee shall determine the type and number of Awards that such Participant is entitled to, the term of such Awards and the vesting schedule, if applicable, of such Awards.
- (b) Each Award granted to a Participant shall be evidenced by an Award Agreement setting out terms and conditions of the Award, which terms and conditions need not be the same in each case and which terms and conditions may be changed from time to time.
 - (i) ***Share Appreciation Rights***

The Committee may grant share appreciation rights to Participants in such amounts and subject to such terms and conditions as the Committee shall determine in its discretion. The grantee of a share appreciation right shall have the right, subject to the terms of the Plan and the applicable Award Agreement, to receive from the Company an amount equal to (a) the excess of the Fair Market Value of a Common Share on the date of

redemption of the share appreciation right, over (b) the Fair Market Value of a Common Share as of the Date of Grant as set forth in the Award Agreement, multiplied by (c) the number of Common Shares with respect to which the share appreciation right is redeemed. Payment upon redemption of a share appreciation right may be in cash, Common Shares (valued at Fair Market Value), or any combination thereof, all as the Committee shall determine in its discretion.

(ii) ***Restricted Shares***

The Committee may grant Awards of restricted shares to Participants in such amounts and subject to such terms and conditions as the Committee may determine in its discretion, as follows:

- (A) At the time of the grant, the Committee may determine when a restricted share will become vested and may determine that the restricted share shall be vested in instalments on such terms as the Committee deems advisable. Unless otherwise provided by the Committee, restricted shares will vest as to one third of the restricted shares granted, on each of the first, second and third anniversaries of the Date of Grant, provided that the Participant is an Eligible Employee, Eligible Director, Consultant or Other Participant at the time of vesting.
- (B) Promptly after a Participant accepts an Award of restricted shares and executes an Award Agreement, the Company shall issue in the Participant's name a Certificate for the number of Common Shares granted as restricted shares. Upon the issuance of such Certificate, the Participant shall have the rights of a shareholder with respect to the restricted shares, subject to any restrictions and conditions as the Committee in its discretion may include in the applicable Award Agreement. Unless the Committee shall otherwise determine, any Certificate issued evidencing Common Shares which are restricted shares shall remain in the possession of the Company or its designated agent until such Common Shares vest and are free of any restrictions specified in the applicable Award Agreement.
- ~~(C) Notwithstanding the restrictions on transfer and assignment of Awards provided in Section 13 of this Plan, the Committee at the time of grant may specify the date or dates (which may depend upon or be related to the attainment of performance goals and other conditions) on which the non-transferability of the restricted shares shall lapse.~~

(iii) ***Restricted Share Units***

The Committee may grant Awards of restricted share units to Participants in such amounts and subject to such terms and conditions as the Committee shall determine in its discretion. The restricted share units are to be credited to a notional account maintained for the Participant by the Company, or as specified by the Committee, and are subject to adjustment for normal anti-dilution events including the subdivision, consolidation or reclassification of the outstanding Common Shares. In the event that the Company declares a dividend on the Common Shares, dividend equivalents may be awarded by the granting of additional restricted share units credited to the Participant in the Participant's account. A Participant who is granted a restricted share unit will have only the rights of a general unsecured creditor of the Company until payment of Common Shares, cash or other securities or property is made as specified in the applicable Award Agreement. On the payment date, the Participant of each restricted share unit not previously forfeited under the terms of the applicable Award Agreement shall receive Common Shares, cash, securities or other property equal in value to the Common Shares or a combination thereof, as specified by the Committee and set out in the applicable Award Agreement.

(iv) ***Deferred Share Units***

The Committee may grant Awards of deferred share units in the form of units each convertible into one Common Share, in such amounts and subject to such terms and conditions as the Committee shall determine in its discretion. The deferred share units are to be credited to a notional account maintained for the Participant by the Company, or as specified by the Committee, and are subject to adjustment for normal anti-dilution events including the subdivision, consolidation or reclassification of the outstanding Common Shares. In the event that the Company declares a dividend on the Common Shares, dividend equivalents may be awarded by the granting of additional deferred share units credited to the Participant in the Participant's account. A Participant who is granted deferred share units will have only rights of an unsecured creditor of the Company until such time as payment in Common Shares or cash is made as specified under the applicable Award Agreement. Subject to the provisions of Sections 17 and 18, a Participant is only entitled to payment in respect of the deferred share units when the Participant ceases to be an employee or director of the Company or any Affiliate thereof for any reason. At the time of grant, the Committee shall determine whether the deferred share units shall be redeemed for: (i) Common Shares only, or (ii) at the option of the Participant, Common Shares or the redemption value determined in accordance with the applicable Award Agreement of the deferred share units.

(v) ***Performance Shares and Performance Share Units***

The Committee may grant Awards of performance shares to Participants in the form of (a) Common Shares or (b) performance share units, in such amounts and subject to such terms and conditions as the Committee shall determine in its discretion. A Participant who is granted a performance share unit will have only the rights of a general unsecured creditor of the Company until payment of Common Shares, cash or other securities or property is made as specified in the applicable Award Agreement. In the event that a Certificate is issued in respect of an Award of performance shares in the form of Common Shares, such Certificate shall be registered in the name of the Participant but shall be held by the Company or its designated agent until the time the performance shares are earned and become vested in accordance with the terms of the applicable Award Agreement. The Committee shall determine in its sole discretion whether performance share units shall be settled in Common Shares, cash, securities or other property, or a combination thereof.

(vi) ***Other Equity-Based Awards***

The Committee may grant other types of equity-based or equity-related Awards to Participants (including the grant of unrestricted Common Shares) in such amounts and subject to such terms and conditions as the Committee shall in its discretion determine. Such Awards may entail the transfer of actual Common Shares to Participants, or payment in cash or otherwise of amounts based on the value of Common Shares, and may include, without limitation, Awards designed to comply with or take advantage of the applicable local laws of foreign jurisdictions.

GENERAL

10. Withholding of Tax

If the Company determines that under the requirements of applicable taxation laws it is obliged to withhold for remittance to a taxing authority any amount whatsoever in connection with this Plan, any Option or Award or the issuance of any Common Shares, the Company may take such steps for the deduction, withholding and remittance of such amounts. Without limiting the generality of the foregoing, the Company may, as a condition of issuing the Common Shares on the exercise of an Option, require the Participant to pay to the Company, in addition to and in the same manner and at the same time as the payment of the Exercise Price for the Common Shares, such amount as the Company is obliged to remit to such taxing authority in respect of the issuance of the Common Shares. Other methods of satisfying the withholding and remittance requirements in respect of Options and Awards include: (a) withholding the amount required to be remitted from cash remuneration or other amounts payable to the Participant, whether or not related to the Plan; (b) allowing the Participant to make a cash payment to the Company equal to the amount required to be remitted, which amount shall be remitted by the Company for the

account of the Participant; and (c) sell, on behalf of the Participant, that number of Common Shares to be issued such that the amount withheld by the Company from the proceeds of such sale will be sufficient to satisfy any amounts required to be remitted by the Company for the account of the Participant. Where the Company considers that the steps undertaken in connection with the foregoing result in inadequate withholding or a late remittance of taxes, the delivery of any Common Shares to be issued to a Participant may be made conditional on the Participant (or other Person) reimbursing the Company or making arrangements satisfactory to the Company for the payment in a timely manner of all amounts required to be remitted for the account of the Participant.

11. Adjustment in Shares

- (a) The number of Common Shares subject to this Plan, the number of Common Shares available under Awards or Options granted and the Exercise Price and/or cash value allocated to Awards shall be adjusted from time to time, in such manner and by such procedure deemed appropriate by the Committee, subject to applicable law and the applicable rules and policies of the stock exchange to reflect adjustments in the number of Common Shares arising as a result of rights offering, consolidation, subdivision or reclassification of Common Shares, the payment of stock dividends by the Company or other relevant changes in the authorized or issued capital of the Company.
- (b) [Intentionally deleted.]
- (c) In the event of a change in the Company's currently authorized Common Shares which is limited to a change in the designation thereof, the common shares resulting from any such change shall be deemed to be Common Shares within the meaning of the Plan.
- (d) In the event of any other change affecting the Common Shares, such adjustment, if any, shall be made as may be deemed equitable by the Committee to properly reflect such event.
- (e) No fractional Common Shares shall be issued on the redemption or exercise of an Award or the exercise of an Option. Accordingly, if, as a result of any adjustment under this Section 11, a Participant would become entitled to a fractional Common Share, the Participant shall have the right to acquire only the adjusted number of full Common Shares and no payment or other adjustment will be made with respect to the fractional Common Shares so disregarded.
- (f) No provision of this Section 11 shall be given effect to the extent that such provision would cause any Award or Option to be in violation of Section 409A.

12. Required Consents

- (a) If the Committee shall at any time determine that any consent (as hereinafter defined) is necessary or desirable as a condition of, or in connection with, the granting of any Award or Option, the issuance of Common Shares or the delivery

of any cash, securities or other property under the Plan, or the taking of any other action thereunder (each such action being hereinafter referred to as a “plan action”), then such plan action shall not be taken, in whole or in part, unless and until such consent shall have been effected or obtained to the full satisfaction of the Committee.

- (b) The term “consent” as used herein with respect to any plan action includes (i) any and all listings, registrations or qualifications in respect thereof upon any stock exchange or under any applicable law, rule or regulation, (ii) any and all written agreements and representations by the grantee with respect to the disposition of shares, or with respect to any other matter, which the Committee shall deem necessary or desirable to comply with the terms of any such listing, registration or qualification or to obtain an exemption from the requirement that any such listing, qualification or registration be made and (iii) any and all other consents, clearances and approvals in respect of a plan action by any governmental or other regulatory body or any stock exchange or self-regulatory agency having jurisdiction.

13. Transfer and Assignment

Except to the extent otherwise provided in the applicable Award or Option Agreement, no Award or Option or right granted to any Person under the Plan shall be sold, exchanged, transferred, assigned, pledged, hypothecated or otherwise disposed of (including through the use of any cash-settled instrument) other than by will or by the laws of descent and distribution in accordance with Section 14, and all such Awards, Options and rights shall be exercisable during the life of the grantee only by the grantee or the grantee’s legal representative. ~~Notwithstanding the immediately preceding sentence, the Committee may permit, under such terms and conditions that it deems appropriate in its sole discretion, a grantee to transfer any Award (other than Options) to any Person that the Committee so determines.~~

14. Effect of Death.

If a Participant or, in the case of an Other Participant which is not an individual, the primary individual providing services to the Company or Designated Affiliates on behalf of the Other Participant, shall die, any Option or Award that would have vested within 12 months after the date of such death of the Participant or Other Participant shall vest immediately before the time of death notwithstanding Sections 8(e) and 9(b)(ii)(A), respectively, and such vested Options and Awards may devolve upon the Person or Persons to whom the rights of the Optionee or Award holder under the Option or Award pass by the will of the Optionee or Award holder or the laws of descent and distribution.

15. Employment and Board Position Non-Contractual

The granting of an Award or Option to a Participant under this Plan does not confer upon the Participant any right to continue as an Eligible Employee, Eligible Director, Consultant or Other Participant, as the case may be, nor does it interfere in any way with the right of the Participant

or the Company to terminate the Participant's employment or a Consulting Contract at any time, or the shareholders' right to elect or remove Directors.

16. Administration of Plan

- (a) The Plan shall be administered by the Committee. Subject to any limitations of the Plan and regulatory requirements the Committee shall have full authority to administer the Plan including the authority to interpret and construe any provision of the Plan and to adopt, amend and rescind such rules and regulations for administering the Plan as the Committee may deem necessary or desirable in order to comply with the requirements of the Plan. Subject to the power and authority of the Board, all actions taken and all interpretations and determinations made by the Committee in good faith shall be final and conclusive and shall be binding on the Company, all Participants and all other Persons affected thereby. No member of the Committee shall be personally liable for any action taken or determination or interpretation made in good faith in connection with the Plan and all members of the Committee shall, in addition to their rights as Directors, be fully protected, indemnified and held harmless by the Company with respect to any such action taken or determination or interpretation made. The appropriate officers of the Company are hereby authorized and empowered to do all things and execute and deliver all instruments, undertakings and applications and writings as they, in their absolute discretion, consider necessary or desirable for the implementation of the Plan and of the rules and regulations established for administering the Plan. All costs incurred in connection with the Plan shall be for the account of the Company.
- (b) The day to day administration of this Plan may be delegated to such officers and employees as the Committee shall determine.

17. Acceleration on Take-over Bid, Consolidation, Merger, etc.

Subject to any action by the Committee under Section 18, in the event that:

- (a) the Company seeks or intends to seek approval from the shareholders of the Company for a transaction which, if completed, would constitute an Acceleration Event (as defined below); or
- (b) a Person makes a *bona fide* offer or proposal to the Company or the shareholders of the Company which, if accepted or completed, would constitute an Acceleration Event,

(either of (a) or (b) being a “**Proposed Transaction**”) (i) the Company shall give written notice of the Proposed Transaction (the “**Acceleration Notice**”) to all Participants holding outstanding Options or Awards as soon as practicable, (ii) the Company shall notwithstanding any vesting conditions applicable to any Option or Award or Sections 8(e) or 9(b)(ii)(A) hereof, accelerate the vesting of all outstanding Options and Awards, remove any other pre-conditions or restrictions on the exercise or redemption of such Options and Awards and accelerate the redemption date of Awards as applicable (such acceleration and removal to be conditional upon

completion of the Proposed Transaction), such that all outstanding Options and Awards shall become immediately exercisable or redeemable (provided that any exercise or redemption is to be conditional upon the completion of the Proposed Transaction) during the period specified in the Acceleration Notice (but in no event later than the applicable expiry date of an Option or Award) so that the Participants may participate in or benefit from the Proposed Transaction; and (iii) the Committee may accelerate the vesting of all outstanding Options and Awards, including the time for the fulfillment of any conditions or restrictions on the exercise or redemption of the Options and Awards. In addition, if, as a result of or in connection with a contested election of Directors, the nominees named in the most recent management information circular of the Company for election to the Board shall not constitute a majority of the Board, the Company shall, immediately prior to the happening of such event, accelerate the redemption of all outstanding Performance-Based Incentives to the extent the performance/service condition has been met.

The Acceleration Notice shall include such information as is required by an Award Agreement in respect of an Award affected by this Section 17.

An Acceleration Event means:

- (a) the acquisition by any “offeror” (as defined in Section 89 of the *Securities Act* (Ontario)) as of the date hereof) of beneficial ownership of more than 50% of the votes attached to the outstanding voting securities of the Company, by means of a take-over bid or otherwise;
- (b) any consolidation, merger, statutory amalgamation or arrangement involving the Company and pursuant to which the Company will not be the continuing or surviving corporation or pursuant to which the Common Shares will be converted into cash or securities or property of another entity, other than a transaction involving the Company and in which the shareholders of the Company immediately prior to the completion of the transaction will have the same proportionate ownership of the surviving corporation immediately after the completion of the transaction;
- (c) a separation of the business of the Company into two or more entities that are not Subsidiaries of the Company;
- (d) any sale, lease, exchange or other transfer (in one transaction or a series of related transactions) of all or substantially all of the assets of the Company to another entity other than a sale, lease, exchange or other transfer to a Subsidiary of the Company; or
- (e) the approval by the shareholders of the Company of any plan of liquidation or dissolution of the Company.

Notwithstanding the foregoing, except as provided in Section 409A, no acceleration of time or schedule of any payment to a U.S. Participant is permitted under this Plan.

18. Proposed Transaction - Securities Exchange.

In the event of a Proposed Transaction, the Committee may send notice to all Participants requiring them to exchange their Options or Awards for replacement options or awards and such Participants shall be deemed to have exchanged such Options or Awards on the date specified in such notice without further formality, provided that:

- (a) the Committee delivers with such notice an irrevocable and unconditional offer by the acquiror to grant replacement options or awards to Participants;
- (b) the Committee has determined, in good faith, that such replacement options or awards have substantially the same economic value as the Options or Awards being exchanged;
- (c) the exchange of Options or Awards for replacement options or awards can be effected on a tax-deferred basis under the *Income Tax Act* (Canada) and the *United States Internal Revenue Code*, as applicable; and
- (d) for U.S. Participants, the surrender of Options and Awards and the granting of replacement options and awards shall not be in violation of Section 409A.

19. Notices

All written notices to be given by the Participant to the Company may be delivered personally or by registered mail, postage prepaid, addressed as follows:

~~Royal Nickel Corporation~~

~~220 Bay~~ **Karora Resources Inc.**

141 Adelaide Street West, Suite 1200-1608

Toronto, Ontario

~~M5J 2W4~~ **H 3L5**

Attention: Chief Financial Officer

Any notice given by the Participant pursuant to the terms of the Option or Award shall not be effective until actually received by the Company at the above address. Any notice to be given to the Participant shall be sufficiently given if delivered personally or by postage prepaid mail to the last address of the Participant on the records of the Company and shall be effective seven days after mailing.

20. Corporate Action

Nothing contained in this Plan or any Option or Award granted shall be construed so as to prevent the Company or any Subsidiary of the Company from taking corporate action which is

deemed by the Company or the Subsidiary to be appropriate or in its best interest, whether or not such action would have an adverse effect on this Plan or on any Option or Award granted.

21. Termination of Options and Awards under the Plan; **Clawback**

- (a) If (X) a Participant's employment with the Company terminates, whether for or without cause and whether with or without reasonable notice or any reason whatsoever including death, or (Y) a Participant who is an Eligible Director, Consultant or Other Participant for any reason whatsoever including death ceases to be an Eligible Director, Consultant or Other Participant, as the case may be (each a "**Termination**"), the termination date of such Participant (the "**Termination Date**") shall be determined as follows: (i) in the case of death, the Termination Date shall be the date of death; (ii) in the case of a termination of employment, the Termination Date shall be the effective date of such termination as determined by the Committee in its discretion and shall not be the date any reasonable notice would expire in the case of termination by the Company; and (iii) in the case of a Participant who is an Eligible Director, Consultant or Other Participant, the Termination Date shall be the date such Participant ceases to be an Eligible Director, Consultant or Other Participant, as the case may be, as determined by the Committee in its discretion.
- (b) Subject to: (x) any express provision included in an employment/termination agreement entered into with an Optionee with respect to an Option, which shall in no case provide for an exercise period beyond 12 months from the Termination Date, or (y) any other determination made by the Board at the time of the termination, if such Termination is due to:
 - (i) (A) normal retirement under the Company's then existing policies; (B) early retirement at the request of the Company; (C) death; or (D) disability, then there shall be either (w) immediate vesting of all Options and Awards in the specified circumstances where such immediate vesting has been expressly provided for in the employment/termination agreement for a Participant, or (x) immediate vesting of the Options or Awards that would otherwise have vested in the 12 month period following the Termination Date in all other cases, and all other Options or Awards shall expire or be forfeited, as the case may be as of the Termination Date. Restricted shares that have vested as of the Termination Date shall cease to be subject to the restrictions in the applicable Award Agreement. All Options or Awards (other than an award of restricted shares) that have vested as of the Termination Date shall be exercisable or redeemed during the period which is the shorter of: (x) the remainder of the applicable Option Period (or other applicable period in respect of Awards); and (y) 180 days after the Termination Date, after which period, such Options or Awards may no longer vest or be exercised or redeemed and will be deemed to be forfeited, as the case may be; or

(ii) any reason other than those specified in item (i) (A) to (D), ~~inclusive~~**including termination subsequent to change of control**, then there shall be either (w) immediate vesting of all Options and Awards or immediate vesting of the Options and Awards that would otherwise have vested in the 90 days following the Termination Date, as applicable, in the specified circumstances where such immediate vesting has been expressly provided for in the employment/termination agreement for a Participant, or (x) no accelerated vesting of the Options and Awards in all other cases, and all other Options or Awards that have not vested as of the Termination Date shall expire or be forfeited, as the case may be as of the Termination Date. Restricted shares that have vested as of the Termination Date shall cease, as of the applicable Termination Date, to be subject to the restrictions in the applicable Award Agreement, and all Options and Awards (other than an award of restricted shares) that have vested as of the Termination Date shall be exercisable or redeemed, as the case may be, during the period which is the shorter of: (y) the remainder of the applicable Option Period (or other applicable period in respect of Awards), and (z) 90 days after the Termination Date, after which period, the Options and/or Awards may no longer be exercised or redeemed and will be deemed to be forfeited, as the case may be.

(c) Notwithstanding any other provisions in this Plan, any Award or Option which is subject to recovery under any law, government regulation or stock exchange listing requirement, will be subject to such deductions and clawback as may be required to be made pursuant to such law, government regulation or stock exchange listing requirement (or any policy adopted by the Company pursuant to any such law, government regulation or stock exchange listing requirement) or any policy adopted by the Company. Without limiting the generality of the foregoing, the Board may provide in any case that outstanding Awards or Options (whether or not vested or exercisable) and the proceeds from the exercise or disposition of Awards or Options or the Common Shares acquired under Awards or Options will be subject to forfeiture and disgorgement to the Company, with interest and other related earnings, if the Participant to whom the Award or Option was granted violates (i) a non-competition, non-solicitation, confidentiality or other restrictive covenant by which he or she is bound, or (ii) any policy adopted by the Company applicable to the Participant that provides for forfeiture or disgorgement with respect to incentive compensation that includes Awards or Options under the Plan. In addition, the Board may require forfeiture and disgorgement to the Company of outstanding Awards and Options and the proceeds from the exercise or disposition of Awards or Options or the Common Shares acquired under Awards or Options, with interest and other related earnings, to the extent required by law or applicable stock exchange listing standards, including any related policy adopted by the Company. Each Participant, by accepting or being deemed to have accepted an Award or Option under the Plan, agrees to cooperate fully with the Board, and to cause any and all permitted transferees of the

Participant to cooperate fully with the Board, to effectuate any forfeiture or disgorgement required hereunder. Neither the Board nor the Company nor any other person, other than the Participant and his or her permitted transferees, if any, will be responsible for any adverse tax or other consequences to a Participant or his or her permitted transferees, if any, that may arise in connection with this Section 21(c).

22. Amendment or Termination of the Plan

- (a) Subject to Section 22(c), the Committee may amend, suspend or terminate the Plan, or any portion thereof, at any time, provided that no such amendment, suspension or termination may:

- (1) contravene the requirements of the Exchange or any securities commission or other regulatory body to which the Plan or the Company is now or may hereafter be subject to or be made without obtaining any required regulatory approvals; or
- (2) adversely affect the rights of any Optionee or holder of an Award who holds an Option or Award at the time of any such amendment, without the consent of the affected Optionee or Award holder.

- (b) Without limiting the generality of the foregoing, the Committee may from time to time, in the absolute discretion of the Committee and without shareholder approval, make the following amendments to the Plan or any Option or Award granted under the Plan:

- ~~(1) an amendment to the purchase price of any Option or Award, unless the amendment is a reduction in the purchase price of an Option or Award to a price below the purchase price applicable to such Option or Award determined at the Date of Grant (including a cancellation and re-grant of an Option at a lower price);~~

- (1) ~~(2)~~ an amendment to the termination provisions of the Plan or any Option or Award, provided such amendment does not extend the expiry date or term of the Option or Award beyond the expiry date or term determined at the Date of Grant;

- (2) ~~(3)~~ an amendment to the vesting provisions of the Plan and any Option Agreement or Award Agreement granted under the Plan;

- (3) ~~(4)~~-an amendment to provide or modify a cashless exercise feature to an Option or the Plan, whether or not there is a full deduction of the number of underlying Common Shares from the total number of Common Shares available for issuance under the Plan;
- (4) ~~(5)~~-an addition to, deletion from or alteration of the Plan or an Option or Award that is necessary to comply with applicable law or the requirements of any regulatory authority or the Stock Exchange;
- (5) ~~(6)~~-any amendment of a “housekeeping” nature, including, without limitation, ~~amending the wording of any provision of this Plan~~any amendment for the purpose of ~~clarifying the meaning of existing provisions~~curing any ambiguity, error or omission in this Plan or any Option or Award, to correct or supplement any provision of this Plan or any Option or Award that is inconsistent with any other provision of this Plan or any Option or Award, to correct grammatical or typographical errors, or to amend the definitions contained within this Plan respecting the administration of the Plan; and
- (6) ~~(7)~~-any amendment respecting the administration of this Plan; and
- ~~(8) — any other amendment, whether fundamental or otherwise, that does not require shareholder approval under Section 22(c) or under applicable law or the requirements of any regulatory authority or the Stock Exchange.~~

(7)

- (c) Shareholder approval will be required for the following amendments to the Plan or any Option or Award granted under the Plan:

- (1) any increase to the maximum number of Common Shares issuable under the Plan, either as a fixed number or a fixed percentage of the Company’s outstanding Common Shares;
- (2) any amendment to remove or exceed the Insider participation limit;
- (3) any amendment to the definition of Participant under the Plan, including amendments that would permit the introduction or reintroduction of non-employee Directors as Participants on a discretionary basis, or

any amendment to remove or exceed the limits previously imposed on non-employee Director participation;

- (4) ~~(3)~~ any amendment to an amending provision within the Plan, including any amendment that deletes or reduces the range of amendments which require shareholder approval under this Section 22(c);
- (5) ~~(4)~~ any reduction in the exercise/purchase price of an Option or Award to a price below the exercise/purchase price applicable to such Option or Award determined at the Date of Grant; or that would be treated as a "repricing" under the then-applicable rules, regulations or listing requirements adopted by the exchange(s) on which the Common Shares are then listed, in each case, other than pursuant to Sections 17 and 18, including any cancellation and reissuance of any Option or Award;
- (6) any amendment which would allow for the transfer or assignment of Awards or Options under this Plan, other than for normal estate settlement purposes;
- (7) ~~(5)~~ any extension of the expiry date or term of an Option or Award ~~benefitting an Insider~~ beyond the expiry date or term determined at the Date of Grant, except as provided in Section 8(g); and
- (8) any amendments required to be approved by shareholders under applicable law or the rules, regulations and policies of any stock exchange on which the Common Shares are listed.

23. Governing Law

This Plan is established under the laws of Ontario and the rights of all parties and the construction and effect of each provision of this Plan shall be according to the laws of Ontario and the laws of Canada applicable in Ontario.

24. Government Regulation

The Company's obligation to issue and deliver Common Shares under any Option or Award is subject to:

- (a) the satisfaction of all requirements under applicable securities law in respect thereof and obtaining all regulatory approvals as the Company shall determine to

be necessary or advisable in connection with the authorization, issuance or sale thereof;

- (b) the admission of such Common Shares to listing on any stock exchange in Canada or the United States on which Common Shares may then be listed; and
- (c) the receipt from the Participant of such representations, agreements and undertakings as to future dealings in such Common Shares as the Company determines to be necessary or advisable in order to safeguard against the violation of the securities laws of any jurisdiction.

In this connection, the Company shall take all reasonable steps to obtain such approvals and registrations as may be necessary for the issuance of such Common Shares in compliance with applicable securities laws and for the listing of such Common Shares on a stock exchange in Canada or the United States on which the Common Shares are then listed.

25. Approvals

This Plan shall be subject to shareholder approval and acceptance by the Stock Exchange in compliance with all conditions imposed by the Stock Exchange. Any Awards or Options granted prior to such acceptance shall be conditional upon such acceptance being given and any conditions complied with and no Options or Awards may be exercised unless such acceptance is given and such conditions are complied with.

26. Unfunded and Unsecured Plan

The Plan shall be unfunded and the Company will not secure any of its obligations under the Plan.

27. Internal Revenue Code Section 409A

For any Options or Awards granted under this Plan to U.S. Participants, nothing in this Plan (or administration thereof) nor any such Options or Awards are intended to violate or shall be construed in a manner that would result in a violation of Section 409A.

28. Independent Advice

By accepting an Option or Award, each Participant shall be deemed to have acknowledged that he or she has been advised to retain independent legal, tax and financial advisors at his or her own expense and agreed that any failure on his or her part to retain legal, tax or financial advisors shall not affect the validity of this Plan.

APPENDIX A

PROVISIONS APPLICABLE TO GRANTS OF DEFERRED SHARE UNITS TO U.S. PARTICIPANTS

- A-1. **Purpose and Application.** The purposes of this Appendix A to the ~~Royal Nickel Corporation~~**Karora Resources Inc.** Deferred Share Unit Agreement pursuant to the ~~Royal Nickel Corporation 2010~~**Karora Resources Inc.** Share Incentive Plan, **as amended from time to time**, (the “**Plan**”) is to modify, supersede and supplement the terms of the DSU Agreement and the Plan as they relate to certain amendments required or permitted under certain provisions of the American Jobs Creation Act (“**AJCA**”). This Appendix is intended as good faith compliance with the requirements of AJCA and is to be construed in accordance with Section 409A of the Internal Revenue Code (the “**Code**”), Internal Revenue Service (“**IRS**”) Notice 2005-1, final Treasury Regulations to Section 409A, and additional guidance by the IRS, as these may be amended from time to time (collectively, “**Section 409A**”).

The provisions of this Appendix apply only to Participants who are citizens or residents of the United States or otherwise subject to United States personal taxation (“**U.S. Participants**”) effective as of June 3, 2010, and will supersede the provisions of the DSU Agreement and the Plan with respect to U.S. Participant to the extent those provisions are inconsistent with the provisions of this Appendix.

- A-2. **Disability.** The following definition of Disability shall apply to U.S. Participants:

“**Disability**” shall have the meaning set forth in Section 409A.

- A-3. **Termination of Employment/Termination Date.** Termination of Employment for a U.S. Participant shall have the meaning of “separation from service” for the purposes of Section 409A. Termination Date for a U.S. Participant shall be the date a “separation from service” for purposes of Section 409A occurs. If any difference shall arise between Termination of Employment and “separation from service”, the Section 409A definition shall prevail. Where this is the case, the shares transferred to the Participant in settlement of the DSU Award shall be newly-issued.

- A-4. **Deferral Election.** The following paragraph shall be incorporated in Section 1 (“Issuance of Deferred Share Units”) of the DSU Agreement entered into by a U.S. Participant:

The grant of Deferred Share Units that result from deferrals of the director’s fees shall also be subject to the U.S. Participant’s duly filing with the Committee of a “Deferral Election” substantially in the form presented in the attached appendix.

- A-5. **Timing of Deferral Election.**

- (1) For the first year of the DSU Agreement and the Plan or the first year of participation, as of the effective date of the DSU Agreement and the Plan,

Participants who wish to defer their director's fees must file their Deferral Elections with the Committee within 30 days after becoming an "eligible participant" in the Plan, as defined by Section 409A (taking into account plans that are required to be aggregated for the purposes of Section 409A).

- (2) For any subsequent year, executives who wish to be Participants must file their Deferral Election with the Committee no later than December 31st prior to the start of the year during which the director's fees to which such election shall apply will be earned.
- (3) Such election shall be an "initial deferral election" for the purposes of Section 409A and shall only apply to director's fees not yet earned. No subsequent deferral elections are permitted under the DSU Agreement and the Plan.

A-6. **Distribution Date.** The following definition of Distribution Date shall apply to U.S. Participants in lieu of any reference to a settlement/payment/distribution/redemption date under the DSU Agreement and the Plan (as applicable to Deferred Share Unit Awards):

"**Distribution Date**" with respect to a U.S. Participant to whom a Termination Date has occurred will be within 30 days from the Termination Date, and the service provider shall not have a right to designate the taxable year of the payment.

A template of Deferral Election is attached in the appendix.

A-7. **Amount of Deferral.** The following paragraph shall be incorporated in Section 6 ("Vesting; Acceleration") of the DSU Agreement entered into by a U.S. Participant:

Each Participant who is a U.S. Participant will receive all of his or her director's fees in form of DSUs, to the extent such Participant has made the "Deferral Election" specified in the attached appendix.

A-8. **Delay of Settlement of Deferred Share Units for U.S. Participant "Key Employees".** Notwithstanding any other provision of the Plan or this Appendix, if the Company determines that the U.S. Participant is a "specified employee," as defined in Section 409A(a)(2)(B)(i) of the Code and any subsequent regulatory guidance issued under Section 409A, at the time the U.S. Participant's benefits become payable, to the extent necessary to avoid application of any adverse tax consequences of Section 409A, any payment due during the six months immediately following the U.S. Participant's separation from service shall be withheld and paid on the day that is six months and one day after the U.S. Participant's separation from service.

A-9. **No Acceleration of Payments.** The following paragraph shall be incorporated in Section 17 ("Acceleration, Take-over Bid, Consolidation, Merger etc.") of the Plan:

Except as provided in Section 409A, no acceleration of time or schedule of any payment to a U.S. Participant is permitted under the Plan.

A-10. Section 409A compliance.

- (1) The DSU Agreement and the Plan provisions applicable to Deferred Share Unit Awards, and the administration thereof, are intended to be in compliance with the requirements of Section 409A. Nothing in the DSU Agreement, the Plan provisions applicable to Deferred Share Unit Awards, or an amendment thereof, shall be construed as causing the DSU Award to be in violation of the requirements of Section 409A. The DSU Agreement and the Plan shall all times be administered without causing a violation of the requirements of Section 409A.

- (2) The following paragraph shall be added as paragraph (f) to Section 11 (“Adjustment in Shares”) of the Plan:

No provision of this Section 11 shall be given effect to the extent that such provision would cause any Award to be in violation of Section 409A.

- (3) The following paragraph shall be added as paragraph (d) to Section 18 (“Securities Exchange Take-over Bid”) of the Plan:

The surrender of Options or Awards and the granting of surrender options or awards shall not be in violation of Section 409A.

~~ROYAL NICKEL CORPORATION~~KARORA RESOURCES INC.
DEFERRED SHARE UNIT AGREEMENT

DEFERRAL ELECTIONS
U.S. PARTICIPANTS

1. In accordance with the DSU Agreement and the Plan, I hereby elect to receive a portion of my director's fees in the form of Deferred Share Units. I elect to receive my director's fees as follows with such election to be effective immediately and unless and until it is changed in accordance with the terms of the DSU Agreement:
 - 1.1 Director's fees:
 - (a) _____ in Deferred Share Units; and
 - (b) _____ in cash.
2. The Distribution of my Deferred Share Units (less any tax withholdings the Company may be required to make under applicable tax laws) will be made in a lump sum within 30 days from the Termination Date, as determined by the Company, in accordance with the terms of the DSU Agreement.
3. I understand that if I am a "specified employee" for the purposes of Section 409A, Distribution will take place six months and one day after my Termination Date.
4. I confirm that:
 - (a) I have received and reviewed a copy of the DSU Agreement and the Plan and agree to be bound by it;
 - (b) I understand that this Deferral Election is subject to the terms and conditions set forth in the DSU Agreement, and that all capitalized terms and undefined terms in this Deferral Election have the meanings attributed to them in the DSU Agreement and the Plan.
 - (c) I understand and agree that this election is irrevocable for the _____ taxable year;
 - (d) I understand that this election to defer compensation is subject to Section 409A. Any portion of this agreement which is not in conformity with the aforementioned will be null and void.

Date: _____

PARTICIPANT

Signature of Participant

Name:

Title:

Date:

M O R R O W S O D A L I

If you have any questions or require any assistance in executing your proxy or voting instruction form, please contact Morrow Sodali at:

North American Toll-Free Number: 1.888.999.2717

Outside North America, Banks, Brokers and Collect Calls: 1.289.695.3075

Email: assistance@morrowsodali.com

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Karora Resources Inc. is traded on the TSX/OTCQX under the symbol KRR/KRRGF.