MANAGEMENT’S DISCUSSION AND ANALYSIS

Three and Nine Months Ended September 30, 2022 and 2021

(in thousands of Canadian dollars)

TABLE OF CONTENTS

MANAGEMENT DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis ("**MD&A**") constitutes the information and factors that management believe is relevant to understanding the consolidated financial condition and operating performance of Karora Resources Inc. and its subsidiaries ("**Karora**" or the "**Corporation**") for the three and nine months ended September 30, 2022 and 2021. This MD&A should be read in conjunction with the Corporation's unaudited condensed interim consolidated financial statements and related notes for the three and nine months ended September 30, 2022 and 2021, which are prepared in accordance with International Financial Reporting Standards ("**IFRS**") as applicable to the presentation of interim financial statements including International Accounting Standard ("**IAS**") 34, Interim Financial Reporting, as well as other reports filed on SEDAR. The unaudited condensed interim consolidated financial statements should also be read in conjunction with the audited consolidated financial statements and the related notes for the year ended December 31, 2021, which have also been prepared in accordance with IFRS. This MD&A contains certain forward-looking statements and reference should be made to the 'Cautionary Statement Regarding Forward-Looking Information' found at the end of this MD&A.

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

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

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

Results are reported in Canadian dollars, unless otherwise noted. Australian dollars are defined as **A$.** United States dollars are defined as **US$**. Information contained herein is presented as at November 7, 2022 unless otherwise indicated.

THIRD QUARTER 2022 HIGHLIGHTS

Financial Results

- Karora's **cash position** of $56.1 million at September 30, 2022 remains strong. Karora benefitted from a draw on the recently completed term loan under senior secured Credit Agreement with Macquarie Bank Limited, while continuing planned deployment of capital into the Corporation's growth plan at Beta Hunt.
- **Working capital**[2] of $49.2 million at September 30, 2022 decreased by $15.2 million from December 31, 2021 due to $64.2 million cash consideration paid for the Lakewood mill acquisition.
- **Net earnings** of $4.4 million, or $0.03 per share, for the third quarter of 2022 was down $5.9 million compared to third quarter 2021 net earnings of $10.3 million, or $0.07 per share. The decrease was mainly attributable to increases in depreciation and amortisation and general and administrative costs.
- **Adjusted EBITDA**[2,3] was $27.5 million ($0.16 per share) for the third quarter of 2022, down $1.0 million compared to $28.5 million ($0.19 per share) in the third quarter of 2021.
- **Adjusted earnings**[2] was $6.6 million ($0.04 per share) for the third quarter of 2022, down $7.6 million compared to the third quarter of 2021.
- **Cash flow from operating activities** of $28.3 million, comparable to $27.9 million for the third quarter of 2021.

Production and Processing

- Third quarter 2022 consolidated **Gold production** of 38,437 ounces and **Gold sales** of 35,513 ounces sets a new quarterly production record beating the previous quarter record by 25%. This production milestone follows incorporation of Lakewood Mill into our operations in August 2022, allowing for optimization of feed from Beta Hunt, Spargos and Higginsville mines and utilisation of lower grade surface stockpiles. Full year consolidated 2022 gold production guidance of 120,000 to 135,000 ounces remains unchanged (assumes no significant interruption in operations as a result of the COVID-19 virus).
- All-in sustaining cost **("AISC")**[1] of US$1,069 per ounce sold for the third quarter decreased by 10% compared to the previous quarter, reflecting record production and improved unit costs per tonne.
- On 27 July 2022 Karora closed the acquisition of the operating and fully permitted 1.0 Mtpa Lakewood Mill gold processing facility located near Kalgoorlie Western Australia. Processing of Beta Hunt material at Lakewood Mill to date, has achieved 94% gold recovery. Karora now controls two operating mills centrally located in the prolific Kalgoorlie region with a combined milling capacity of 2.6Mtpa, providing advanced capacity to deliver on Karora's growth plans.

- **Beta Hunt's Second Decline,** the second (west) decline and ventilation access development has advanced 1,205 metres during the quarter and remains on schedule. Surface raise bore civil works were completed during the quarter and raise bore civil works commenced on the 801-vent raise. Karora remains on track to complete the decline in the first quarter of 2023 and deliver into the growth plan.

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

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

Other

- The Corporation **closed the senior secured $80 million Credit Agreement** with Macquarie Bank Limited which provided for a $40 million term loan and a $40 million revolving credit facility with a term to June 28, 2024 and further option to renew. The proceeds of the term loan were used to refinance the Corporation's existing $30 million credit facility, and for general working capital purposes.
- Approval received from the TSX to **renew Karora's normal course issuer bid** to purchase up to no more than 8,492,971 of its issued and outstanding common shares (representing 5% of the Commons Shares issued and outstanding). During the third quarter 157,660 shares were acquired and cancelled.
- **Appointment of Bevan Jones** to the position of **Chief Operating Officer**, Australia. Bevan has over 27 years of expertise in mine management and leadership in mining and joins Karora from Gold Fields where he was the General Manager of the St Ives gold operation located next to our Beta Hunt Mine.

DESCRIPTION OF BUSINESS

Karora is a multi-operational mineral resource company with its mining interests located in Western Australia. The portfolio includes the Beta Hunt Mine ("**Beta Hunt**"), Higginsville Gold Operations, Lakewood Mill and Spargos Reward Gold Mine (together "**HGO**"). Beta Hunt is a gold producing underground operation with nickel by-product credits. Gold bearing ore from Beta Hunt is blended with HGO material for feed into the HGO 1.6Mtpa treatment plant, and concurrently Beta Hunt and Spargos material are discreetly batch treated at the 1.0Mtpa Lakewood mill. Karora's mineral property interests at Beta Hunt and HGO host a large historical resource inventory, substantial portfolio of gold tenements and a series of open pits and underground operations. Karora is focused on growth through sustainable organic production and further accretive acquisitions of precious metal/mineral operations. Karora's growth pathway to 185,000 to 205,000 ounces per year by 2024 is underpinned by the increased milling capacity now in place at Higginsville and Lakewood along with the addition of a second decline at Beta Hunt.

BUSINESS VALUES

Karora has adopted the following values:

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

ENVIRONMENTAL AND SOCIAL GOVERNANCE (ESG)

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

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

Karora published its inaugural Environmental Social and Governance (**ESG**) report on April 8, 2022.

INTERNATIONAL CONFLICT

On February 24, 2022, Russia commenced a military invasion of Ukraine. In response, many jurisdictions have imposed strict economic sanctions against Russia and its interests, including Canada, the United States, the European Union, the United Kingdom, and others. While we do not have any operations in Ukraine or Russia, Karora's business may be impacted by the ongoing conflict between Russia and Ukraine and the related economic sanctions. The conflict and economic sanctions may also give rise to additional indirect impacts, including increased fuel prices, supply chain challenges, logistics and transport disruptions and heightened cybersecurity disruptions and threats.

COVID-19 UPDATE

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

Karora continued to experience high COVID and self isolation cases during the month of July 2022 but has subsequently seen cases ease off. The Australian government officially brought Australia's emergency response to COVID to an end on October 14, 2022 by removing the COVID-19 mandatory isolation requirements and the majority of rules for wearing face masks.

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

OPERATING RESULTS

Operating Data

	Three months ended,		Nine months ended,	
For the periods ended September 30,	**2022**	2021	**2022**	2021
Gold Operations (Consolidated)				
Tonnes milled (000s)	**547**	358	**1,403**	1,074
Recoveries	**94%**	94%	**94%**	94%
Gold milled, grade (g/t Au)	**2.33**	2.81	**2.28**	2.63
Gold produced (ounces)	**38,437**	30,365	**96,578**	84,889
Gold sold (ounces)	**35,513**	28,935	**92,198**	84,894
Average exchange rate (USD/CAD)	**1.3056**	1.2600	**1.2829**	1.2514
Average realized price (US $/oz sold)	**$1,717**	$1,778	**$1,818**	$1,788
Cash operating costs (US $/oz sold)[1]	**$991**	$887	**$1,128**	$902
All-in sustaining cost (AISC) (US $/oz sold)[1]	**$1,069**	$967	**$1,202**	$1,002
Gold (Beta Hunt Mine)[1]				
Tonnes milled (000s)	**306**	224	**834**	678
Gold milled, grade (g/t Au)	**2.36**	3.22	**2.30**	3.06
Gold produced (ounces)	**21,977**	21,742	**58,254**	62,356
Gold sold (ounces)	**20,767**	20,692	**56,035**	62,438
Cash operating cost (US $/oz sold)[1]	**$953**	$761	**$1,067**	$812
Gold (HGO Mine)				
Tonnes milled (000s)	**241**	134	**569**	396
Gold milled grade (g/t Au)	**2.29**	2.14	**2.26**	1.89
Gold produced (ounces)	**16,460**	8,623	**38,324**	22,533
Gold sold (ounces)	**14,746**	8,243	**36,163**	22,456
Cash operating cost (US $/oz sold)[1]	**$1,043**	$1,202	**$1,223**	$1,151

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

Karora delivered 38,437 gold ounces production in the third quarter of 2022, exceeding plan, while delivering a new quarterly production record beating the previous quarters record by 25%. Gold production in the third quarter of 2022 increased by 27% compared to the third quarter of 2021.

The feed blend through the Higginsville mill during the third quarter of 2022 comprised 49% material from the Beta Hunt underground mine with an average grade of 2.50 g/t, with the remaining 51% feed coming from the HGO operations at an average grade of 2.68 g/t, for a combined average grade of 2.59 g/t.

The feed blend through the Lakewood mill during the third quarter of 2022 comprised 73% material from the Beta Hunt underground mine with an average grade of 2.27 g/t, with the remaining 27% feed coming from the HGO operations at an average grade of 0.70 g/t, for a combined average grade of 1.84 g/t.

Low grade stockpile material from Beta Hunt and HGO operations was also treated through the Lakewood mill prior to Karora's purchase during the first month of the third quarter with an average grade of 1.28 g/t. The total average grade milled during the third quarter of 2022 was 2.33g/t.

Karora's third quarter 2022 cash costs were US$991 per ounce, a decrease of US$139 per ounce compared to the prior quarter, reflecting better cost per unit milled, better grade and higher Nickel by-product credits (the latter at $38/oz in the third quarter compared to $14/oz in the previous quarter of 2022).

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

BETA HUNT MINE OPERATIONS REVIEW

Beta Hunt mined 313,000 tonnes during the third quarter of 2022 at an average grade of 2.40 g/t containing 24,188 ounces of gold, which was 40% greater than tonnes mined in the third quarter of 2021. The majority of the scheduled mined tonnes during the third quarter came from Western Flanks and A Zone via several large, lower grade stopes in line with the mine plan for 2022.

Beta Hunt mined 5,915 tonnes of nickel ore at an estimated nickel grade of 1.76% during the third quarter of 2022. Nickel production was sourced from remnant nickel resources or extensions to previously mined stopes.

Production for the third quarter of 2022 was 306,000 tonnes milled at a grade of 2.36 g/t, a 4% and 10% increase in tonnes and grade respectively compared to the second quarter of 2022.

The Beta Hunt expansion to double mined tonnes to 2.0 Mtpa by 2024, which commenced in the first quarter of 2022, continues to track very well with completion of the second decline expected during the first quarter of 2023, ahead of the of the original schedule for completion in the second quarter of 2023 and on budget. Contract development has advanced 1,205 metres during the quarter and remains on schedule. Surface raise bore civil works were completed during the quarter and raise bore civil works commended on the 801-vent raise. The Company remains on track to complete the decline in the first quarter of 2023 and deliver into the growth plan.

HIGGINSVILLE GOLD OPERATIONS REVIEW

HGO mined 171,000 tonnes during the third quarter of 2022, 28% higher than the third quarter of 2021, at an average grade of 3.05 g/t containing 16,742 ounces of gold. Higher tonnes were achieved during the quarter due to the treatment of low grade stockpile material at Lakewood mill.

Planned production ramped up by 36% at the Spargos open pit mine since the previous quarter. Mining approval has been received to extend the open pit and commence underground mining at Spargos. Two Boys and Aquarius underground operations also contributed to mined tonnes and ounces.

Production for the third quarter of 2022 was 241,000 tonnes milled at a grade of 2.29 g/t, a 44% and 1% decrease, respectively, compared to the second quarter of 2022.

PROCESSING FACILITY REVIEW

Tonnes milled at the HGO mill during the third quarter of 2022 were 381,000 (49% from Beta Hunt and 51% from HGO) at an average grade of 2.59 g/t. Recovered gold was 29,839 ounces.

Tonnes milled at the Lakewood mill, including Karora tonnes process at the Lakewood mill prior to our acquisition of the mill, during the third quarter of 2022 were 166,000 (71% from Beta Hunt and 29% from HGO) at an average grade of 1.72 g/t. Recovered gold was 8,598 ounces.

Total gold production was 38,437 ounces for the quarter, higher than gold ounces sold of 35,513 ounces with 2,924 ounces carried in inventory at quarter end.

EXPLORATION

BETA HUNT EXPLORATION

During the third quarter of 2022, three active underground drill rigs completed 15,426 metres drilling at Beta Hunt, as part of the gold and nickel exploration and resource definition campaign, in support of the Company's growth plan.

Gold drilling during the quarter focused on testing the down-dip extensions of Western Flanks and A Zone, targeting Larkin parallel shear zones known as Mason and Cowcill and infill drilling the Larkin Zone. Nickel exploration and resource definition activities targeted extensions to the 44C nickel trough and the 30C Ni Mineral Resource. A new nickel discovery, the 4C Offset, was intersected 25m west of active Western Flanks development and was intersected as part of infill drilling at the top of the Western Flanks gold Mineral Resource.

A number of significant gold and nickel intersections and discoveries were reported during the quarter at Beta Hunt including:

(a) high grade gold drill results from the Larkin Zone (Karora news release, July 19, 2022):

- 29.8 g/t over 7.8 metres (BL1890-03AR)1
- 8.7 g/t over 4.0 metres (BL1890-13AR) 1
- 4.2 g/t over 6.9 metres (BL1890-01AR) 1

(1) Interval lengths are estimated true widths

(b) drill results from Western Flanks in August 2022 confirming that the main shear gold mineralization extends up to 150 metres below the current gold Mineral Resource (Karora news release, Aug 2, 2022). Intersection highlights from the recent underground diamond drill program are listed below[1].:

Western Flanks Deeps (outside of Mineral Resource)

- WW-SP2-003AE: 13.6 g/t over 5.3 metres, including 0.6m @ 113 g/t
- WW-SP2-009AE: 2.1 g/t over 7.6 metres
- WW-SP2-002AE: 2.7 g/t over 6.7 metres
- WW-SP2-002AE: 4.0 g/t over 8.3 metres – Footwall

Western Flanks Infill

- WW-SP2-006AR: 2.8 g/t over 17.7 metres
- WW386SP-06AR: 3.1 g/t over 11.7 metres
- WW386SP-01AR: 5.9 g/t over 5.1 metres
- WW-SP2-004AR: 6.1 g/t over 4.5 metres

(1) Interval lengths are estimated true widths

(c) new shear-related zones of gold mineralisation identified (Karora news release, Aug 23, 2022), interpreted as parallel shear zones to the Larkin Mineral Resource, referred to as Mason and Cowcill, returned significant gold assays[1.] in the first 2 drill holes of a 24 hole program, detailed below:

- Mason: 6.0 g/t Au over 13.0 metres (BM1890-25AE)
- Cowcill: 2.4 g/t Au over 5.0 metres (BC1704-009AE)

1. Downhole intervals. True widths cannot be determined with currently available information.

(d) The newly discovered 4C Offset nickel mineralization (Karora news release, Sept 14, 2022). High grade nickel mineralization was intersected in two holes[1.] above the Western Flanks Gold Mineral Resource in the Hunt Block:

- 4C offset: 6.5% Ni over 11.9 metres (BW-1704-07AG)
- 4C offset: 3.0% Ni over 4.6 metres (BW-1704-05AG)

i. *Downhole intervals. True widths cannot be determined with currently available information*

(e) positive results were received from drilling which is focused on upgrading and extending the 30C and 25C (south of the 30C) nickel Mineral Resources (Karora news release, Sept 14, 2022). In a target zone parallel to Western Flanks, Stage 1 of the 44C drill program intersected nickel sulphides on and proximal to the ultramafic/basalt contact indicating potential for a repeat of the 40C trough, north of the Alpha Island Fault in the Hunt Block.

The Corporation also completed a Preliminary Economic Assessment ("PEA") for Nickel Resources at the Beta Hunt Mine. (See press release on August 12, 2022).

The PEA base case, using our January 31, 2022 Nickel Mineral Resource, supports an 8-year mining plan to produce 9,435 payable nickel tonnes at a net AISC of A$16,946 per tonne of nickel sold (US$12,371 per tonne). On an average annual basis, production is forecasted to increase considerably from the 450 – 550 tonnes we expect to produce in 2022.

The total capital investment is estimated to be a very low A$18.7 million, with just over A$7 million deployed in the first year, yielding a very robust IRR of 105% for the base case (pre-tax and assuming a US$19,500 per tonne nickel price) and 232% for the upside case (pre-tax and assuming US$25,000 per tonne nickel price – in line with consensus nickel pricing). On a by-product basis, our gold AISC costs have the potential to be reduced by A$80 to A$100 per ounce sold using the base case assumptions.

HIGGINSVILLE EXPLORATION

During the quarter efforts were focused on:

- recruitment to support the exploration team at Higginsville;
- drilling contractor initiated with 6,994 metres of RC drilling undertaken over 6 prospects;
- project generation activities aimed at reviewing, identifying and prioritising both near-mine resource development and greenfields exploration targets;
- program of works government approvals received and heritage surveys completed in preparation for the current and ongoing drilling programs.

FINANCIAL RESULTS

(in thousands of dollars except per share amounts)	Three Months Ended			Nine Months Ended		
For the periods ended September 30,	**2022**	2021	Change	**2022**	2021	Change
Revenue	**$81,326**	$68,360	$12,966	**$220,207**	$197,214	$22,993
Production and processing costs	**42,430**	30,508	11,922	**124,959**	89,379	35,580
Royalty expense	**5,128**	4,651	477	**12,948**	12,762	186
General and administrative	**6,209**	4,769	1,440	**19,028**	15,152	3,876
General and administrative: share incentive plans	**1,267**	747	520	**4,107**	4,995	(888)
Depreciation and amortization	**14,973**	6,389	8,584	**37,416**	21,390	16,026
Operating earnings	**11,319**	20,683	(9,364)	**20,568**	52,923	(32,355)
Other expenses, net	**3,373**	4,678	(1,305)	**13,722**	16,382	(2,660)
Earnings before income tax	**7,946**	16,005	(8,059)	**6,846**	36,541	(29,695)
Income tax expense	**3,568**	5,665	(2,097)	**6,505**	15,186	(8,681)
Net earnings	**4,378**	10,340	(5,962)	**341**	21,355	(21,014)
Net earnings per share - basic	**$0.03**	$0.07	$(0.04)	**$0.00**	$0.15	$(0.15)
Net earnings per share - diluted	**$0.03**	$0.07	$(0.04)	**$0.00**	$0.14	$(0.14)
Adjusted EBITDA[1]	**27,510**	28,541	(1,031)	**62,315**	79,232	(16,917)
Adjusted EBITDA per share[1] - basic	**$0.16**	$0.19	$(0.03)	**$0.39**	$0.54	$(0.15)
Adjusted earnings [1]	**6,640**	14,240	(7,600)	**12,422**	36,597	(24,175)
Adjusted earnings per share - basic [1]	**$0.04**	$0.10	$(0.06)	**$0.08**	$0.25	$(0.17)

1. Non-IFRS: the definition and reconciliation of these measures are included in the Non-IFRS Measures of this MD&A.
2. Adjusted EBITDA revised to conform to current year's presentation.

Three and nine months ended September 30, 2022, compared with three and nine months ended September 30, 2021.

REVENUE

For the three months ended September 30, 2022, the Corporation generated revenue of $81.3 million of which HGO contributed $33.1 million, Beta Hunt contributed $47.9 million and Lakewood's third party toll milling operation contributed $0.3 million. During the comparable period in 2021, the Corporation generated revenue of $68.4 million of which HGO contributed $18.7 million and Beta Hunt contributed $49.7 million. The increase in revenue was due to 23% more ounces sold in the third quarter 2022 compared to same period in 2021

For the nine months ended September 30, 2022, the Corporation generated revenue of $220.2 million of which HGO contributed $84.5 million, Lakewood $0.3 million and Beta Hunt contributed $135.4 million. During the comparable period in 2021, the Corporation generated revenue of $197.2 million where HGO and Beta Hunt contributed $50.6 million and $146.6 million, respectively. The increase in revenue in 2022 was the result of higher gold ounces sold and higher average realized prices on ounces sold which increased by 9% and 2%, respectively.

PRODUCTION AND PROCESSING COSTS

Production and processing costs of $42.4 million and $125.0 million for the three and nine months ended September 30, 2022 respectively, increased by 39% and 40% from the same periods in 2021, reflecting higher mill tonnes (53% and 31%, respectively) in the three and nine months ended September 30, 2022) and inflationary cost pressures primarily on diesel and in the first half of 2022 COVID related costs.

ROYALTY EXPENSE

Royalty expense of $5.1 million and $12.9 million, respectively for the three and nine months ended September 30, 2022, increased from the same periods in 2021 ($4.7 million and $12.8 million, respectively) mainly due to higher gold sales.

GENERAL AND ADMINISTRATIVE EXPENSES

General and Administrative expenses of $6.2 million and $19.0 million, respectively for the three and nine months ended September 30, 2022, increased by $1.4 million and $3.9 million, respectively, from the comparable periods in 2021, reflecting primarily increased corporate development and travel as COVID restrictions were gradually relaxed in 2022.

SHARE-BASED COMPENSATION

Share-based compensation of $1.3 million and $4.1 million, respectively for the three and nine months ended September 30, 2022 compared to $0.7 million and $5.0 million for the comparable periods in 2021. Changes from the comparable periods reflect primarily movements in the share price of the Company at period ends and additional awards granted in the third quarter of 2022.

DEPRECIATION AND AMORTIZATION

Depreciation and amortization expense of $15.0 million and $37.4 million, respectively for the three and nine months ended September 30, 2022, compared to $6.4 million and $21.4 million in the comparable periods in 2021. The increase in depreciation and amortization was primarily due to the increased gold ounces sold and to the percentage of HGO sold ounces, which are higher cost, in the third quarter of 2022, compared to same period in 2021, and higher balance of depreciable assets during the nine months ended September 30, 2022 compared with the same prior year period.

OTHER EXPENSES, NET

For the three months ended September 30, 2022, other expenses, net decreased by $1.3 million. The decrease in expenses was primarily due to foreign exchange losses of $0.2 million for the three months ended September 30, 2022 compared to a loss of $2.4 million in the comparable period in 2021. The foreign exchange movement is primarily non-cash and primarily relates to the translation of intercompany loan balances between the Australian entities and the Canadian parent. In the third quarter of 2022, there was also a finance expense of $1.7 million compared to $1.1 million for the comparable period in 2021.

For the nine months ended September 30, 2022, other expenses, net decreased by $2.7 million. The decrease in expense was primarily due to foreign exchange losses of $6.4 million in 2022 versus a loss of $11.5 million in 2021. The foreign exchange movement is primarily non-cash and primarily relates to the translation of intercompany loan balances between the Australian entities and the Canadian parent. For the nine months ended 2022, there was also an increase in finance expense and unrealized losses on marketable securities of $0.6 million and $1.7 million respectively.

INCOME TAX EXPENSE

For the three months ended September 30, 2022, income tax expense was $3.6 million compared to an income tax expense of $5.7 million for the comparable period in 2021, a decrease of $2.1 million. For the nine months ended September 30, 2022, income tax expense was $6.5 million compared to $15.2 million for the comparable period in 2021. Deferred income tax expense decreased by $8.7 million for the nine months ended September 30, 2022. The primary reason for the decrease was due to lower taxable income at the Australian operations which gave rise to a significant decrease in taxable income.

NET EARNINGS (LOSS)

Net earnings of $4.4 million for the three months ended September 30, 2022 decreased by $5.9 million from the same period in 2021 reflecting primarily higher depreciation and amortisation and general and administrative expenses with the increase in the cash cost per ounce sold more than offset by higher revenues due to higher production and sales.

Net earnings for the nine months ended September 30, 2022, was $0.3 million compared to net earnings of $21.4 million for the comparable period in 2021, reflecting impacts of COVID primarily during the first half of 2022, inflationary pressures on costs, higher depreciation and amortisation and general and administrative expenses.

SUMMARY OF QUARTERLY RESULTS

(in thousands of dollars)	**2022**			**2021**				**2020**
	Q3	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**
Revenues	$81,326	$73,609	$65,272	$66,972	$68,360	$69,570	$59,284	$69,349
Net earnings (loss)	$4,378	($328)	($3,709)	$6,112	$10,340	$5,391	$5,624	$42,906
Net earnings (loss) per share - basic	$0.03	($0.00)	($0.02)	$0.04	$0.07	$0.04	$0.04	$0.30
Net earnings (loss) per share - diluted	$0.03	($0.00)	($0.02)	$0.04	$0.07	$0.04	$0.04	$0.28

Quarterly results vary in accordance with the Corporation’s revenues which are affected by gold price and ounces sold, production and processing costs, royalty expense, exploration, development, acquisition and financing activities. The increased revenue in the two last quarters of 2022 reflects increased production and sales. The net loss in the first two quarters of 2022 reflects higher cash costs per ounce as the operations continued to be impacted by lower labour availability, higher absenteeism and higher costs associated to COVID, as Western Australia reached record levels. Fluctuations in the Canadian dollar, which is the Corporation’s presentation currency, against the US dollar and Australian dollar will also continue to affect the Corporation’s quarterly results revenue and operating costs, which are denominated in US or Australian dollars.

LIQUIDITY AND CAPITAL RESOURCES

CASH FLOWS

(in thousands of dollars)	Three Months Ended			Nine Months Ended		
For the periods ended September 30,	**2022**	2021	Change	**2022**	2021	Change
Cash provided by operations prior to changes in working capital	**$27,898**	$27,873	$25	**$61,751**	$79,013	$(17,262)
Changes in non-cash working capital	**547**	63	484	**(9,145)**	(5,997)	(3,148)
Asset retirement obligations	**-**	-	-	**(441)**	-	(441)
Income taxes paid	**(151)**	(20)	(131)	**(479)**	(71)	(408)
Cash provided by operating activities	**28,294**	27,916	378	**51,686**	72,945	(21,259)
Cash used in investing activities	**(89,612)**	(31,019)	(58,593)	**(149,086)**	(66,244)	(82,842)
Cash provided by financing activities	**3,170**	8,340	(5,170)	**63,495**	3,671	59,824
Effect of exchange rate changes on cash and cash equivalents	**135**	(678)	813	**(1,019)**	(3,348)	2,329
Change in cash and cash equivalents	**$(58,013)**	$4,559	$(62,572)	**$(34,924)**	$7,024	$(41,948)

OPERATING ACTIVITIES

For the three months ended September 30, 2022, cash provided by operating activities, prior to changes in non-cash working capital, was $27.9 million compared to cash provided of $27.9 million for the same period in 2021. Changes in non-cash working capital provided cash of $0.5 million during the three months ended September 30, 2022, which reflect a net change in receivables, inventories and payables and accrued liabilities at the end of the period.

For the nine months ended September 30, 2022, cash provided by operating activities, prior to changes in non-cash working capital, was $61.8 million compared to cash provided of $79.0 million for the same period in 2021, representing a decrease of $17.3 million. The decrease is primarily due to lower operating earnings as a result of higher production and processing costs. Changes in non-cash working capital used cash of $9.1 million during the nine months ended September 30, 2022, which reflect a net change in receivables, inventories and payables and accrued liabilities at the end of the period.

INVESTING ACTIVITIES

Investing activities for the three months ended September 30, 2022 reflected a use of cash of $89.6 million, an increase of $58.6 million. The primary outflows for the three months ended September 30, 2022 were for the acquisition of property, plant and equipment and mineral property interests of $89.8 million which include the Lakewood mill acquisition of $64.2 million which forms part of the capital expansion and growth plan.

The nine months ended September 30, 2022 reflected a use of cash of $149.1 million. The primary outflows in the nine months ended September 30, 2022 were for the acquisition of property, plant and equipment and mineral property interests including the Lakewood mill acquisition mentioned above, the second decline at the Beta Hunt mine and related infrastructure, among others.

FINANCING ACTIVITIES

For the three months ended September 30, 2022, financing activities provided cash of $3.2 million compared to $8.3 million in the comparable period in 2021 resulting in a net decrease of $5.2 million. The $3.2 million cash provided in the third quarter of 2022 was mainly due to the $6.6 million net proceeds received on the refinancing of the Bridge loan with the new term loan from Macquarie bank offset by lease and interest payments.

The nine months ended September 30, 2022, financing activities provided cash of $63.5 million compared to $3.7 million for the same period in 2021 resulting in a net increase of $59.8 million. The $63.5 million for the nine months ended September 30, 2022 was primarily due to the $65.1 million net proceeds raised from the bought deal in June 2022.

As a result of the foregoing activities, for the three months ended September 30, 2022, operating, investing and financing activities reflect a use of cash of $58.0 million compared to cash provided of $4.6 million in the comparable period in 2021. Furthermore, the decrease to cash provided from operating, investing and financing activities include a favorable change of $0.8 million due to the effect of exchange rate changes on cash and cash equivalents for the third quarter of 2022.

JUNE 2022 FINANCING – USE OF PROCEEDS RECONCILIATION

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

Use of Proceeds	**Actual use of proceeds September 30, 2022**	Use of proceeds Short Form Prospectus Dated June 10, 2022
Fund a portion of the cash purchase price for the acquisition of the Lakewood Mill.	**$50,000**	$50,000
Nickel exploration and development drilling and other development activities at the Beta Hunt Mine.		
– Drilling new nickel exploration and resource development areas	**570**	2,500
– Development to access new nickel areas and additional drill sites	**779**	5,100
– Upgrade ventilation	**-**	1,000
– Purchase of new equipment	**1,068**	2,400
Working capital and general corporate purposes.	**12,833**	4,250
	$65,250	$65,250

As noted in the June Prospectus, the amount actually expended for the purposes described above could vary significantly from the June Prospectus disclosure. The Corporation intends to spend funds related to the Beta Hunt Mine items listed above in future periods.

CAPITAL RESOURCES

(in thousands of dollars)	**September 30, 2022**	December 31, 2021
Cash and cash equivalents	**$56,081**	$91,005
Working capital [1]	**49,204**	64,447
Property, plant and equipment and mineral property interests	**409,836**	300,680
Total assets	**520,126**	436,333
Current liabilities excluding current portion of financial liabilities [2]	**55,280**	64,570
Non-current liabilities excluding non-current portion of financial liabilities [2]	**88,654**	78,762
Financial liabilities (current and non-current) [2]	**47,065**	41,636
Total liabilities	**190,999**	184,968
Shareholders' equity	**329,127**	251,365

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

As at September 30, 2022, the Corporation had a working capital of $49.2 million compared to a $64.4 million as at December 31, 2021, a decrease of $15.2 million. The decrease to working capital was a result of decreases in cash and cash equivalents of $34.9 million offset by a decrease in trade and other receivables of $0.6 million and a net decrease in current liabilities of $10.8 million.

Total assets as at September 30, 2022 increased by $83.8 million compared to December 31, 2021, primarily due to increases in inventories of $12.2 million and property, plant and equipment and mineral property interests of $109.2 million partially offset by a reduction in cash and cash equivalents of $34.9 million.

Total liabilities as at September 30, 2022 increased by $6.0 million compared to the period ended December 31, 2021. This increase is primarily due to increases in debt of $7.5 million, deferred tax liability of $5.5 million and asset retirement obligations of $6.5 million, partially offset by a decrease in accounts payable and accrued liabilities of $5.8 million, lease obligations of $2.1 million and share incentive plan liabilities of $3.4 million.

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

OUTLOOK

The outlook and financial targets only relate to the 2022 to 2024 period. This outlook includes forward-looking information about the Corporation's operations and financial expectations and is based on management's expectations and outlook as of the date of this MD&A. This outlook, including expected results and targets, is subject to various risks, uncertainties and assumptions, which may impact future performance and our achievement of the results and targets discussed in this section. The Corporation may update the outlook depending on changes in metal prices and other factors.

MULTI-YEAR GROWTH PLAN AND 2022-2024 GUIDANCE

On August 12, 2022 Karora announced an increase to the lower end of its previously announced full year consolidated 2022 production guidance to a range of between 120,000 - 135,000 ounces of gold (previously 110,000 - 135,000 ounces) following a strong nine months production performance in 2022 of 96,578 ounces. Full year 2022 AISC[1] guidance was increased to a range of US$1,100 - US$ 1,200 per ounce sold (previously US$950 – US$1,050 per ounce sold) to adjust for the increased input costs driven largely by COVID-19 disruptions in 2022, in addition to elevated sector-wide inflationary impacts during 2022. Karora continues to expect an overall stronger second half cost performance when compared to the first half driven by improved grades and reduced cost pressures as experienced during first quarter of 2022. As previously announced, 2022 growth capital guidance was moderately increased by A$5 million for 2022, driven primarily by the positive acceleration of the second decline development which is tracking ahead of original schedule and remains on track for completion in the first quarter of 2023 as well as minor upgrades to the Lakewood milling facility, offset by reduced outlays previously allocated in 2022 for the expansion of the Higginsville mill.

On June 28, 2021 the Corporation announced three-year production guidance as part of a multi-year growth plan that is expected to see gold production increase from 99,249 ounces in 2020 to a range of 185,000 – 205,000 ounces in 2024 at an AISC[1] of US$885 – US$985 per ounce sold. Payable nickel production guidance for 2022 remains at 450 to 550 tonnes, which is treated as a by-product credit in AISC[1].

Table 1 – Consolidated Multi-Year Guidance to 2024

Production & Costs		**2022**	**2023**	**2024**
Gold Production	Koz	120 - 135	150 – 170	185 - 205
All-in sustaining costs	US$/oz	950 - 1,050	890 – 990	885 - 985
Capital Investments				
Sustaining Capital	A$ (M)	9 - 15	11 - 16	18 - 23
Growth Capital	A$ (M)	57 - 70	47 - 57	30 - 40

Exploration & Resource Development	A$ (M)	21 - 24	22 - 25	20 - 23

(1) The 2022 guidance was updated August 12, 2022. 2023 and 2024 guidance was announced in January 2021 (see Karora news release dated January 19, 2021), is unchanged. This production guidance through 2024 is based on the 2020 year-end Mineral Reserves and Mineral Resources announced on December 16, 2020.
(2) The Corporation expects to fund the capital investment amounts listed above with cash on hand and cashflow from operations.
(3) The material assumptions associated with the expansion of Beta Hunt mining production rate to 2.0 Mtpa in 2024 include the addition of a second ramp decline system driven parallel to the ore body, ventilation and other infrastructure that is required to support these areas, and an expanded trucking fleet.
(4) The Corporation's guidance assumes targeted mining rates and costs, availability of personnel, contractors, equipment and supplies, the receipt on a timely basis of required permits and licenses, cash availability for capital investments from cash balances, cash flow from operations, or from a third-party debt financing source on terms acceptable to the Corporation, no significant events which impact operations, such as COVID-19, nickel price of US$22,000 per tonne, as well as an A$ to US$ exchange rate of 0.70 in the second half of 2022 and 0.78 in 2023 and 2024 and A$ to C$ exchange rate of 0.91. Assumptions used for the purposes of guidance may prove to be incorrect and actual results may differ from those anticipated. See below "Cautionary Statement Concerning Forward-Looking Statements".
(5) Exploration expenditures include capital expenditures related to infill drilling for Mineral Resource conversion, capital expenditures for extension drilling outside of existing Mineral Resources and expensed exploration. Exploration expenditures also includes capital expenditures for the development of exploration drifts.
(6) Capital expenditures exclude capitalized depreciation.
(7) AISC guidance includes Australian general and administrative costs and excludes share-based payment expense.
(8) See "Non-IFRS Measures" set out at the end of this news release and Karora's MD&A dated for the period ended March 31, 2022.

The growth plan will be driven by an expansion of Beta Hunt underground mine production to 2.0 Mtpa by 2024, from 0.8 Mtpa recorded in 2020. Increased production from Beta Hunt will be complemented by ore from HGO Central and Spargos. The increased tonnage is expected to be processed by the Higginsville mill and the newly acquired Lakewood mill, which combine for approximately 2.6 Mtpa of capacity.

OUTSTANDING SHARE DATA

As at November 4, 2022, the Corporation had 173,097,561 common shares issued and outstanding and had the following securities outstanding, which are exercisable for common shares:

As at November 4, 2022, the Corporation had	Number of Securities
Stock options	1,603,462

As at November 4, 2022, the Corporation had the following securities outstanding, which are redeemable, at the option of the holder, for cash and/or common shares:

	Number of Securities
Deferred share units	469,294
Restricted share units	2,855,634
Performance share units	2,128,886

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

OFF-BALANCE SHEET ARRANGEMENTS

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

SUBSEQUENT EVENTS

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

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of audited consolidated financial statements in conformity with IFRS requires management to apply accounting policies and make estimates and assumptions that affect amounts reported in the consolidated financial statements and accompanying notes. There is disclosure of the Corporation's critical accounting policies and accounting estimates in note 3 of the audited consolidated financial statements for the year ended December 31, 2021.

There were no changes to the accounting policies applied by the Corporation to its June 30, 2022 unaudited condensed interim consolidated financial statements, compared to those applied by the Corporation to the audited consolidated financial statements for the year ended December 31, 2021.

INTERNAL CONTROLS OVER FINANCIAL REPORTING AND DISCLOSURE CONTROLS AND PROCEDURES

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

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

CHANGES TO INTERNAL CONTROLS OVER FINANCIAL REPORTING

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

There were no changes in internal controls of the Corporation during the three months ended September 30, 2022 that have materially affected, or are likely to materially affect, the Corporation's internal control over financial reporting.

DISCLOSURE CONTROLS AND PROCEDURES

Management, with the participation of the CEO and the CFO, assessed the effectiveness of our DCP as of September 30, 2022. Based upon the results of that evaluation, the CEO and the CFO concluded that our DCP were effective to provide reasonable assurance that material information relating to the Corporation is accumulated and communicated to management to allow timely decisions regarding required disclosure, and that the information disclosed by us in the reports that we file is appropriately recorded, processed, summarized and reported within the time period specified in applicable securities legislation.

NON-IFRS MEASURES

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

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

The following tables reconcile these non-IFRS measures to the most directly comparable IFRS measures:

MINING OPERATIONS

Cash Operating and All-in Sustaining Costs

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

	Three months ended,		Nine months ended,	
For the periods ended September 30,	**2022**[4]	2021[4]	**2022**[4]	2021[4]
Production and processing costs	$47,991	$36,149	$143,293	$108,086
Royalty expense: Government of Western Australia	2,313	1,679	5,763	4,767
Royalty expense: Other	2,815	2,972	7,185	7,995
By-product credits	(1,352)	(2,821)	(4,219)	(6,371)
Adjustment [1]	(5,835)	(5,641)	(18,608)	(18,707)
Operating costs (C$)	$45,932	$32,338	$133,414	$95,770
General and administrative expense – Australia [2,3]	2,465	1,916	6,605	5,799
Sustaining capital expenditures	1,186	994	2,203	4,793
All-in sustaining costs (C$)	$49,583	$35,248	$142,222	$106,362
Average exchange rate (C$1 – US$1)	0.77	0.79	0.78	0.79
Operating costs (US$)	**$35,181**	**$25,665**	**$103,984**	**$76,563**
All-in sustaining costs (US$)	**$37,978**	**$27,975**	**$110,838**	**$85,051**
Operating costs (A$)	**$51,489**	**$34,941**	**$147,151**	**$100,930**
All-in sustaining costs (A$)	**$55,581**	**$38,085**	**$156,881**	**$112,087**
Ounces of gold sold	35,513	28,935	92,198	84,894
Cash operating costs per ounce sold (US$)	**$991**	**$887**	**$1,128**	**$902**
All-in sustaining cost per ounce sold (US$)	**$1,069**	**$967**	**$1,202**	**$1,002**
Cash operating costs per ounce sold (A$)	**$1,450**	**$1,208**	**$1,596**	**$1,189**
All-in sustaining cost per ounce sold (A$)	**$1,565**	**$1,316**	**$1,702**	**$1,320**

1. Negative adjustment for intercompany tolling transactions
2. G&A costs were reduced with R&D and Due Diligence costs
3. G&A: share-based payments were excluded in calculating AISC
4. Refer to note 18 of the September 2022 unaudited condensed interim consolidated financial statements

BETA HUNT MINE

For the periods ended September 30,	Three months ended, 2022[1]	2021[1]	Nine months ended, 2022[1]	2021[1]
Production and processing costs	$22,810	$18,486	$70,024	$58,633
Royalty expense: Government of Western	1,551	1,382	3,777	3,691
Royalty expense: Other	2,810	2,786	7,017	7,414
By-product credits	(1,327)	(2,804)	(4,140)	(6,311)
Operating costs ($)	$25,844	$19,852	$76,678	$63,427
Average exchange rate (C$1 – US$1)	0.77	0.79	0.78	0.79
Operating costs (US$)	**$19,795**	**$15,755**	**$59,761**	**$50,716**
Operating costs (A$)	**$28,971**	**$21,450**	**$84,575**	**$66,775**
Ounces of gold sold	20,767	20,692	56,035	62,438
Cash operating costs per ounce sold (US$)	**$953**	**$761**	**$1,067**	**$812**
Cash operating costs per ounce sold (A$)	**$1,395**	**$1,037**	**$1,509**	**$1,069**

1. Refer to note 18 of the September 2022 unaudited condensed interim consolidated financial statements

HIGGINSVILLE MINE

For the periods ended September 30,	Three months ended, 2022[2]	2021[2]	Nine months ended, 2022[2]	2021[2]
Production and processing costs	$25,181	$17,663	$73,269	$49,453
Royalty expense: Government of Western Australia	762	297	1,986	1,076
Royalty expense: Other	5	186	168	581
By-product credits	(25)	(19)	(79)	(60)
Adjustment[1]	(5,835)	(5,641)	(18,608)	(18,707)
Operating costs ($)	$20,088	$12,486	$56,736	$32,343
Average exchange rate (C$1 – US$1)	0.77	0.79	0.78	0.79
Operating cost (US$)	**$15,386**	**$9,910**	**$44,222**	**$25,847**
Operating cost (A$)	**$22,518**	**$13,492**	**$62,576**	**$34,155**
Ounces of gold sold	14,746	8,243	36,163	22,456
Cash operating costs per ounce sold (US$)	**$1,043**	**$1,202**	**$1,223**	**$1,151**
Cash operating costs per ounce sold (A$)	**$1,527**	**$1,637**	**$1,730**	**$1,521**

1. Negative adjustment for intercompany tolling transactions
2. Refer to note 18 of the September 2022 unaudited condensed interim consolidated financial statements

QUARTERLY CONSOLIDATED MINING OPERATIONS

For the three months ended,	Sep 30, 2022[4]	Jun 30, 2022	Mar 31, 2022	Dec 31, 2021	Sep 30, 2021[4]
Production and processing costs	$47,991	$47,193	$48,109	$38,855	$36,149
Royalty expense: Government of Western	2,313	1,853	1,597	1,780	1,679
Royalty expense: Other	2,815	2,333	2,036	1,876	2,972
By-product credits	(1,352)	(415)	(2,453)	(1,357)	(2,821)
Adjustment[1]	(5,835)	(7,100)	(5,673)	(6,341)	(5,641)
Operating costs ($)	$45,932	$43,864	$43,616	$34,813	$32,338
General and administration expense – Australia[3]	2,465	1,908	2,232	2,503	1,916
Sustaining capital expenditures	1,186	406	611	422	994
All-in sustaining costs ($)	$49,583	$46,178	$46,459	$37,738	$35,248
Average exchange rate (C$1 – US$1)	0.77	0.78	0.79	0.79	0.79
Operating costs (US$)	**$35,181**	**$34,355**	**$34,447**	**$27,623**	**$25,665**
All-in sustaining costs (US$)	**$37,978**	**$36,168**	**$36,693**	**$29,944**	**$27,975**
Operating costs (A$)	**$51,489**	**$48,128**	**$47,534**	**$37,910**	**$34,941**
All-in sustaining costs (A$)	**$55,581**	**$50,668**	**$50,632**	**$41,096**	**$38,085**
Ounces of gold sold	35,513	30,398	26,286	28,734	28,935
Cash operating costs per ounce sold (US$)	**$991**	**$1,130**	**$1,310**	**$961**	**$887**
All-in sustaining cost per ounce sold (US$)	**$1,069**	**$1,190**	**$1,396**	**$1,042**	**$967**
Cash operating costs per ounce sold (A$)[2]	**$1,450**	**$1,583**	**$1,808**	**$1,319**	**$1,208**
All-in sustaining cost per ounce sold (A$)[2]	**$1,565**	**$1,667**	**$1,926**	**$1,430**	**$1,316**

1. Negative adjustment for intercompany tolling transactions.
2. Quarterly costs in functional currency.
3. G&A: share-based payments were excluded in calculating AISC
4. Refer to note 18 of the September 2022 unaudited condensed interim consolidated financial

ADJUSTED EBITDA AND ADJUSTED EARNINGS

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

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

(in thousands of dollars except per share amounts)	Three Months Ended		Nine Months Ended	
For the periods ended September 30,	**2022**	2021	**2022**	2021
Net earnings for the period - as reported	**$4,378**	$10,340	**$341**	$21,355
Finance expense, net	**1,657**	1,104	**3,772**	3,150
Income tax expense	**3,568**	5,665	**6,505**	15,186
Depreciation and amortization	**14,973**	6,389	**37,416**	21,390
EBITDA	**24,576**	23,498	**48,034**	61,081
Adjustments:				
Non-cash share-based payments [1]	**1,218**	856	**3,150**	4,306
Unrealized loss (gain) on revaluation of marketable securities [2]	**511**	(140)	**2,038**	357
Other expense (income), net [2]	**(29)**	108	**199**	123
Loss on derivatives [2]	**1,044**	1,223	**1,332**	1,277
Foreign exchange loss [3]	**190**	2,383	**6,381**	11,475
Sustainability initiatives [4]	**-**	613	**1,181**	613
Adjusted EBITDA	**$27,510**	$28,541	**$62,315**	$79,232
Weighted average number of common shares - basic	**171,809,550**	148,593,430	**161,426,709**	147,194,673
Adjusted EBITDA per share - basic	**$0.16**	$0.19	**$0.39**	$0.54

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

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

(in thousands of dollars except per share amounts)	Three Months Ended		Nine Months Ended	
For the periods ended June 30,	**2022**	2021	**2022**	2021
Net earnings for the period - as reported	**$4,378**	$10,340	**$341**	$21,355
Non-cash share-based payments [1]	**1,218**	856	**3,150**	4,306
Unrealized loss (gain) on revaluation of marketable securities [2]	**511**	(140)	**2,038**	357
Loss on derivatives [2]	**1,044**	1,223	**1,332**	1,277
Foreign exchange loss [3]	**190**	2,383	**6,381**	11,475
Sustainability initiatives [4]	**-**	613	**1,181**	613
Tax impact of the above adjusting items	**(701)**	(1,035)	**(2,001)**	(2,786)
Adjusted earnings	**$6,640**	$14,240	**$12,422**	$36,597
Weighted average number of common shares - basic	**171,809,550**	148,593,430	**161,426,709**	147,194,673
Adjusted earnings per share - basic	**$0.04**	$0.10	**$0.08**	$0.25

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

WORKING CAPITAL

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

(in thousands of dollars except per share amounts)	**Sep 30, 2022**	Dec 31, 2021	Dec 31, 2020
Current assets	**$109,417**	$135,426	$109,857
less: Current liabilities	**60,213**	70,979	53,022
Working Capital	**$49,204**	$64,447	$56,835

CAUTIONARY STATEMENT REGARDING RISKS

Readers of this MD&A are encouraged to read the "Risk Factors" as more fully described in the Company's filings with the Canadian Securities Administrators, including its Annual Information Form for the year ended December 31, 2021, available on SEDAR at www.sedar.com.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

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

Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Corporation to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Factors that could affect the outcome include, among others: project delays; general business, economic, competitive, political and social uncertainties; labour and operational disruptions due to any public health crises (including a resurgence of COVID-19), or other widespread public health issues, results of exploration programs; future prices of metals; availability of alternative metal sources or substitutions; actual metal recovery; conclusions of economic evaluations; changes in project parameters as plans continue to be refined; the future cost of capital to the Corporation; possible variations of ore grade or recovery rates; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the mining industry; political instability, terrorism, insurrection or war; delays in obtaining governmental approvals, necessary permitting or in the completion of development or construction activities, as well as those factors discussed in the section entitled "Risk Factors" in the Corporation's December 31, 2021 Management's Discussion and Analysis and Annual Information Form for the year ended December 31, 2021 filed on SEDAR. Such forward-looking statements are also based on a number of material factors and assumptions, including: the availability of financing at rates and on terms and conditions otherwise acceptable to the Corporation; future metal prices; permitting and development consistent with the Corporation's expectations; foreign exchange rates; prices *and availability of equipment; that contracted parties provide goods and/or services on the agreed time frames; that on-going contractual negotiations will be successful and/or be completed in a timely manner; and that no unusual geological or technical problems occur.*

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

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

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

QUALIFIED PERSONS

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