MANAGEMENT'S DISCUSSION AND ANALYSIS

Three Months Ended March 31, 2023 and 2022

(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 (collectively "Karora" or the "Company") for the three months ended March 31, 2023 and 2022. This MD&A should be read in conjunction with the Corporation's Unaudited Condensed Interim Consolidated Financial Statements and related notes for the three months ended March 31, 2023 and 2022, the annual audited Consolidated Financial Statements and the related notes for the years ended December 31, 2022 and 2021, prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standard Board ("IASB"), as well as the annual MD&A and Annual Information Form ("AIF") for the year ended December 31, 2022. This MD&A contains certain forward-looking statements and reference should be made to the "Cautionary Statement Regarding Forward-Looking Information" found at the end of this MD&A.

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

Additional information relating to the Company is available on SEDAR at www.sedar.com. The Company is a reporting issuer under applicable securities legislation in each of the provinces of Canada and its outstanding common shares are listed on the Toronto Stock Exchange under the symbol "KRR" (OTCQX: KRRGF).

Certain non-IFRS measures are included in this MD&A. The Company believes that these measures provide investors an improved ability to evaluate the underlying performance of the Company. The non-IFRS measures should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. 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 May 15, 2023 unless otherwise indicated.

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

KARORA RESOURCES

FIRST QUARTER 2023 HIGHLIGHTS

Introduction

Karora achieved record gold production in the first quarter of 2023 and ended the quarter on track to achieve the Company's production, unit cost and capital expenditure guidance for 2023. Revenue was in line with the previous quarter's record level of $96.8 million, while operating earnings improved from both the first quarter and fourth quarter of 2022. The Company also continued to make excellent progress advancing its growth plan, with the development of a 1,020 metre second decline at Beta Hunt completed on schedule and the mine remaining on track to double production to 2.0 Mtpa by the end of 2024. Significant exploration success was also achieved at Beta Hunt with the continued expansion of mineralization at Western Flanks, the A Zone and the Fletcher Shear Zone.

First Quarter 2023

- **Record production** of 39,827 ounces exceeded target levels and ended the quarter on track to achieve full-year 2023 guidance of 145,000 – 160,000 ounces; Production for the quarter increased 45% from 27,489 ounces in the first quarter of 2022 and was 7% higher than the previous quarter.
- **Revenue** totalled $96.8 million, 48% higher than the first quarter of 2022, reflecting a 38% increase in gold ounces sold, to 36,415 ounces, and largely unchanged from the previous quarter.
- **Production and processing costs** of $54.4 million compared to $42.4 million in the first quarter of 2022 and were largely unchanged from the previous quarter, with the year-over-year increase largely reflecting higher mining and processing volumes.
- **Cash operating costs**[1] **per ounce sold** averaged US$1,124, a 14% improvement from US$1,310 in the first quarter of 2022 and compared to US$1,034 in the fourth quarter of 2022 when the Company achieved record gold ounces sold of 39,900 ounces.
- **All-in sustaining costs ("AISC") per ounce sold** averaged US$1,213, in line with full-year guidance of US$1,100 – US$1,250 and compared to US$1,396 in the first quarter of 2022 and US$1,110 the previous quarter.
- **Operating earnings** of $8.6 million improved from an operating loss of $2.3 million in the first quarter of 2022 and increased 31% from the previous quarter; The improvement from the first quarter of 2022 reflected an 86% increase in the margin from operations (revenue less production and processing costs), partially offset by higher depreciation and amortisation expense.
- **Net loss** of $2.9 million ($0.02 per share) mainly resulted from non-cash other expenses, primarily losses on derivatives and foreign exchange; **Adjusted earnings**[1] of $4.8 million ($0.03 per share) compared to adjusted earnings of $1.1 million ($0.01 per share) for the same period in 2022 and $8.7 million ($0.05 per share) the previous quarter.
- **Adjusted EBITDA**[1,2] totalled $28.6 million compared to $12.2 million a year earlier and $29.2 million in the fourth quarter of 2022.
- **Cash flow provided by operating activities before changes in non-cash working capital** totalled $28.6 million versus $12.2 million in the first quarter of 2022 and $28.2 million the previous quarter.

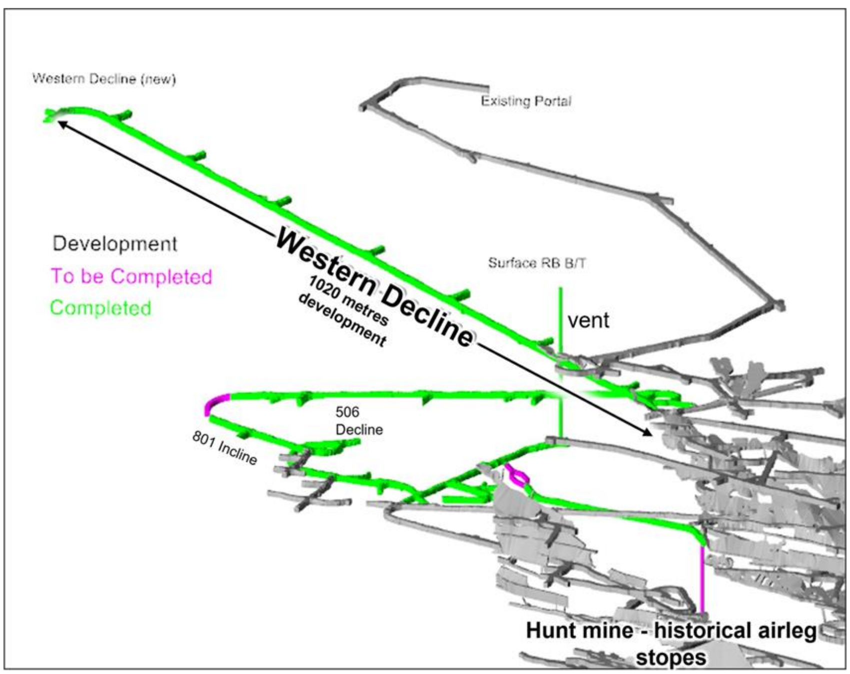
- **Cash** of $65.9 million as at March 31, 2023 compared to $68.8 million at December 31, 2022.

- **Working capital**[1] totalled $43.9 million versus $38.0 million at December 31, 2022.

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

Key Growth Highlights

- **Second decline at Beta Hunt:** Development of a second (west) decline at Beta Hunt was completed on schedule and budget to a length of 1,020 metres during the first quarter of 2023. As at March 1, 2023, the new decline on the west side of the mine was connected to existing mine workings and was supporting haulage from the mine. In addition, the first of three ventilation raises, also critical to the mine's growth plans, had been completed to a length of approximately 235 metres. Development of the second ventilation raise commenced during the first quarter of 2023 and was advancing on schedule for completion during the second quarter of 2023 with the third ventilation raise to be completed during the second half of the year. As at March 31, 2023, the Beta Hunt expansion project remained on track to support the mine's growth to an annualized run-rate production level of 2.0 Mtpa during 2024.



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

- **Growth in Mineral Reserves and Mineral Resources at Beta Hunt:** On February 13, 2023, new gold Mineral Reserve and Mineral Resource estimates at Beta Hunt were released dated as at September 30, 2022. Included in the new estimates were a 12% increase in Proven and Probable Mineral Reserves to 538,000 ounces, a 20% increase in Measured and Indicated Mineral Resources to 1.35 million ounces and a 34% increase in Inferred Mineral Resources to 1.05 million ounces. On March 7, 2023, Company announced an 8% increase in Beta Hunt nickel Measured and Indicated Mineral Resources to 21,100 nickel tonnes as well as an 11% increase in nickel Inferred Mineral Resources to 15,100 tonnes, also as at September 30, 2022. A technical report for the Mineral Reserve and Mineral Resource estimates at

Beta Hunt released during the first quarter of 2023, including footnotes providing key assumptions and estimates, was filed during the quarter and is available at www.sedar.com.

- **Additional exploration success at Beta Hunt**: On January 23, 2023, the Company announced encouraging drill results from Beta Hunt, including the intersection of mineralization up to 250 metres below current resources at Western Flanks, including an intersection of 9.5 g/t over 7.1 metres, and 150 metres below current mineral resources at the A Zone, including an intersection of 6.6 g/t over 9.0 metres. Both zones remain open to depth with drilling ongoing throughout 2023. In addition, drilling in the Beta Block targeting the Mason and Cowcill zones delivered results supportive of potential new mining opportunities located west and east of the Larkin Mineral Resource, respectively.

  Subsequent to the end of the first quarter of 2023, the Company announced on April 14, 2023 the intersection of high-grade mineralization along the southern strike extension of the Fletcher Shear Zone ("FSZ") north of the Alpha Island Fault. The new intersections, including 46.5 g/t over 7.0 metres and 6.5 g/t over 26.0 metres, extend the drill-supported potential of the FSZ by 900 metres from the nearest drill intersection for a total strike length of 1.4 kilometres. The results substantiate and improve upon previously reported drill results and further support the interpretation of the FSZ to be the third major gold system at Hunt Block after the Western Flanks and A Zone.

Other Corporate Highlights

- **Senior Management Appointment:** On March 27, 2023, the Company announced the appointment of Leigh Junk as Managing Director, Australia reporting to the Chairman and CEO. In his new role, Mr. Junk provides senior leadership to the Company's Australian operations and business activities. He brings to Karora over 30 years of mining experience, including a number of senior management and operational roles, mainly focused in Western Australia.

DESCRIPTION OF BUSINESS

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

BUSINESS VALUES

Karora has adopted the following values:

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

ENVIRONMENTAL AND SOCIAL GOVERNANCE (ESG)

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

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

FACTORS AFFECTING 2023 PERFORMANCE

Sector-wide Inflationary Pressures*:* Through a combination of factors, including market disruptions caused by the war in the Ukraine, labour and supply-chain issues related to the COVID-19 pandemic as well as a period of sustained quantitative easing by many of the world's governments, a rapid and widespread acceleration of global inflationary pressures occurred during 2022 and continued into the first quarter of 2023. On March 23, 2023, the Company announced revised guidance for 2023 and 2024 with AISC per ounce sold guidance for the two years being revised to $1,100 – $1,250 and $1,050 – $1,200, respectively, from $890 – $990 and $885 – $985, respectively. The prior guidance for 2023 and 2024 was provided on June 28, 2021 with the new guidance more reflective of the currently elevated global cost environment.

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

OPERATING RESULTS

Operating Data

	Three months ended,		
	Mar. 31 2023	Mar. 31 2022	Dec. 31, 2022
Gold Operations (Consolidated)			
Tonnes milled (000s)	**502**	394	522
Recoveries	**94%**	94%	94%
Gold milled, grade (g/t Au)	**2.62**	2.31	2.37
Gold produced (ounces)	**39,827**	27,489	37,309
Gold sold (ounces)	**36,145**	26,286	39,900
Average exchange rate (CAD/USD) [1]	**0.74**	0.79	0.74
Average realized price (US $/oz sold)	**$1,877**	$1,905	$1,737
Cash operating costs (US $/oz sold)[2]	**$1,124**	$1,310	$1,034
All-in sustaining cost (AISC) (US $/oz sold)[2]	**$1,213**	$1,396	$1,110
Gold (Beta Hunt Mine)			
Tonnes milled (000s)	**298**	233	250
Gold milled, grade (g/t Au)	**2.92**	2.42	2.76
Gold produced (ounces)	**26,577**	17,109	20,870
Gold sold (ounces)	**23,077**	16,128	22,342
Cash operating cost (US $/oz sold)[2]	**$967**	$1,137	$992
Gold (HGO Mine)			
Tonnes milled (000s)	**204**	161	273
Gold milled, grade (g/t Au)	**2.18**	2.12	2.01
Gold produced (ounces)	**13,250**	10,380	16,439
Gold sold (ounces)	**13,068**	10,158	17,558
Cash operating cost (US $/oz sold)[2]	**$1,402**	$1,586	$1,082

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

Consolidated gold production in the first quarter of 2023 totalled 39,827 ounces, a 45% increase from the first quarter of 2022 and 7% higher than 37,309 ounces the previous quarter. The increase from the first quarter of 2022 resulted from a 27% increase in tonnes milled and a 13% improvement in the average grade.

Cash operating costs[1] per ounce sold for the first quarter of 2023 averaged US$1,124, a 14% improvement from $1,310 for the same period in 2022 when the Company's operations were impacted by disruptions caused by record COVID-19 cases in Western Australia. Cash operating costs[1] per ounce sold in the first quarter of 2023 increased 9% from the previous quarter reflecting higher unit costs at HGO due to the impact of mine sequencing and costs related to stockpiled material processed during the quarter. AISC[1] per ounce sold in the first quarter of 2023 averaged $1,213 compared to $1,396 in the first quarter of 2022 and $1,110 the fourth quarter of 2022, with the changes from the prior periods mainly related to changes in cash operating costs.[1]

BETA HUNT MINE OPERATIONS REVIEW

During the first quarter of 2023, Beta Hunt mined 299,900 tonnes at an average grade of 2.81 g/t containing 27,100 ounces of gold. Mine production during the first quarter of 2023 increased 32% from 228,000 tonnes mined in the first quarter of 2022 at an average grade of 2.45 g/t and was 19% higher than 252,500 tonnes at an average grade of 2.84 g/t in the fourth quarter of 2022. The majority of the scheduled mined tonnes during the first quarter came from the A Zone and central section of Western Flanks with the 15% increase in grade compared to the first quarter of 2022 mainly reflecting mining high-grade ore from the A Zone 17 Level.

Gold production from Beta Hunt in the first quarter of 2023 totalled 26,577 ounces based on milling 298,300 tonnes at an average grade of 2.92 g/t. Production for the quarter increased 55% and 27%, respectively, from the first quarter of 2022 and the previous quarter due to higher tonnes processed and an increase in the average grade from both prior periods.

Cash operating costs[1] per ounce sold at Beta Hunt averaged US$967 in the first quarter of 2023, a 15% improvement from the first quarter of 2022 and 3% lower than the previous quarter. Contributing to the improvement in cash operating costs per ounce sold from both prior periods was a higher average grade, which increased 21% and 6% from the same period a year earlier and the previous quarter, respectively.

In addition to gold production, Beta Hunt mined 7,331 tonnes of nickel ore at an estimated nickel grade of 2.22% during the first quarter of 2023 compared to 5,243 tonnes of nickel ore mined at an estimated nickel grade of 2.13% for the same period in 2022 and 5,755 tonnes of nickel ore at an estimated nickel grade of 2.00% the previous quarter.

HIGGINSVILLE GOLD OPERATIONS REVIEW

During the first quarter of 2023, HGO mined 72,200 tonnes at an average grade of 3.85 g/t, which compared to 86,900 tonnes mined in the first quarter of 2022 at an average grade of 2.67 g/t and 106,000 tonnes the previous quarter at an average grade of 3.34 g/t. The level of tonnes mined during the first quarter of 2023 largely reflected the completion of mining from the Spargos open pit late in 2022 and the transition to underground mining, primarily at Aquarius, as well as a minor delay in development of the Mouse Hollow open pit, with production from this target having commenced during the second quarter of 2023.

Production at HGO in the first quarter of 2023 totalled 13,250 ounces based on milling 203,600 tonnes at an average grade of 2.18 g/t. Production in the first quarter of 2023 compared to production of 10,380 ounces based on milling 160,800 tonnes at an average grade of 2.12 g/t in the first quarter of 2022 and 16,439 ounces based on milling 272,600 tonnes at an average grade of 2.01 g/t the previous quarter.

Cash operating costs[1] per ounce sold at HGO averaged US$1,402 in the first quarter of 2023 versus US$1,586 for the same period in 2022 and US$1,088 the fourth quarter of 2022. The increase from the previous quarter reflected a planned transition to a higher-cost production profile (during the period after the completion of mining from the Spargos open pit and prior to the commencement of production at the Pioneer open pit later in 2023) as well as the impact of costs related to stockpiled tonnes processed during the first quarter of 2023.

PROCESSING FACILITY REVIEW

A total of 380,900 tonnes were milled at the Higginsville Mill during the first quarter of 2023 (with 51% of mill feed coming from Beta Hunt and 49% from HGO) at an average grade of 2.86 g/t. Recovered gold totalled 33,148 ounces. Throughput at the Lakewood Mill during the first quarter of 2023 totalled 121,000 tonnes (87% from Beta Hunt and 13% from HGO) at an average grade of 1.82 g/t. Recovered gold during the quarter totalled 6,679 ounces.

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

EXPLORATION

BETA HUNT EXPLORATION

During the first quarter of 2023, three active underground drill rigs and one surface drill rig completed 11,844 metres of 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 and infilling 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, as well as testing for the southern strike extension of the Fletcher Sher Zone (FSZ), north of the Alpha Island Fault (AIF). Nickel exploration and resource definition activities targeted extensions to the 44C nickel trough and the 30C nickel Mineral Resource. In addition, a surface drilling program designed to test for the 90C nickel trough in the Beta Block was completed with assay results pending. The drill program was designed to test a 3D-seismic nickel trough target and was co-funded by the Western Australian Government under their Exploration Incentive Scheme (EIS).

On January 23, 2023, additional results from drilling during the fourth quarter of 2022 were released, which further demonstrated the potential that exists at Beta Hunt for significant ongoing Mineral Resource growth. The new results included deep drilling in the southern section of Western Flanks that provided further evidence that the main shear mineralization extends up to 250 metres below the Mineral Resource and remains open at depth. Initial results from deep drilling of the central section of A Zone were encouraging and supported the extension of the defined mineralization up to 150 metres below the Mineral Resource. In the Beta Block, drilling targeting the new Mason Zone and Cowcill zones delivered results supportive of potential new mining opportunities located west and east of the Larkin Mineral Resource, respectively. New drilling of the southern extension at Mason highlighted the potential for 700 metres of mineralized strike extent.

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

Western Flanks Deeps[1]

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

A Zone North & A Zone Deeps Central[2]

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

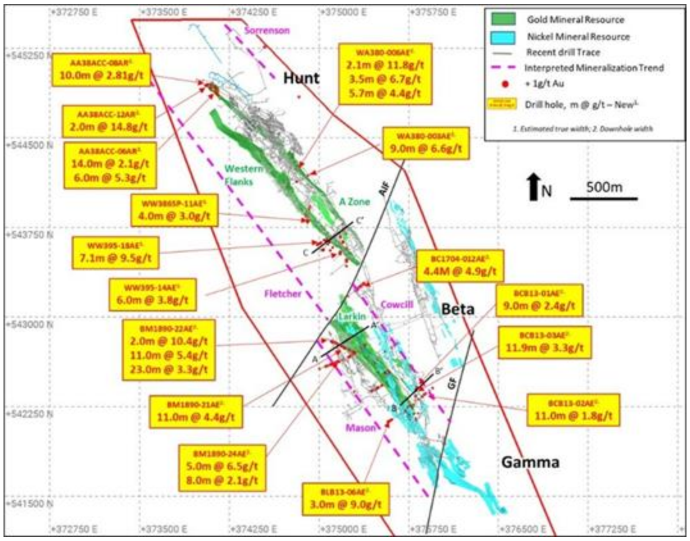
Mason[2]

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

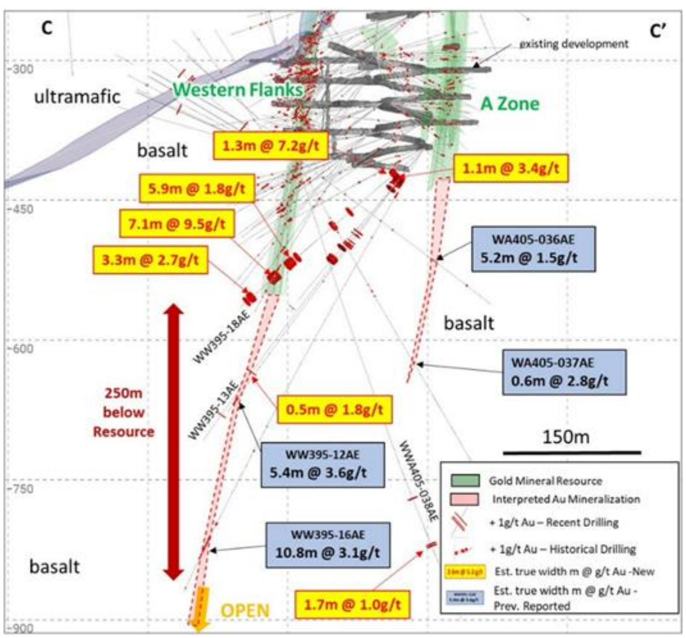
Cowcill[2]

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

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



Beta Hunt plan view showing all drill traces with gold results received for period October 14 – December 9, 2022. Significant results labelled.



Cross section of Western Flanks Deeps - southern area looking north and centred about drill hole WW395-18AE. +/- 95m window.

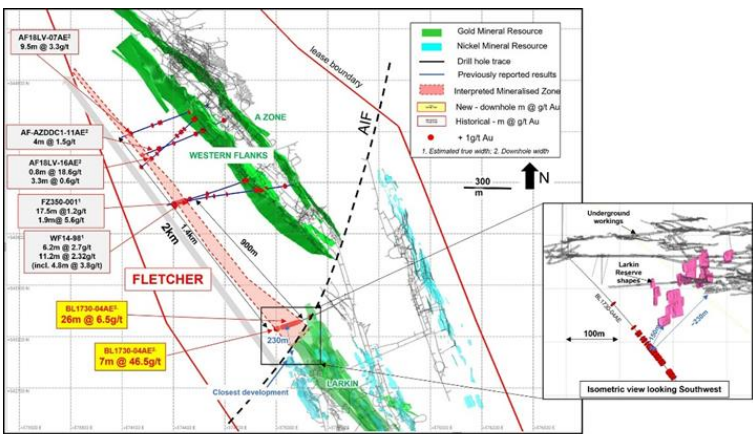
Subsequent to the end of the first quarter of 2023, the Company announced on April 14, 2023 the intersection of high-grade mineralization along the southern strike extension of the FSZ north of the Alpha Island Fault. The new intersections extend the drill-supported potential of the FSZ by 900 metres from the nearest drill intersection for a total strike length of 1.4 kilometres. The results substantiate and improve upon previously reported drill results and further support the interpretation of the FSZ to be the third major gold system in at Hunt Block after the Western Flanks and A Zone.

Intersection highlights from the FSZ drilling released on April 14, 2023 are provided below.

Fletcher Shear Zone[1]

- BL1730-04AE: 6.5 g/t over 26.0 metres, including 9.9 g/t over 6.0 metres
- BL1730-04AE: 46.5 g/t over 7.0 metres, including 262 g/t over 0.7 metres

1. *Interval lengths are downhole widths. Estimated true widths are not available at this time.*



HIGGINSVILLE EXPLORATION

During the first quarter of 2023, exploration work focused on:

- Exploration drilling comprising 237 metres of AC (aircore) to test geophysical targets on ground located east of the Higginsville Mill and on the southern margin of Lake Cowan.
- The resource definition drilling program targeting the down-plunge extensions to the Spargos Mineral Resource was completed. This program involved a total of 1,414 metres of diamond drilling.
- The provision of samples for metallurgical test work for the Pioneer deposit. This involved the drilling of nine diamond holes totalling 699 metres. Assay results from this drilling will also be used to update the existing Pioneer Mineral Resource.
- Waste Dump sterilization drilling comprising 30 RC holes for 1,602 metres was completed as part of the preparation work for the planned Pioneer open pit. Results are pending.
- Project generation work continued with activities aimed at reviewing, identifying and prioritising both near-mine resource development and greenfield 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)

For the three months ended March 31,	2023	2022
Revenue	**$96,806**	$65,272
Production and processing costs	**54,393**	42,436
Loss before income taxes	**(1,744)**	(2,153)
Net loss	**(2,941)**	(3,709)
Net loss per share - basic	**(0.02)**	(0.02)
Net loss per share - diluted	**(0.02)**	(0.02)
Adjusted EBITDA [1,2]	**28,636**	12,203
Adjusted EBITDA per share - basic [1,2]	**0.16**	0.08
Adjusted earnings [1,2]	**4,847**	1,120
Adjusted earnings per share - basic [1,2]	**0.03**	0.01
Cash flow provided by operating activities	**20,859**	12,150
Cash investment in property, plant and equipment and mineral property interests	**(19,854)**	(24,784)

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

Three months ended March 31, 2023 compared with the three months ended March 31, 2022

REVENUE

For the three months ended March 31, 2023, the Company generated revenue of $96.8 million, a $31.5 million or 48% increase from the first quarter of 2022. Of total revenue in the first quarter of 2023, $91.6 million was gold revenue, which compared to $62.8 million in the first quarter a year earlier. Contributing to the increase in gold revenue was a $23.6 million favourable impact from a 38% increase in gold sales, to 36,145 ounces. Rate factors, including changes in the gold price and exchange rates, contributed an additional $5.2 million to revenue growth as the impact of a significantly stronger US dollar compared to the Canadian dollar more than offset a slightly lower average realized gold price compared to the first quarter of 2022. Beta Hunt contributed $58.1 million of total gold revenue in the first quarter of 2023, with HGO contributing $33.5 million. During the comparable period in 2022, Beta Hunt contributed $38.6 million of gold revenue, with the remaining $24.2 million coming from HGO.

PRODUCTION AND PROCESSING COSTS

For the three months ended March 31, 2023, production and processing costs totalled $54.4 million compared to $42.4 million in the comparable period in 2021. The increase in production and processing costs versus the first quarter of 2022 largely reflected higher processing volumes and an increase in cash operating cost per ounce sold at HGO due to a planned higher-cost portion of the 2023 production profile as well as costs associated with processing from stockpiles during the quarter.

ROYALTY EXPENSE

Royalty expense in the first quarter of 2023 totalled $5.8 million versus $3.6 million for the same period in 2022, with the increase largely related to the 38% increase in gold ounces sold.

GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses of $7.9 million for the three months ended March 31, 2023 compared to $6.8 million in the first quarter of 2022. General and administrative expenses were in line with target levels for the first quarter of 2023 and reflected higher employee, contractor and business development costs as the Company continued to execute its growth plans.

SHARE-BASED COMPENSATION

For the three months ended March 31, 2023, general and administrative: share-based compensation expense was $1.8 million compared to $6.0 million for the comparable period in 2022. The reduction compared to the first quarter of 2022 was primarily due to the movements in the share price during the respective quarters.

DEPRECIATION AND AMORTIZATION

Depreciation and amortization expense for the three months ended March 31, 2023, totalled $18.4 million compared to $8.8 million for the comparable period in 2022. The increase in depreciation and amortization expense compared to last year's first quarter reflected a 38% increase in gold ounces sold, the impact of additional investments in the Company's growth projects, higher average depreciation rates based on updated reserves and resources and LOM plans at Beta Hunt as well as the transition to production sources at HGO with higher a depreciation rate.

OTHER INCOME/EXPENSES, NET

For the three months ended March 31, 2023, other expenses, net totalled $10.3 million, which resulted from non-cash derivatives losses of $6.2 million associated with the Company's Morgan Stanley royalty agreement (see Note 11 of the unaudited condensed interim consolidated financial statements for the three months ended March 31, 2023 and 2022) and $3.9 million related to foreign exchange, as well as $1.8 million of finance expense, net, partially offset by an unrealized gain of $1.5 million from the revaluation of marketable securities. Other income, net of $0.2 million for the three months ended March 31, 2022 resulted from a $3.0 million foreign exchange gain, which more than offset the impact of finance expense, net as well losses related to derivatives and the revaluation of marketable securities.

INCOME TAX EXPENSE

For the three months ended March 31, 2023, income tax expense was $1.1 million compared to an income tax expense of $1.6 million for the comparable period in 2022. The level of income tax expense in the first quarter of 2023 reflected the level of taxable income generated by the Company's Australian operations.

NET (LOSS) EARNINGS

Net loss for the three months ended March 31, 2023 totalled $2.9 million ($0.02 per share) compared to a net loss of $3.7 million ($0.02 per share) for the three months ended March 31, 2022. The improved net earnings performance compared to the first quarter of 2022 reflected an 85% higher operating margin (revenue less production and processing costs), which more than offset the impact of increased deprecation and amortization expense, higher royalty expense as well as the impact of $10.3 million of other expenses, net versus other income, net of $0.2 million in the first quarter of 2022.

ADJUSTED NET EARNINGS[1]

Adjusted earnings[1] for the three months ended March 31, 2023 totalled $4.8 million ($0.03 per share) versus $1.1 million ($0.01 per share) in the first quarter of 2022. The year-over-year increase in adjusted earnings reflected a $19.6 increase in operating margin (revenue less production and processing costs), partially offset by higher royalty and general and administrative expenses and depreciation and amortization costs. The difference between net earnings and adjusted earnings[1] in the first quarter of 2023 resulted from the exclusion from adjusted earnings[1] of the after-tax impact of losses on derivatives and foreign exchange, non-cash share-based payments of $1.7 million as well as an unrealized gain on the revaluation of marketable securities.

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

SUMMARY OF QUARTERLY RESULTS

(in thousands of dollars)	2023	2022				2021		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Revenues	$96,806	$96,835	$81,326	$73,609	$65,272	$66,972	$68,360	$69,570
Net earnings (loss)	($2,941)	$9,560	$4,378	($328)	($3,709)	$6,112	$10,340	$5,391
Net earnings (loss) per share - basic	($0.02)	$0.06	$0.03	($0.00)	($0.02)	$0.04	$0.07	$0.04
Net earnings (loss) per share - diluted	($0.02)	$0.05	$0.03	($0.00)	($0.02)	$0.04	$0.07	$0.04

Quarterly results vary in accordance with the Company's revenues, which are affected by the gold price and ounces sold, as well as changes in gold production, the level of production and processing costs, royalty expense, and the impact of exploration, development, acquisition and financing activities. Higher levels of revenue over the last three quarters primarily reflected increased production and sales. Over this same period, production and processing and depreciation and amortization costs have increased largely reflecting higher volumes, changes to the Company's production profile and, in the case of depreciation and amortization expense, the continued investment at Beta Hunt in support of the Company's growth plan. The net loss in the first quarter of 2023 was largely related to other expenses, net, mainly reflecting non-cash losses on derivatives and foreign exchange as well as higher depreciation and amortisation expense. The net loss in the first two quarters of 2022 reflected higher costs and business disruptions caused by lower labour availability, higher absenteeism and higher costs associated to COVID-19, as cases in Western Australia reached record levels, as well as the impact of sector-wide inflationary pressures. During the second half of the 2022, disruptions related to COVID-19 eased dramatically, though inflationary pressures have remained into and through the first quarter of 2023.

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

KARORA RESOURCES

LIQUIDITY AND CAPITAL RESOURCES

CASH FLOWS

(in thousands of dollars)

For the three months ended March 31,	**2023**	2022
Cash provided by operations prior to changes in working capital	**$28,642**	$12,201
Changes in non-cash working capital	**(7,783)**	296
Asset retirement obligations	**-**	(347)
Cash provided by operating activities	**20,859**	12,150
Cash used in investing activities	**(19,690)**	(24,739)
Cash used in financing activities	**(3,289)**	(1,017)
Effect of exchange rate changes on cash and cash equivalents	**(789)**	701
Change in cash and cash equivalents	**$(2,909)**	$(12,905)

OPERATING ACTIVITIES

For the three months ended March 31, 2023, cash provided by operating activities, prior to changes in non-cash working capital, totalled $28.6 million compared to cash provided of $12.2 million for the same period in 2022. The increase compared to the first quarter of 2022 reflected significantly higher earnings after giving affect to expenses not impacting cash such as depreciation and amortization and losses on derivative instruments and foreign exchange. Changes in non-cash working capital represented a net use of cash totalling $7.8 million during the three months ended March 31, 2023, mainly reflecting a $8.9 million reduction in accounts payable and accrued liabilities and a $1.9 million increase in inventories, partially offset by a $3.1 million reduction in trade and accounts receivables.

INVESTING ACTIVITIES

Net cash used in investing activities for the three months ended March 31, 2023 totalled $19.7 million compared to a net use of cash of $24.7 million for the same period in 2022. Investments in property, plant and equipment and mineral property interests represented a net use of cash totalling $19.9 million during the first quarter of 2023, mainly related to the ventilation project, mine development and investments in equipment at Beta Hunt.

FINANCING ACTIVITIES

For the three months ended March 31, 2023, financing activities used net cash of $3.3 million compared to using net cash of $1.0 million during the comparable period in 2022. The $3.3 million of net cash used in the first quarter of 2023 was mainly related to payments on leases, interest payments and settlements in respect of derivative instruments.

NET CASH FLOW

In aggregate, operating, investing and financing activities for the three months ended March 31, 2023 resulted in a net use of cash totalling $2.9 million compared to net cash used of $12.9 million in the first quarter of 2022. During the first quarter of 2023, there was a $0.8 million unfavourable impact on cash from foreign exchange rate changes compared to a $0.7 million favourable impact for the same period a year earlier.

CAPITAL RESOURCES

(in thousands of dollars)	**March 31, 2023**	December 31, 2022
Cash and cash equivalents	**$65,877**	$68,786
Working capital [1]	**43,928**	38,020
Property, plant and equipment and mineral property interests	**427,113**	426,962
Total assets	**551,537**	557,112
Current liabilities excluding current portion of financial liabilities [2]	**61,722**	73,597
Non-current liabilities excluding non-current portion of financial liabilities [2]	**92,238**	86,222
Financial liabilities (current and non-current) [2]	**51,207**	48,650
Total liabilities	**205,167**	208,469
Shareholders' equity	**346,370**	348,643

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 March 31, 2023, the Company had working capital[1] of $43.9 million compared to $38.0 million at December 31, 2022. The increase in working capital from December 31, 2022 resulted largely from a $11.1 million reduction in accounts payable and accrued liabilities, partially offset by reductions of $3.2 million and $2.9 million in trade and other receivables and cash and cash equivalents, respectively.

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

OUTLOOK

TWO-YEAR GUIDANCE (2023 – 2024)

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

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

1. Production guidance is based on the September 2022 Mineral Reserves and Mineral Resources announced on February 13, 2023.
2. The Company expects to fund the capital investment amounts listed above with cash on hand, cashflow from operations and through the financing of heavy equipment.

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

OUTSTANDING SHARE DATA

As at May 15, 2023, the Company had 174,933,777 common shares issued and outstanding and had the following securities outstanding, which are exercisable for common shares:

As at May 15, 2023, the Company had	Number of Securities
Stock options	1,142,603

As at May 15, 2023, the Company had the following securities outstanding, which are redeemable, at the option of the holder, for cash and/or common shares:

	Number of Securities
Deferred share units	471,985
Restricted share units	2,172,039
Performance share units	1,766,582

Under the agreement dated March 8, 2007, pursuant to which the Company acquired a 100% interest in the Marbaw Mineral Claims (see the Company’s most recent Annual Information Form for the year ended December 31, 2019, available at www.sedar.com), the Company is required to issue 1.6 million common shares to Marbaw upon the satisfaction of certain conditions. Such conditions have been satisfied other than the receipt by the Company of a notice from Marbaw requesting that these shares be issued.

OFF-BALANCE SHEET ARRANGEMENTS

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

COMMITMENT

As at March 31, 2023, the Company had outstanding forward contracts to sell 28,600 ounces of gold at A$2,824 per ounce. The forward contracts were entered into during final completion of the second decline and planned capital deployment into development and vent raises at Beta Hunt in the first half of the year.

PROPOSED TRANSACTIONS

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

SUBSEQUENT EVENTS

As of the date of this MD&A, the Company does not have any subsequent events following the end of the first quarter of 2023.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

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

There were no changes to the accounting policies applied by the Company to its March 31, 2023 unaudited, condensed interim consolidated financial statements compare to those applied by the Company to the audited consolidated financial statements for the year ended December 31, 2022.

INTERNAL CONTROLS OVER FINANCIAL REPORTING AND DISCLOSURE CONTROLS AND PROCEDURES

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

The Company's CEO and CFO have each evaluated the effectiveness of the Company's ICFR as at March 31, 2023 and based on this evaluation, as well as the material weakness in internal controls outlined below, they have concluded that the Company's ICFR were not effective as of March 31, 2023.

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

Management is committed to maintaining a strong internal control environment and implementing measures designed to help ensure that the material weakness is remediated in a timely manner, with the oversight from the Company's Audit Committee. Adjustments, including audit adjustments, related to this matter were made prior to the issuance of the audited consolidated financial statements for the year ended December 31, 2022 and management continues to advance work to adequately respond and resolve the material weakness, including rigorously reviewing processes related to the calculation and classification of expenditures. Material weaknesses cannot be considered remediated until the remedial controls operate for a sufficient period of time and management has concluded, through testing, that these controls are operating effectively.

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

CHANGES TO INTERNAL CONTROLS OVER FINANCIAL REPORTING

NI 52-109 requires reporting issuers in Canada to disclose in their MD&A any change in ICFR during the most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, ICFR.

Except for the material weakness described in the previous paragraphs, there were no changes in internal controls of the Company during the period ended March 31, 2023 that have materially affected, or are likely to materially affect, the Company's internal control over financial reporting.

DISCLOSURE CONTROLS AND PROCEDURES

Management, with the participation of the CEO and the CFO, assessed the effectiveness of our DCP as of March 31, 2023. Based upon the results of that evaluation, the CEO and the CFO concluded that the Company's DCP were effective to provide reasonable assurance that material information relating to the Company is accumulated and communicated to management to allow timely decisions regarding required disclosure, and that the information disclosed by the Company in the reports that it files is appropriately recorded, processed, summarized and reported within the time period specified in applicable securities legislation.

NON-IFRS MEASURES

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

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

MINING OPERATIONS

Cash Operating and All-in Sustaining Costs

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

Consolidated

For the three months ended March 31,	**2023**	2022
Production and processing costs [1]	**$64,927**	$48,109
Royalty expense [1]	**5,753**	3,634
By-product credits [1,2]	**(2,646)**	(2,453)
Adjustment for toll milling costs [1,3]	**(13,061)**	(5,673)
Operating costs (C$)	**$54,973**	$43,617
General and administrative expense - Australia	**3,800**	2,232
Sustaining capital expenditures	**523**	611
All-in sustaining costs (C$)	**$59,296**	$46,460
Ounces of gold sold	**36,145**	26,286
Operating costs (A$) [4]	**$59,476**	$47,533
All-in sustaining costs (A$) [4]	**$64,154**	$50,631
Cash operating costs per ounce sold (A$)	**$1,645**	$1,808
All-in sustaining costs per ounce sold (A$)	**$1,775**	$1,926
Operating costs (US$) [4]	**$40,645**	$34,447
All-in sustaining costs (US$) [4]	**$43,842**	$36,692
Cash operating costs per ounce sold (US$)	**$1,124**	$1,310
All-in sustaining costs per ounce sold (US$)	**$1,213**	$1,396

1. Refer to Note 20 of the March 31, 2023 unaudited condensed interim consolidated financial statements.
2. By-product credits exclude $2,527 of third-party toll milling revenue.
3. Adjustment for toll milling costs includes $10,534 of intercompany tolling costs and $2,527 of third-party tolling costs at Lakewood Mill.
4. Average exchange rates for the three months ended March 31, 2023 and 2022 include C$1-US$1 of 0.74 and 0.79, respectively, and A$1-US$1 of $0.68 and 0.72, respectively.

Beta Hunt

For the three months ended March 31,	**2023**	2022
Production and processing costs [1]	**$27,995**	$22,739
Royalty expense [1]	**4,814**	2,899
By-product credits [1]	**(2,616)**	(2,421)
Operating costs (C$)	**$30,193**	$23,217
Ounces of gold sold	**23,077**	16,128
Operating costs (A$) [2]	**$32,667**	$25,302
Cash operating costs per ounce sold (A$)	**$1,416**	$1,569
Operating costs (US$) [2]	**$22,324**	$18,336
Cash operating costs per ounce sold (US$)	**$967**	$1,137

1. Refer to Note 20 of the March 31, 2023 unaudited condensed interim consolidated financial statements.
2. Average exchange rates for the three months ended March 31, 2023 and 2022 include C$1-US$1 of 0.74 and 0.79, respectively, and A$1-US$1 $0.68 and 0.72, respectively.

HGO

For the three months ended March 31,	**2023**	2022
Production and processing costs [1]	**$36,932**	$25,370
Royalty expense [1]	**939**	735
By-product credits [1,2]	**(30)**	(32)
Adjustment for toll milling costs [1,3]	**(13,061)**	(5,673)
Operating costs (C$)	**$24,780**	$20,400
Ounces of gold sold	**13,068**	10,158
Operating costs (A$) [4]	**$26,811**	$22,232
Cash operating costs per ounce sold (A$)	**$2,052**	$2,189
Operating costs (US$) [4]	**$18,322**	$16,111
Cash operating costs per ounce sold (US$)	**$1,402**	$1,586

1. Refer to Note 20 of the March 31, 2023 unaudited condensed interim consolidated financial statements.
2. By-product credits exclude $2,527 of third-party toll milling revenue.
3. Adjustment for toll milling costs includes $10,534 of intercompany tolling costs and $2,527 of third-party tolling costs at Lakewood Mill.
4. Average exchange rates for the three months ended March 31, 2023 and 2022 include C$1-US$1 of 0.74 and 0.79, respectively, and A$1-US$1 of $0.68 and 0.72, respectively.

ADJUSTED EBITDA AND ADJUSTED EARNINGS

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

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

(in thousands of dollars except per share amounts)

For the three months ended March 31,	**2023**	2022
Net loss for the period - as reported	**$(2,941)**	$(3,709)
Finance expense, net	**1,770**	1,045
Income tax expense	**1,197**	1,556
Depreciation and amortization	**18,386**	8,754
EBITDA	**18,412**	7,646
Adjustments:		
Non-cash share-based payments [1]	**1,674**	5,768
Unrealized loss (gain) on revaluation of marketable securities [2]	**(1,537)**	646
Other expense, net [2]	**54**	(21)
Loss on derivatives [2]	**6,171**	1,115
Foreign exchange loss (gain) [3]	**3,862**	(2,951)
Adjusted EBITDA	**$28,636**	$12,203
Weighted average number of common shares - basic	**174,268,927**	154,440,916
Adjusted EBITDA per share - basic	**$0.16**	$0.08

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

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

(in thousands of dollars except per share amounts)

For the three months ended March 31,	**2023**	2022
Net loss for the period - as reported	**$(2,941)**	$(3,709)
Non-cash share-based payments [1]	**1,674**	5,768
Unrealized loss (gain) on revaluation of marketable securities [2]	**(1,537)**	646
Loss on derivatives [2]	**6,171**	1,115
Foreign exchange loss (gain) [3]	**3,862**	(2,951)
Tax impact of the above adjusting items	**(2,382)**	251
Adjusted earnings	**$4,847**	$1,120
Weighted average number of common shares - basic	**174,268,927**	154,440,916
Adjusted earnings per share - basic	**$0.03**	$0.01

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

WORKING CAPITAL

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

(in thousands of dollars)	**March 31, 2023**	December 31, 2022
Current assets	**$110,758**	$115,857
Less: Current liabilities	**66,830**	77,837
Working Capital	**$43,928**	$38,020

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 MD&A for the three and twelve months ended December 31, 2022 and the Annual Information Form for the year ended December 31, 2022, available on SEDAR at www.sedar.com.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

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

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

that on-going contractual negotiations will be successful and/or be completed in a timely manner; and that no unusual geological or technical problems occur.

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

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

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

QUALIFIED PERSONS

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

ADDITIONAL INFORMATION

Additional information relating to the Company, including the Company's annual information form for the year ended December 31, 2022, is available on SEDAR at www.sedar.com.