MANAGEMENT'S DISCUSSION AND ANALYSIS

Three and Six Months Ended June 30, 2023 and 2022

(In thousands of Canadian dollars)

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MANAGEMENT DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis ("MD&A") constitutes the information and factors that management believe is relevant to understanding the consolidated financial condition and operating performance of Karora Resources Inc. and its subsidiaries ("Karora" or the "Company") for the three and six months ended June 30, 2023 and 2022. This MD&A should be read in conjunction with the Company's Unaudited Condensed Interim Consolidated Financial Statements and related notes for the three months and six months ended June 30, 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 August 14, 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.

HIGHLIGHTS

Introduction

In the second quarter of 2023, Karora achieved record gold production, gold ounces sold and revenue, as well as significantly improved earnings performance and strong growth in cash flow provided by operating activities. For the first six months of 2023, gold production and ounces sold rose 39% and 38%, respectively, revenue increased 49% and adjusted earnings[1] totalled $18.7 million versus $5.8 million a year earlier. The Company completed the first half of 2023 well positioned to achieve its full-year 2023 guidance.

The Company's growth plan remained on track during the second quarter of 2023, with the expansion of Beta Hunt advancing on schedule and budget towards reaching an annualized production rate of 2.0 Mtpa during 2024. In addition, continued exploration success was achieved at Beta Hunt and the Company gained exposure to the rapidly growing lithium market through an agreement to obtain a 45% interest in a new, publicly traded lithium exploration company, Kali Metals Limited ("Kali") (see news release dated May 8, 2023).

Second Quarter 2023

- **Record production** of 40,823 gold ounces exceeded target levels and increased 33% from 30,652 ounces in the second quarter of 2022 and 3% from 39,827 ounces in the first quarter of 2023 ("the previous quarter").
- **Record revenue** totalled $110.6 million, 50% higher than the second quarter of 2022 and a 14% increase from the previous quarter, with the increase from both prior periods resulting from record gold sales totalling 42,172 ounces, 39% and 17% higher than the same period in 2022 and previous quarter, respectively, and an increase in the average realized gold price.
- **Production and processing costs** of $56.6 million compared to $40.1 million in the second quarter of 2022 and $54.4 million the previous quarter, with the year-over-year increase reflecting higher mining and processing volumes following the acquisition of the Lakewood Mill in the third quarter of 2022, as well as the impact of continued cost pressures in areas such as labour, contractors, power and fuel.
- **Cash operating costs[1] per ounce sold** averaged US$1,068, a 5% improvement from both US$1,130 in the second quarter of 2022 and US$1,124 in the first quarter of 2023.
- **All-in sustaining costs ("AISC")[1] per ounce sold** averaged US$1,160, in line with full-year guidance of US$1,100 – US$1,250 and compared to US$1,190 in the second quarter of 2022 and US$1,213 the previous quarter.
- **Net earnings** of $6.6 million ($0.04 per share) compared to net loss of $0.3 million ($0.00 per share) for the same period in 2022 and net loss of $2.9 million ($0.02 per share) in the first quarter of 2023; **Adjusted earnings[1]** of $13.9 million ($0.08 per share) compared to $4.7 million (0.03 per share) in the second quarter of 2022 and $4.8 million ($0.03 per share) the previous quarter.
- **Adjusted EBITDA[1,2]** of $38.8 million increased 72% from $22.6 million in the second quarter of 2022 and was 36% higher than $28.6 million from the first quarter of 2023.
- **Cash flow provided by operating activities** of $34.4 million tripled from $11.2 million in the second quarter of 2022 and increased 64% from $20.9 million the previous quarter.

- **Cash** of $70.8 million at June 30, 2023 increased $4.9 million or 7% from $65.9 million at March 31, 2023; During the second quarter of 2023, the Company paid a one-time stamp duty totalling $4.0 million (A$4.5 million) related to the acquisition of the Lakewood Mill in 2022.

- **Working capital**[1] totalled $59.6 million versus $43.9 million at the end of the previous quarter, with the increase mainly reflecting growth in cash as well as a reduction in accounts payable and accrued liabilities.

Six Months 2023 ("Year to Date")

- **Record Production** of 80,650 ounces increased 39% from 58,141 ounces for the same period in 2022, with the Company ending the first half of the year on track to achieve full-year 2023 guidance of 145,000 – 160,000 ounces.
- **Revenue** of $207.4 million increased 49% from $138.9 million for the first half of 2022, mainly reflecting a 38% increase in gold ounces sold, to 78,317 ounces.
- **Production and processing costs** of $111.0 million compared to $82.5 million in the first six months of 2022, with the increase largely reflecting higher mining and processing volumes.
- **Cash operating costs**[1] **per ounce sold** averaged US$1,094 a 10% improvement from US$1,214 for the same period a year earlier.
- **AISC**[1] **per ounce sold** averaged US$1,184, in line with full-year guidance of US$1,100 – US$1,250 and an 8% improvement from $1,286 in the first half of 2022.
- **Net earnings** of $3.7 million ($0.02 per share) compared to net loss of $4.0 million ($0.03 per share) for the same period in 2022; **Adjusted earnings**[1] of $18.7 million ($0.11 per share) more than tripled from $5.8 million (0.04 per share) in the first six months of 2022.
- **Adjusted EBITDA**[1,2] totalled $67.4 million, 94% higher than $34.8 million for the same period a year earlier.
- **Cash flow provided by operating activities** of $55.3 million compared to $23.4 million in the first half of 2022.
- **Cash** of $70.8 million increased $2.0 million or 3% from $68.8 million at December 31, 2022, with w**orking capital**[1] totalling $59.6 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

- **Expansion of Beta Hunt:** The expansion project at Beta Hunt advanced on schedule and budget during the first half of 2023. Development of a second (west) decline was completed to a length of 1,020 metres during the first quarter, with haulage from the mine using the new decline commencing as during the year. In addition, two of three planned ventilation raises, also critical to the mine's growth plans, were completed during the first half of 2023, with development of the third ventilation raise scheduled to commence during the third quarter, with completion targeted before the end of 2023. Once completed, the Beta Hunt expansion project is expected to increase the mine's annualized run-rate production level to 2.0 Mtpa during 2024.

- **Additional exploration success at Beta Hunt**: On April 14, 2023, the Company announced encouraging drill results from Beta Hunt, including 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, extended the drill-supported potential of the FSZ by 900 metres from the nearest drill intersection for a total strike length of 1.4 kilometres. On August 7, 2023, assays from four additional drill holes were released which included intersections of strong mineralization in targeted areas. Drill results to date in 2023 provide significant support for the interpretation that the FSZ represents the third major gold system at Hunt Block after the Western Flanks and A Zone.

Other Corporate Highlights

- **Kali Metals Limited:** On May 8, 2023, the Company announced an agreement with Kalamazoo Resources Limited (ASX: KZR) ("Kalamazoo") to create a lithium and critical metals exploration company to be called Kali Metals Limited ("Kali"). Karora will hold a 45% interest in Kali, with the remaining 55% interest to be owned by Kalamazoo (prior to any capital raising by Kali). Under the agreement, Karora and Kalamazoo will vend their lithium exploration projects into Kali with a goal of creating a new, jointly owned but separately run lithium-focused, ASX-listed exploration company to be led by an experienced board and management team. The proposed transaction will allow Karora shareholders to participate in the significantly enhanced upside potential of a larger, combined lithium-focused investment vehicle that will fund its own exploration and development activities, while the Karora’s management remains focused on growing its gold and nickel production base at both Beta Hunt and HGO.

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 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 of gold 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 and related ventilation upgrades at Beta hunt intended to double production 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 trucked four kilometres for processing at BHP’s Kambalda Nickel Concentrator (KNC).

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.

[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,			Six Months Ended,	
	Jun 30, 2023	Jun 30, 2022	Mar 31, 2023	Jun 30, 2023	Jun 30, 2022
Gold Operations (Consolidated)					
Tonnes milled (000s)	536	462	502	1,038	856
Recoveries	95%	94%	94%	94%	94%
Gold milled, grade (g/t Au)	2.50	2.21	2.62	2.56	2.25
Gold produced (ounces)	40,823	30,652	39,827	80,650	58,141
Gold sold (ounces)	42,172	30,398	36,145	78,317	56,685
Average exchange rate (C$/US$) [1]	0.74	0.78	0.74	0.74	0.79
Average realized price (US $/oz sold)	$1,909	$1,860	$1,877	$1,894	$1,881
Cash operating costs (US $/oz sold)[2]	$1,068	$1,130	$1,124	$1,094	$1,214
All-in sustaining cost (AISC) (US $/oz sold)[2]	$1,160	$1,190	$1,213	$1,184	$1,285
Gold (Beta Hunt)					
Tonnes milled (000s)	319	295	298	618	528
Gold milled, grade (g/t Au)	2.62	2.14	2.92	2.77	2.26
Gold produced (ounces)	25,709	19,169	26,577	52,286	36,277
Gold sold (ounces)	26,330	19,140	23,077	49,407	35,269
Cash operating cost (US $/oz sold)[2]	$1,017	$1,130	$967	$994	$1,133
Gold (HGO Mine)					
Tonnes milled (000s)	217	167	204	420	328
Gold milled, grade (g/t Au)	2.31	2.32	2.18	2.25	2.24
Gold produced (ounces)	15,114	11,484	13,250	28,364	21,864
Gold sold (ounces)	15,842	11,257	13,068	28,910	21,416
Cash operating cost (US $/oz sold)[2]	$1,151	$1,130	$1,402	$1,265	$1,346

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 may not add due to rounding.

Consolidated gold production in the second quarter of 2023 was a record 40,823 ounces, a 33% increase from the second quarter of 2022 and 3% higher than 39,827 ounces the previous quarter. The increase from second quarter of 2022 resulted from a 16% increase in tonnes milled, reflecting the increase in milling capacity following the acquisition Lakewood Mill, and a 13% improvement in the average grade.

Cash operating costs[1] per ounce sold for the second quarter of 2023 averaged US$1,068, a 5% improvement from both $1,130 for the same period in 2022 and $1,124 the previous quarter. The improvement from the second quarter of 2022 largely reflected the favourable impact of a higher average grade at Beta Hunt, which more than offset the higher costs related to continued cost pressures in such areas as labour, contractors, power and fuel. Lower cash operating costs[1] per ounce sold compared to the first quarter of 2023 related to a higher average grade and a lower cost production profile at HGO. AISC[1] per ounce sold in the second quarter of 2023 averaged $1,160 compared to $1,190 in the second quarter of 2022 and $1,213 the previous quarter as the favourable impact of lower cash operating costs[1] per ounce sold was offset by higher general and administrative expenses and sustaining capital expenditures.

For the first six months of 2023, gold production totalled 80,650 ounces, 39% higher than 58,141 ounces in the first six months of 2022 reflecting a 21% increase in tonnes milled and a 14% improvement in the average grade. The Company ended the first half of 2023 well positioned to achieve full-year 2023 production guidance of 145,000 – 160,000 ounces.

Cash operating costs[1] per ounce sold for the first half of 2023 averaged $1,094 compared to $1,214 for the same period in 2022 with a higher average grade at Beta Hunt largely accounting for the year-over-year improvement. AISC[1] per ounce averaged US$1,184 in the first six months of 2023 versus $1,285 a year earlier.

BETA HUNT MINE OPERATIONS REVIEW

During the second quarter of 2023, Beta Hunt mined 297,100 tonnes at an average grade of 2.97 g/t containing 28,416 ounces of gold. The 28,416 contained ounces during the quarter increased 43% from 19,916 contained ounces in the second quarter of 2022 (based on mining 290,000 tonnes at an average grade of 2.14 g/t) and was 5% higher than the 27,100 contained ounces the previous quarter (based on mining 299,900 tonnes at an average grade of 2.81 g/t). The majority of the scheduled mined tonnes during the second quarter came from the A Zone and central section of Western Flanks with a 39% increase in grade compared to the second quarter of 2022 mainly resulting from mining high-grade ore from the A Zone 17 Level.

Gold production from Beta Hunt in the second quarter of 2023 totalled 25,709 ounces based on milling 319,500 tonnes at an average grade of 2.62 g/t. Production for the quarter increased 34% from the second quarter of 2022 reflecting a 22% improvement in the average grade as well as an 8% increase in tonnes processed. Production during the second quarter of 2023 compared to 26,577 ounces the previous quarter as the impact of higher tonnes processed was offset by a reduction in the average grade quarter over quarter consistent with the mine plan for the year.

Cash operating costs[1] per ounce sold at Beta Hunt averaged US$1,017 in the second quarter of 2023, a 10% improvement from the second quarter of 2022 mainly reflecting the favourable impact of a higher average grade compared to the same period a year earlier. Cash operating costs per ounce sold in Q2 2023 compared to US$967 the previous quarter, with a reduction in the average grade processed largely accounting for the increase quarter over quarter.

For the first six months of 2023, Beta Hunt mined 597,100 tonnes at an average grade of 2.89 g/t containing 55,527 ounces of gold, which compared to 520,100 tonnes mined at an average grade of 2.28 g/t containing 38,095 ounces of gold in the first half of 2022. Year-to-date gold production in 2023 totalled 52,286 ounces, a 44% increase from production of 36,277 ounces in the first half of 2022, which resulted from a 17% increase in tonnes processes and a 23% improvement in the average grade. Cash operating costs[1] per ounce sold averaged US$994 versus $1,133 in the first six months of 2022 with the improvement largely due to the favourable impact of a higher average grade.

In addition to gold production, Beta Hunt mined 6,071 tonnes of nickel ore at an estimated nickel grade of 2.47% during the second quarter of 2023 compared to 7,693 tonnes of nickel ore mined at an estimated nickel grade of 1.26% for the same period in 2022 and 7,331 tonnes of nickel ore at an estimated nickel grade of 2.22% the previous quarter. The level of nickel ore mined in the second quarter of 2023 was impacted by temporary restrictions on ventilation in planned mining areas, which had resolved by the end of the quarter. For the first six months of 2023, 13,402 tonnes of nickel ore were mined at an estimated nickel grade of 2.34%, which compared to 12,935 tonnes mined at an estimated average grade of 1.62% a year earlier.

Development of the second ventilation raise was completed during the second quarter of 2023. The raise boring team is on site and the third ventilation raise is expected to be completed before the end of the year. Overall, the Beta Hunt expansion project remained on track to support the mine's growth to an annualized production run-rate of 2.0 Mtpa during 2024.

HIGGINSVILLE GOLD OPERATIONS REVIEW

During the second quarter of 2023, HGO mined 178,100 tonnes at an average grade of 2.76 g/t containing 15,806 ounces, which compared to 106,000 tonnes mined at an average grade of 3.28 g/t containing 11,211 ounces in the second quarter of 2022 and 72,200 tonnes at an average grade of 3.85 g/t containing 8,927 ounces the previous quarter. The level of tonnes mined during the second quarter of 2023 largely reflected the commencement of mining at the Mouse Hollow open pit in April 2023, where a total of 115,300 tonnes were mined during the quarter, with the remaining tonnes mined coming from the Aquarius underground mining operation.

Production at HGO in the second quarter of 2023 totalled 15,114 ounces based on milling 216,900 tonnes at an average grade of 2.31 g/t. Production in the second quarter of 2023 increased 32% from 11,484 ounces in the second quarter of 2022, reflecting a 30% increase in tonnes processed, and was 14% higher than the previous quarter, with both tonnes processed and the average grade increasing 6% compared to the first quarter of 2023.

Cash operating costs[1] per ounce sold at HGO averaged US$1,151 in the second quarter of 2023 versus US$1,130 for the same period in 2022, with the increase largely related to a higher-cost production profile compared to the second quarter of 2022 when close to half of tonnes processed were from the Spargos open pit. Cash operating costs[1] per ounce sold in the second quarter of 2023 improved 18% from US$1,402 the previous quarter with the improvement mainly reflecting a lower-cost production profile largely due to the commencement of production from the Mouse Hollow open pit in April 2023 as well as the impact of costs related to stockpiled tonnes processed during the first quarter of 2023.

For the first six months of 2023, HGO mined 250,300 tonnes at an average grade of 3.07 g/t containing 24,733 ounces of gold, which compared to 193,015 tonnes mined at an average grade of 3.00 g/t containing 18,656 ounces of gold in the first half of 2022. Year-to-date gold production in 2023 totalled 28,364 ounces resulting from processing 420,400 tonnes at an average grade of 2.25 g/t versus gold production of 21,864 ounces based on processing 328,218 tonnes at an average grade of 2.24 g/t for the same period a year earlier. Cash operating costs[1] per ounce sold averaged US$1,265 compared to $1,346 in the first six months of 2022.

During the second quarter of 2023, development activities at Higginsville were concentrated on preparing for initial mining at the Pioneer open pit. Activities included haul road construction, pre-stripping and sterilization drilling to confirm the location of the planned mining waste storage area.

PROCESSING FACILITY REVIEW

A total of 326,131 tonnes were milled at the Higginsville Mill during the second quarter of 2023 (with 34% of mill feed coming from Beta Hunt and 66% from HGO) at an average grade of 2.93 g/t. Recovered gold totalled 29,095 ounces. Throughput at the Lakewood Mill during the second quarter of 2023 totalled 210,300 tonnes (98% from Beta Hunt and 2% from HGO) at an average grade of 1.83 g/t. Recovered gold during the quarter totalled 11,728 ounces.

For the first six months of 2023, 707,000 tonnes were milled at the Higginsville Mill (with 43% of mill feed coming from Beta Hunt and 57% from HGO) at an average grade of 2.90 g/t. Recovered gold totalled 62,244 ounces. Throughput at the Lakewood Mill totalled 331,200 tonnes (94% from Beta Hunt and 6% from HGO) at an average grade of 1.83 g/t. Recovered gold during the quarter totalled 18,406 ounces.

At the HGO Mill, construction of a planned tailings storage facility lift progressed on schedule during the second quarter as part of the overall HGO capital plan which includes scheduled plant maintenance. At the Lakewood Processing Plant, preparation for the tie-in of the existing Dumford ball mill was advanced. The additional grinding capacity provided by the ball mill is expected to raise the nameplate capacity at Lakewood from ~0.85 Mtpa to ~1.2 Mtpa beginning in 2024.

[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 second quarter of 2023, three underground drill rigs completed 12,998 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.

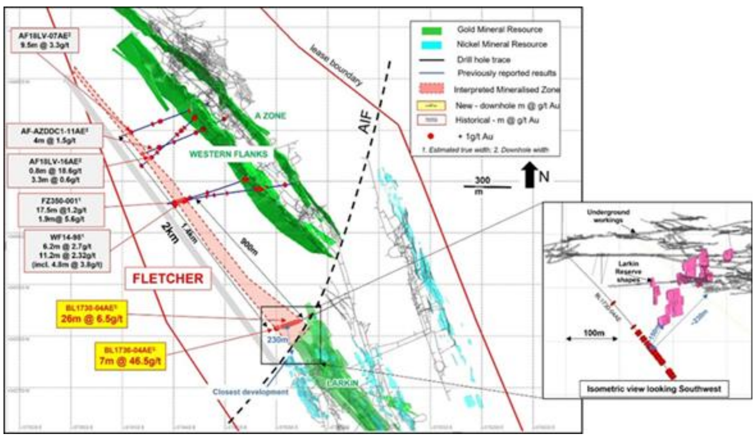
Gold drilling during the quarter focused on testing and infilling the down-dip extensions of Western Flanks, infill drilling at the north end of Larkin, testing for extensions to the Mason Zone, as well as commencing a nine-hole, 5,000 metre program infilling the southern strike extension of the Fletcher Shear Zone (FSZ). The latter program covers 500 metres of strike immediately north of the Alpha Island Fault. Results from this program will be available in the third quarter. Nickel exploration and resource definition activities were undertaken with the aim of upgrading the 30C and Kappa lodes, the latter part of the East Alpha Mineral Resource.

On April 14, 2023, the Company released results from drilling in the FSZ. Highlights of the results are provided below.

<u>Fletcher Shear Zone[1]</u>

- 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.*



On August 7, 2023, assays from four drill holes completed as part of a program to test and infill the southern extension of the FSZ over 500 metres of strike north of the Alpha Island Fault (AIF) were released. The new results continued to intersect strong mineralization in targeted areas and further increase confidence in the continuity of the FSZ mineralization. Highlights of the results are provided below.

<u>Fletcher Shear Zone[1] (August 7, 2023 Results)</u>

- WF405SOD-51AE: 2.8 g/t over 52.0 metres and 11.8 g/t over 2.9 metres.
- WF405SOD-01AE: 3.3 g/t over 9.0 metres and 2.5 g/t over 10.5 metres.
- BF1730-22AE: 3.1 g/t over 13.0 metres, 3.8 g/t over 9.0 metresand 2.5 g/t over 17.0 metre.
- WF405SOD-52AE: 4.7 g/t over 11.0 metres.

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

HIGGINSVILLE EXPLORATION

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

- Exploration drilling comprising 720 metres of AC (aircore) to test prospective geological targets on ground located south of the Higginsville Mill on the southern margin of Lake Cowan, and 924 metres of RC drilling testing for quartz vein mineralisation at the Bandido prospect north of the Lake Cowan Mining Centre.

- Completing the Pioneer Waste Dump sterilization drilling program with five RC holes for 234 metres drilled during the second quarter. This work was successful in supporting the location of the planned waste dump with no significant results returned from this program. This work was required as part of the preparation work for the planned Pioneer open pit.
- Surface sampling over regional targets comprising 592 rock chip samples, 1,379 soil samples and 38 auger samples. The results from this work are being evaluated.
- Project generation work continued with activities aimed at reviewing, identifying and prioritising both near-mine resource development and greenfield exploration targets.

FINANCIAL RESULTS

(in thousands of dollars except per share amounts)	Three months ended,		Six Months Ended,	
For the periods ended June 30,	**2023**	2022	**2023**	2022
Revenue	**$110,595**	$73,609	**$207,401**	$138,881
Production and processing costs	**56,567**	40,093	**110,960**	82,529
Earnings (loss) before income taxes	**12,850**	1,053	**11,106**	(1,100)
Net earnings (loss)	**6,643**	(328)	**3,702**	(4,037)
Net earnings (loss) per share - basic	**0.04**	(0.00)	**0.02**	(0.03)
Net earnings (loss) per share - diluted	**0.04**	(0.00)	**0.02**	(0.03)
Adjusted EBITDA [1,2]	**38,812**	22,602	**67,448**	34,805
Adjusted EBITDA per share - basic [1,2]	**0.22**	0.14	**0.39**	0.22
Adjusted earnings [1,2]	**13,858**	4,662	**18,705**	5,782
Adjusted earnings per share - basic [1,2]	**0.08**	0.03	**0.11**	0.04
Cash flow provided by operating activities	**34,407**	11,242	**55,266**	23,392
Cash investment in property, plant and equipment and mineral property interests	**(23,911)**	(35,084)	**(43,765)**	(59,868)

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

Three and six months ended June 30, 2023 compared with three and six months ended June 30, 2022

REVENUE

For the three months ended June 30, 2023, the Company generated revenue of $110.6 million, a $37.0 million or 50% increase from the second quarter of 2022. Gold revenue totalled $108.3 million, $35.1 million or 48% higher than the second quarter a year earlier, with $28.4 million of the increase resulting from higher gold sales and $6.8 million relating to rate factors, including the impact of a stronger US dollar compared to the Canadian dollar as well as a 3% increase in the average realized gold price. Beta Hunt contributed $67.9 million of total gold revenue in the second quarter of 2023, with HGO contributing $40.4 million. During the comparable period in 2022, Beta Hunt contributed $46.1 million of gold revenue, with the remaining $27.1 million coming from HGO.

For the six months ended June 30, 2023, revenue totalled $207.4 million, $68.5 million or 49% higher than $138.9 million for the same period in 2022. Gold revenue for the first half of 2023 totalled $200.0 million, a $64.0 million or 47% increase from a year earlier. Of the increase, $51.9 million related to a 38% increase in gold ounces sold, with rate factors contributing the remaining $12.1 million of revenue growth mainly due to the impact of a significantly stronger US dollar compared to the Canadian dollar. Beta Hunt contributed $126.1

million of year-to-date gold revenue, with HGO contributing $73.9 million. During the first half of 2022, Beta Hunt contributed $84.7 million of gold revenue, with $51.3 million coming from HGO.

PRODUCTION AND PROCESSING COSTS

For the three months ended June 30, 2023, production and processing costs totalled $56.6 million compared to $40.1 million in the comparable period in 2022. The increase in production and processing costs versus the second quarter of 2022 reflected significantly higher processing volumes compared to the second quarter of 2022 as well as the impact of ongoing cost pressures in such areas as labour, contractors, power and fuel.

For the first six months of 2023, production and processing costs were $111.0 million compared to $82.5 for the same period in 2022, with higher processing volumes and the impact of cost escalation on mining costs largely accounting for the year over year increase.

ROYALTY EXPENSE

Royalty expense totalled $6.1 million in the second quarter of 2023 and $11.9 million for the first six months of 2023, which compared to $4.2 million and $7.8 million for the same periods in 2022. Both increases mainly reflected significantly higher gold ounces sold compared to the prior year level.

GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses totalled $9.1 million and $16.9 million for the three and six months ended June 30, 2023, respectively, compared to $6.0 million and $12.8 million, respectively, for the same periods in 2022. Higher general and administrative expenses in 2023 largely reflected the continued development of management and technical capabilities in Australia, as well as investments in projects aimed at enhancing management operating and information systems, as the Company executes it growth plans. Also contributing to increased employee and contractor costs in both the second quarter and first half of 2023 were continued tight labour markets in Western Australia.

SHARE-BASED COMPENSATION

For the three months ended June 30, 2023, general and administrative: share-based compensation expense was $1.3 million compared to income from share-based compensation of $3.1 million for the same period in 2022. For the six months ended June 30, 2023, general and administrative: share-based compensation expense was $3.1 million compared to $2.8 million for the comparable period in 2022. Expense or income from share-based compensation is primarily driven by movements in the Company's share price during the respective periods.

DEPRECIATION AND AMORTIZATION

Depreciation and amortization expense for the three months and six months ended June 30, 2023 totalled $16.0 million and $34.4 million, respectively, compared to $13.7 million and $22.4 million, respectively, for the comparable periods in 2022. The increase in depreciation and amortization expense in 2023, on both a quarterly and year-to-date basis, reflected significantly higher levels of gold ounces sold, the impact of additional investments in the Company's growth projects and higher average depreciation rates based on updated reserves and resources and LOM plans at Beta Hunt. In addition, also contributing to the year-to-date increase was a production profile at HGO with higher average depreciation rates compared to the first six months of 2022.

OTHER INCOME/EXPENSES, NET

For the three months ended June 30, 2023, other expenses, net totalled $8.7 million, which mainly related to foreign exchange losses of $7.1 million and net finance expense of $2.1 million. Other expenses, net in the second quarter of 2022 totalled $10.5 million, including foreign exchanges losses of $9.1 million and net finance expense of $1.1 million. Foreign exchange losses are non-cash and primarily relate to the impact of translating intercompany loan balances between the Company's Australian entities and the Canadian parent.

For the six months ended June 30, 2023, other expenses, net totalled $19.0 million, which included foreign exchange losses of $10.9 million, a loss on derivatives of $5.2 million and net finance expense of $3.9 million, partially offset by a $1.0 million unrealized gain related to the revaluation of marketable securities. In the first six months of 2022, other expenses, net totalled $10.3 million mainly reflecting $6.2 million of foreign exchange losses, $2.1 million of net finance expenses and $1.5 million related to an unrealized loss on the revaluation of marketable securities.

INCOME TAX EXPENSE

For the three months ended June 30, 2023, income tax expense was $6.2 million compared to income tax expense of $1.4 million for the comparable period in 2022. On a year-to-date basis, income tax expense in 2023 totalled $7.4 million versus $2.9 million a year earlier. The level of income tax expense in the second quarter and first six months of 2023 reflected the level of taxable income generated by the Company's Australian operations.

NET EARNINGS (LOSS)

Net earnings for the three months ended June 30, 2023 totalled $6.6 million ($0.04 per basic share) compared to net loss of $0.3 million ($0.00 per basic share) for the three months ended June 30, 2022. The significant improvement in net earnings performance compared to the second quarter of 2022 mainly reflected a 61% increase in operating margin (revenue less production and processing costs), to $20.5 million, and lower other expenses, net, which more than offset the impact of increased general and administrative, depreciation and amortization and royalty expenses as well as higher income tax expense.

Net earnings for the six months ended June 30, 2023, was $3.7 million ($0.02 per basic share) compared to net loss of $4.0 million ($0.03 per basic share) in the first half of 2022, with a $40.1 million or 71% increase in operating margin more than offsetting higher depreciation and amortization, general and administrative and royalty expenses, as well as higher other expenses, net, and increased income tax expense.

ADJUSTED NET EARNINGS[1]

Adjusted earnings[1] for the three months ended June 30, 2023 totalled $13.9 million ($0.08 per share) versus $4.7 million ($0.03 per share) in the second quarter of 2022. The difference between net earnings and adjusted earnings[1] in the second quarter of 2023 resulted from the exclusion from adjusted earnings[1] of the after-tax impact of $7.1 million of foreign exchange losses and $1.2 million related to non-cash, share-based payments. The difference between net earnings and adjusted earnings[1] in the second quarter of 2022 largely resulted from the exclusion from adjusted earnings[1] of the after-tax impact of $9.1 million of foreign exchange losses and $1.2 million related to sustainability initiatives, partially offset by $3.8 million of non-cash share-based payments. The increase in adjusted earnings[1] compared to the second quarter of 2022 mainly reflected the 61% increase in operating margin, driven by significantly higher revenue in the second quarter of 2023.

For the six months ended June 30, 2023, adjusted earnings[1] totalled $18.7 million ($0.11 per share) versus $5.8 million ($0.04 per share) in the same period in 2022. The difference between net earnings and adjusted earnings[1] for year-to-date 2023 reflected the exclusion from adjusted earnings[1] of the after-tax impact of $10.9 million of foreign exchange losses and $2.9 million related to non-cash share-based payments, partially offset by the exclusion from adjusted earnings[1] of a $1.0 million unrealized loss on the revaluation of marketable securities. The difference between net earnings and adjusted earnings[1] in the first six months of 2022 mainly related to the exclusion from adjusted earnings[1] of the after-tax impact of $6.2 million of foreign exchange losses, $1.9 million of non-cash, share-based payments, a $1.5 million unrealized loss on the revaluation of marketable securities and $1.2 million related to sustainability initiatives. The 71% improvement in operating margin mainly accounted for the increase in year-to-date adjusted earnings[1].

[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	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Revenues	$110,595	$96,806	$96,835	$81,326	$73,609	$65,272	$66,972	$68,360
Net earnings (loss)	$6,643	($2,941)	$9,560	$4,378	($328)	($3,709)	$6,112	$10,340
Net earnings (loss) per share - basic	$0.04	($0.02)	$0.06	$0.03	($0.00)	($0.02)	$0.04	$0.07
Net earnings (loss) per share - diluted	$0.04	($0.02)	$0.05	$0.03	($0.00)	($0.02)	$0.04	$0.07

Quarterly results vary in accordance with the Company's revenues, which are affected by ounces sold, the gold price, changes in exchange rates, 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 in the first half of 2023 primarily reflected increased production and sales. Over this same period, production and processing and depreciation and amortization costs have increased largely reflecting higher volumes, the continuation of cost inflationary pressures in many areas, 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. Higher revenues and improvement in the Company's operating margin largely drove solid earnings performance in the second quarter of 2023, as well as the second half of 2022. 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. Contributing to net loss in the first two quarters of 2022 was the impact of disruptions caused by record levels of COVID-19 cases in Western Australia.

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

KARORA RESOURCES

LIQUIDITY AND CAPITAL RESOURCES

CASH FLOWS

(in thousands of dollars)	Three months ended,		Six Months Ended,	
For the periods ended June 30,	**2023**	2022	**2023**	2022
Cash provided by operations prior to changes in working capital	**$38,987**	$21,652	**$67,629**	$33,853
Changes in non-cash working capital	**(4,526)**	(9,988)	**(12,309)**	(9,692)
Asset retirement obligations	**-**	(94)	**-**	(441)
Income taxes paid	**(54)**	(328)	**(54)**	(328)
Cash provided by operating activities	**34,407**	11,242	**55,266**	23,392
Cash used in investing activities	**(23,766)**	(34,735)	**(43,456)**	(59,474)
Cash provided by (used in) financing activities	**(4,138)**	61,342	**(7,427)**	60,325
Effect of exchange rate changes on cash and cash equivalents	**(1,554)**	(1,855)	**(2,343)**	(1,154)
Change in cash and cash equivalents	**$4,949**	$35,994	**$2,040**	$23,089

OPERATING ACTIVITIES

For the three months ended June 30, 2023, cash provided by operating activities, prior to changes in working capital, totalled $39.0 million compared to $21.7 million for the same period in 2022. The increase compared to the second quarter of 2022 largely reflected significantly higher operating margin, driven by strong revenue growth, partially offset by increased general and administrative and royalty expenses. Changes in working capital represented a net use of cash totalling $4.5 million during the three months ended June 30, 2023, reflecting a $5.1 million reduction in accounts payable and accrued liabilities, partially offset by the impact of lower inventories and prepaid expenses.

For the six months ended June 30, 2023, cash provided by operating activities, prior to changes in working capital, was $67.6 million compared to $33.9 million for the same period in 2022, with the increase mainly reflecting higher revenue and improved operating margin in the first half of 2023. Changes in working capital used $12.3 million of cash during the six months ended June 30, 2023 reflecting a $14.0 million reduction in accounts payable and accrued liabilities and a $1.5 million increase in inventories, partially offset by lower trade and other receivables and prepaid expenses. Changes in working capital in the first half of 2022 used $9.7 million of cash as a $12.5 million reduction in accounts payable and accrued liabilities was only partially offset by lower levels of trade and other receivables, inventories, and prepaid expenses.

INVESTING ACTIVITIES

Net cash used in investing activities for the three months ended June 30, 2023 totalled $23.7 million compared to a net use of cash of $34.7 million for the same period in 2022. Investments in property, plant and equipment and mineral property interests represented a net use of cash totalling $23.9 million during the second quarter of 2023, mainly related to mine development at Beta Hunt, including development for increased ventilation as part of the ongoing expansion project, as well as the procurement of new equipment. In addition, investments in property, plant and equipment in the second quarter of 2023 included payment of stamp duty of $4.0 million (A$4.5 million) related to the acquisition of the Lakewood Mill in 2022.

For the six months ended June 30, 2023, cash used for investing activities totalled $43.4 million compared to $59.5 million for the same period in 2022, with mine development at Beta Hunt and equipment procurement accounting for the largest components of capital outflows in the first six months of 2023.

FINANCING ACTIVITIES

For the three months ended June 30, 2023, financing activities used net cash of $4.1 million compared to being a source of net cash totalling $61.3 million during the comparable period in 2022. The primary uses of cash in the second quarter of 2023 were $1.9 million related to payments on leases, $1.0 million of interest payments and $0.9 million for settlements in respect of derivative instruments. During the second quarter of 2022, the Company received net proceeds of $65.3 million from the issuance of 14,375,000 common shares through an over-subscribed bought deal financing associated with the Lakewood Mill acquisition.

For the six months ended June 30, 2023, financing activities used net cash of $7.4 million compared to providing net cash of $60.3 million in the first half of 2022. The $7.4 million of net cash used in the first six months of 2023 mainly reflected $3.3 million of payments on leases, $2.0 million of interest payments and $1.7 million for settlements in respect of derivative instruments.

NET CASH FLOW

In aggregate, operating, investing and financing activities for the three months ended June 30, 2023 provided net cash of $4.9 million compared to providing net cash of $36.0 million in the second quarter of 2022. For the first six months of 2023, operating, investing and financing activities, in aggregate, generated $2.0 million of net cash compared to providing net cash of $23.1 million in the same period a year earlier. During the second quarter of 2023, there was a $1.6 million unfavourable impact on cash from foreign exchange rate changes compared to a $1.9 million unfavourable impact for the same period a year earlier. Foreign exchange rate changes had a $2.3 million unfavourable impact on cash in the first six months of 2023 versus a $1.2 million unfavourable impact during the first half of 2022.

CAPITAL RESOURCES

(in thousands of dollars)	**June 30, 2023**	December 31, 2022
Cash and cash equivalents	**$70,826**	$68,786
Working capital [1]	**59,616**	38,020
Property, plant and equipment and mineral property interests	**422,846**	426,962
Total assets	**550,172**	557,112
Current liabilities excluding current portion of financial liabilities [2]	**48,820**	73,597
Non-current liabilities excluding non-current portion of financial liabilities [2]	**93,163**	86,222
Financial liabilities (current and non-current) [2]	**56,604**	48,650
Total liabilities	**198,587**	208,469
Shareholders' equity	**351,585**	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 June 30, 2023, the Company had working capital[1] of $59.6 million compared to $43.9 million at March 31, 2023 and $38.0 million at December 31, 2022. The increase in working capital from December 31, 2022 mainly reflected a $23.0 million reduction in accounts payable and accrued liabilities.

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 this 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 August 14 2023, the Company had 175,179,280 common shares issued and outstanding and had the following securities outstanding, which are exercisable for common shares:

As at August 14, 2023, the Company had	Number of Securities
Stock options	1,001,493

As at August 14, 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	505,637
Restricted share units	3,374,716
Performance share units	2,764,841

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

OFF-BALANCE SHEET ARRANGEMENTS

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

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 second 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 June 30, 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 June 30, 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 June 30, 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 concludes, 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 June 30, 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 June 30, 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

	Three months ended,		Six months ended,	
For the periods ended June 30,	**2023**	2022	**2023**	2022
Production and processing costs [1]	**$66,977**	$47,193	**$131,904**	$95,302
Royalty expense [1]	**6,142**	4,186	**11,895**	7,820
By-product credits [1,2]	**(2,255)**	(415)	**(4,901)**	(2,868)
Adjustment for toll milling costs [1,3]	**(10,410)**	(7,100)	**(23,471)**	(12,773)
Operating costs (C$)	**$60,454**	$43,864	**$115,427**	$87,481
General and administrative expense - Australia	**5,034**	1,908	**8,834**	4,140
Sustaining capital expenditures	**205**	406	**728**	1,018
All-in sustaning costs (C$)	**$65,693**	$46,178	**$124,989**	$92,639
Ounces of gold sold	**42,172**	30,398	**78,317**	56,684
Operating costs (A$) [4]	**$67,383**	$48,128	**$126,763**	$95,663
All-in sustaining costs (A$) [4]	**$73,222**	$50,668	**$137,264**	$101,300
Cash operating costs per ounce sold (A$)	**$1,598**	$1,583	**$1,619**	$1,688
All-in sustaining costs per ounce sold (A$)	**$1,736**	$1,667	**$1,753**	$1,787
Operating costs (US$) [4]	**$45,021**	$34,355	**$85,651**	$68,802
All-in sustaining costs (US$) [4]	**$48,922**	$36,168	**$92,746**	$72,860
Cash operating costs per ounce sold (US$)	**$1,068**	$1,130	**$1,094**	$1,214
All-in sustaining costs per ounce sold (US$)	**$1,160**	$1,190	**$1,184**	$1,285

1. Refer to Note 19 of the June 30, 2023 unaudited condensed interim consolidated financial statements.
2. For the six months ended June 30, 2023, by-product credits exclude $2,527 of third-party tolling revenue.
3. For the three and six months ended June 30, 2023, adjustments for toll treatment costs include $10,410 and $20,944, respectively, related to intercompany tolling costs and, for the six months ended June 30, 2023, $2,527 related to third-party tolling costs at Lakewood mill.
4. Average exchange rates for the three and six months ended June 30, 2023 include C$1-US$1 of 0.74 and 0.74, respectively, and A$1-US$1 of $0.67 and 0.68, respectively. Average exchange rates for the three and six months ended June 30, 2022 include C$1-US$1 of 0.78 and 0.79, respectively, and A$1-US$1 $0.71 and 0.72, respectively.

Beta Hunt

	Three months ended,		Six months ended,	
For the periods ended June 30,	**2023**	2022	**2023**	2022
Production and processing costs [1]	**$33,013**	$24,475	**$61,008**	$47,214
Royalty expense [1]	**$5,166**	$3,535	**9,980**	6,434
By-product credits [1]	**(2,218)**	(393)	**(4,834)**	(2,814)
Operating costs (C$)	**$35,961**	$27,617	**$66,154**	$50,834
Ounces of gold sold	**26,330**	19,140	**49,407**	35,268
Operating costs (A$) [2]	**$40,083**	$30,302	**$72,650**	$55,567
Cash operating costs per ounce sold (A$)	**$1,522**	$1,583	**$1,470**	$1,577
Operating costs (US$) [2]	**$26,781**	$21,630	**$49,088**	$39,999
Cash operating costs per ounce sold (US$)	**$1,017**	$1,130	**$994**	$1,133

1. Refer to Note 19 of the June 30, 2023 unaudited condensed interim consolidated financial statements.
2. Average exchange rates for the three and six months ended June 30, 2023 include C$1-US$1 of 0.74 and 0.74, respectively, and A$1-US$1 of $0.67 and 0.68, respectively. Average exchange rates for the three and six months ended June 30, 2022 include C$1-US$1 of 0.78 and 0.79, respectively, and A$1-US$1 $0.71 and 0.72, respectively.

HGO

	Three months ended,		Six months ended,	
For the periods ended June 30,	**2023**	2022	**2023**	2022
Production and processing costs [1]	**$33,964**	$22,718	**$70,896**	$48,088
Royalty expense [1]	**$976**	$651	**1,915**	1,386
By-product credits [1,2]	**(37)**	(22)	**(67)**	(54)
Adjustment for toll milling costs [1,3]	**(10,410)**	(7,100)	**(23,471)**	(12,773)
Operating costs (C$)	**$24,493**	$16,247	**$49,273**	$36,647
Ounces of gold sold	**15,842**	11,258	**28,910**	21,416
Operating costs (A$) [4]	**$27,300**	$17,827	**$54,112**	$40,059
Cash operating costs per ounce sold (A$)	**$1,723**	$1,584	**$1,872**	$1,871
Operating costs (US$) [4]	**$18,240**	$12,725	**$36,562**	$28,836
Cash operating costs per ounce sold (US$)	**$1,151**	$1,130	**$1,265**	$1,346

1. Refer to Note 19 of the June 30, 2023 unaudited condensed interim consolidated financial statements.
2. For the six months ended June 30, 2023, by-product credits exclude $2,527 of third-party tolling revenue.
3. For the three and six months ended June 30, 2023, adjustments for toll treatment costs include $10,410 and $20,944, respectively, related to intercompany tolling costs and, for the six months ended June 30, 2023, $2,527 related to third-party tolling costs at Lakewood mill.
4. Average exchange rates for the three and six months ended June 30, 2023 include C$1-US$1 of 0.74 and 0.74, respectively, and A$1-US$1 of $0.67 and 0.68, respectively. Average exchange rates for the three and six months ended June 30, 2022 include C$1-US$1 of 0.78 and 0.79, respectively, and A$1-US$1 $0.71 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)	Three months ended,		Six Months Ended,	
For the periods ended June 30,	**2023**	2022	**2023**	2022
Net earnings (loss) for the period - as reported	**$6,643**	$(328)	**$3,702**	$(4,037)
Finance expense, net	**2,107**	1,070	**3,877**	2,115
Income tax expense	**6,207**	1,381	**7,404**	2,937
Depreciation and amortization	**15,996**	13,689	**34,382**	22,443
EBITDA	**30,953**	15,812	**49,365**	23,458
Adjustments:				
Non-cash share-based payments [1]	**1,246**	(3,836)	**2,920**	1,932
Unrealized loss (gain) on revaluation of marketable securities [2]	**526**	881	**(1,011)**	1,527
Other expense, net [2]	**(27)**	249	**27**	228
Loss (gain) on derivatives [2]	**(946)**	(827)	**5,225**	288
Foreign exchange loss [3]	**7,060**	9,142	**10,922**	6,191
Sustainability initiatives [4]	**-**	1,181	**-**	1,181
Adjusted EBITDA	**$38,812**	$22,602	**$67,448**	$34,805
Weighted average number of common shares - basic	**174,874,236**	157,838,797	**174,573,254**	156,149,243
Adjusted EBITDA per share - basic	**$0.22**	$0.14	**$0.39**	$0.22

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

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

(in thousands of dollars except per share amounts)	Three months ended,		Six Months Ended,	
For the periods ended June 30,	**2023**	2022	**2023**	2022
Net earnings (loss) for the period - as reported	**$6,643**	$(328)	**$3,702**	$(4,037)
Non-cash share-based payments [1]	**1,246**	(3,836)	**2,920**	1,932
Unrealized loss (gain) on revaluation of marketable securities [2]	**526**	881	**(1,011)**	1,527
Loss (gain) on derivatives [2]	**(946)**	(827)	**5,225**	288
Foreign exchange loss [3]	**7,060**	9,142	**10,922**	6,191
Sustainability initiatives [4]	**-**	1,181	**-**	1,181
Tax impact of the above adjusting items	**(671)**	(1,551)	**(3,053)**	(1,300)
Adjusted earnings	**$13,858**	$4,662	**$18,705**	$5,782
Weighted average number of common shares - basic	**174,874,236**	157,838,797	**174,573,254**	156,149,243
Adjusted earnings per share - basic	**$0.08**	$0.03	**$0.11**	$0.04

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)	**June 30, 2023**	December 31, 2022
Current assets	**$115,376**	$115,857
Less: Current liabilities	**55,760**	77,837
Working Capital	**$59,616**	$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.