KARORA RESOURCES

UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Three and Nine Months Ended September 30, 2023 and 2022
(in thousands of Canadian dollars)

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Interim Consolidated Statements of Financial Position
(Expressed in thousands of Canadian dollars)

As at	Note	September 30, 2023 $	December 31, 2022 $
ASSETS			
Current assets			
Cash and cash equivalents		**84,159**	68,786
Trade and other receivables	4	**4,307**	8,530
Inventories	5	**41,009**	32,686
Prepaid expenses		**2,856**	4,338
Marketable securities	6	**1,839**	1,517
		134,170	115,857
Non-current assets			
Property, plant and equipment and mineral property interests	7	**449,284**	426,962
Deferred tax asset		**363**	363
Inventories	5	**-**	12,628
Other non-current assets		**13**	1,302
Total assets		**583,830**	557,112
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	8	**50,176**	64,285
Share incentive plan liabilities	14	**1,819**	2,884
Lease obligations	10	**8,686**	4,240
Derivative financial liabilities	11	**3,724**	3,383
Asset retirement obligations		**-**	443
Other current liabilities		**1,360**	2,602
		65,765	77,837
Non-current liabilities			
Debt	9	**38,930**	38,613
Lease obligations	10	**13,607**	5,797
Derivative financial liabilities	11	**23,672**	23,220
Asset retirement obligations	12	**36,558**	30,439
Deferred tax liability		**43,940**	31,919
Other non-current liabilities		**-**	644
Total liabilities		**222,472**	208,469
SHAREHOLDERS' EQUITY			
Share capital	13	**405,868**	395,532
Contributed surplus		**30,994**	33,071
Accumulated other comprehensive income		**(3,574)**	2,595
Deficit		**(71,930)**	(82,555)
Total shareholders' equity		**361,358**	348,643
Total liabilities and shareholders' equity		**583,830**	557,112

Subsequent event (note 20)

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

KARORA RESOURCES

Interim Consolidated Statements of Earnings and Comprehensive Earnings (Loss)

(Expressed in thousands of Canadian dollars, except per share amounts)

For the periods ended September 30,	Note	Three months ended, 2023 $	2022 $	Nine months ended, 2023 $	2022 $
Revenue	19	**107,136**	81,326	**314,537**	220,207
Cost of operations:					
Production and processing costs	19	**55,525**	42,430	**166,485**	124,959
Royalty expense		**5,915**	5,128	**17,810**	12,948
General and administrative	15	**8,549**	6,209	**25,498**	19,028
General and administrative: share incentive plans	14	**4,000**	1,267	**7,069**	4,107
Depreciation and amortization		**13,864**	14,973	**48,246**	37,416
Rehabilitation cost adjustment for closed sites		**(932)**	-	**(932)**	-
Sustainability iniatives		**1,243**	-	**1,243**	1,181
Operating earnings		**18,972**	11,319	**49,118**	20,568
Other expenses (income)					
Finance expense, net	16	**2,049**	1,657	**5,926**	3,772
Loss on derivatives	11	**40**	1,044	**5,265**	1,332
Foreign exchange loss		**2,431**	190	**13,353**	6,381
Unrealized loss (gain) on revaluation of marketable securities	6	**914**	511	**(97)**	2,038
Other expense (income), net		**2**	(29)	**29**	199
Earnings before income tax		**13,536**	7,946	**24,642**	6,846
Income tax expense - current		**28**	14	**74**	52
Income tax expense - deferred		**6,585**	3,554	**13,943**	6,453
Net earnings		**6,923**	4,378	**10,625**	341
Currency translation adjustments		**(1,300)**	(158)	**(6,169)**	(3,176)
Comprehensive earnings (loss)		**5,623**	4,220	**4,456**	(2,835)
Net earnings attributable to common shareholders per share					
Basic		**0.04**	0.03	**0.06**	0.00
Diluted		**0.04**	0.03	**0.06**	0.00
Weighted average number of shares					
Basic	17	**176,199,462**	171,809,550	**175,086,173**	161,426,709
Diluted	17	**179,886,402**	174,254,419	**179,053,642**	165,005,323

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

Interim Consolidated Statements of Cash Flows

(Expressed in thousands of Canadian dollars)

	Three months ended,		Nine months ended,	
For the periods ended September 30,	**2023**	2022	**2023**	2022
	$	$	**$**	$
Cash flow provided by (used in)				
OPERATING ACTIVITIES				
Net earnings (loss) for the period	**6,923**	4,378	**10,625**	341
Changes not affecting cash:				
Depreciation and amortization	**13,890**	15,009	**48,330**	37,523
Income tax expense	**6,613**	3,568	**14,017**	6,505
Share incentive plans	**3,865**	1,218	**6,785**	3,150
Foreign exchange loss	**2,763**	513	**13,835**	6,826
Net change in fair value of derivative instruments	**40**	1,044	**5,265**	1,332
Finance expense, net	**2,049**	1,657	**5,926**	3,772
Loss on disposal of property, plant and equipment	**-**	-	**-**	264
Unrealized loss (gain) on revaluation of marketable securities	**914**	511	**(97)**	2,038
Rehabilitation cost adjustment for closed sites	**(932)**	-	**(932)**	-
	36,125	27,898	**103,754**	61,751
Changes in non-cash working capital				
Trade and other receivables	**856**	(1,103)	**3,970**	657
Inventories	**485**	(8,536)	**(1,000)**	(8,388)
Prepaid expenses	**707**	581	**2,095**	1,485
Accounts payable and accrued liabilities	**7,606**	9,605	**(6,376)**	(2,899)
Other current liabilities	**(434)**	-	**(1,778)**	-
	45,345	28,445	**100,665**	52,606
Asset retirement obligations	**-**	-	**-**	(441)
Income taxes paid	**-**	(151)	**(54)**	(479)
Net cash provided by operating activities	**45,345**	28,294	**100,611**	51,686
INVESTING ACTIVITIES				
Property, plant and equipment and mineral property interests	**(26,950)**	(89,822)	**(70,715)**	(149,690)
Proceeds on disposal of property, plant and equipment	**-**	-	**-**	265
Investment in marketable securities and a joint venture	**(225)**	-	**(273)**	-
Interest received	**187**	210	**544**	339
Net cash used in investing activities	**(26,988)**	(89,612)	**(70,444)**	(149,086)
FINANCING ACTIVITIES				
Issuance of shares	**-**	-	**-**	69,000
Share issue costs	**-**	(206)	**-**	(3,891)
Share repurchase and cancellation	**-**	(492)	**-**	(492)
Additions to debt	**-**	40,000	**-**	40,000
Repayments of debt	**-**	(30,000)	**-**	(31,665)
Debt issue costs	**175**	(3,412)	**(272)**	(3,412)
Loan standby fee	**(151)**	-	**(450)**	-
Proceeds from exercise of options	**150**	-	**409**	1,726
Payments on leases	**(2,309)**	(1,155)	**(5,590)**	(3,290)
Settlements in respect of derivative instruments	**(979)**	(762)	**(2,673)**	(2,295)
Interest paid on debt	**(1,171)**	(803)	**(3,136)**	(2,186)
Net cash provided by (used in) financing activities	**(4,285)**	3,170	**(11,712)**	63,495
Effect of exchange rate changes on cash and cash equivalents	**(739)**	135	**(3,082)**	(1,019)
Net increase (decrease) in cash and cash equivalents	**13,333**	(58,013)	**15,373**	(34,924)
Cash and cash equivalents, beginning of period	**70,826**	114,094	**68,786**	91,005
Cash and cash equivalents, end of period	**84,159**	56,081	**84,159**	56,081
Components of cash and cash equivalents:				
Cash	**79,816**	50,739	**79,816**	50,739
Cash equivalents	**4,343**	5,342	**4,343**	5,342
	84,159	56,081	**84,159**	56,081

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

KARORA RESOURCES

Interim Consolidated Statements of Changes in Equity

(Expressed in thousands of Canadian dollars, except share numbers)

	Note	Share capital (note 13) Number	Share capital (note 13) $	Contributed surplus $	Accumulated other comprehensive income $	Deficit $	Total equity $
Balance as at December 31, 2022		**174,235,396**	**395,532**	**33,071**	**2,595**	**(82,555)**	**348,643**
Exercise of restricted share units	14	1,664,945	5,920	(5,312)	-	-	608
Exercise of performance share units	14	1,391,124	3,493	(3,493)	-	-	-
Exercise of deferred share units	14	58,301	256	(56)	-	-	200
Exercise of stock options	14	379,751	667	(258)	-	-	409
Share incentive plans	14	-	-	7,042	-	-	7,042
Comprehensive earnings (loss)		-	-	-	(6,169)	10,625	4,456
Balance as at September 30, 2023		**177,729,517**	**405,868**	**30,994**	**(3,574)**	**(71,930)**	**361,358**

	Share capital Number	Share capital $	Contributed surplus $	Accumulated other comprehensive income $	Deficit $	Total equity $
Balance as at December 31, 2021	**154,076,242**	**310,143**	**31,523**	**2,009**	**(92,310)**	**251,365**
Exercise of restricted share units	942,358	3,590	(1,967)	-	-	1,623
Exercise of performance share units	559,963	2,263	(2,263)	-	-	-
Exercise of stock options	903,940	2,876	(1,150)	-	-	1,726
Share incentive plans	-	-	4,981	-	-	4,981
Private placement	14,375,000	69,000	-	-	-	69,000
Share issue costs	-	(3,891)	-	-	-	(3,891)
Shares issued in respect of an acquisition	2,100,000	6,300	-	-	-	6,300
Shares issued to settle an obligation	297,718	1,350	-	-	-	1,350
Share repurchase and cancellation	(157,660)	(346)	-	-	(146)	(492)
Comprehensive earnings (loss)	-	-	-	(3,176)	341	(2,835)
Balance as at September 30, 2022	**173,097,561**	**391,285**	**31,124**	**(1,167)**	**(92,115)**	**329,127**

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

Notes to the Consolidated Financial Statements

1. NATURE OF OPERATIONS

Karora Resources Inc. ("**Karora**" or "**Karora Resources**") is a company domiciled in Canada and was incorporated on December 13, 2006, under the Canada Business Corporations Act. The corporation's shares are publicly traded on the Toronto Stock Exchange (TSX: KRR) (OTCQX: KRRGF). The corporation's registered office is located at 141 Adelaide Street West, Suite 1608 in Toronto, Ontario, Canada.

These unaudited condensed interim consolidated financial statements of the Corporation as at and for the three and nine months ended September 30, 2023 are comprised of Karora, its subsidiaries including its Australian operating subsidiaries, Salt Lake Mining Pty Ltd. ("**SLM**") and the group of subsidiaries collectively referred to as Higginsville Gold Operation ("**HGO**") which includes Lakewood Mining Pty Ltd ("**Lakewood**"). Collectively, these entities are referred to as the "**Corporation**".

Karora is a multi-asset mineral resource company. The Corporation's main assets are located in Western Australia and comprise its 100% interest in the Beta Hunt Mine ("**Beta Hunt**") which is owned by SLM; its 100% interest in the HGO processing and gold mining operation; and its Lakewood mill processing facility.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

(a) Statement of Compliance

These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board applicable to the preparation of interim financial statements, including IAS 34, *Interim Financial Reporting.* These unaudited condensed interim consolidated financial statements should be read in conjunction with the Corporation's consolidated financial statements for the year ended December 31, 2022.

The Corporation's presentation currency is Canadian dollars.

The unaudited condensed interim consolidated financial statements were authorized for publication by the Board of Directors on November 10, 2023.

(b) Basis of preparation

The accounting policies followed in these unaudited condensed interim consolidated financial statements are consistent with those applied and disclosed in the Corporation's audited annual consolidated financial statements for the year ended December 31, 2022.

In February 2021, the IASB issued amendments to IAS 1, Presentation of Financial Statements and the IFRS Practice Statement Making Material Judgments to provide guidance on the application of materiality judgments to accounting policy disclosures. The amendments to IAS 1 replace the requirement to disclose 'significant' accounting policies with a requirement to disclose 'material' accounting policies. The Corporation adopted the amendments on January 1, 2023 and there was no material effect on its financial statements.

(Expressed in thousands of Canadian dollars, unless otherwise indicated)

3. ACCOUNTING POLICY JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in accordance with IAS 34 requires management to make certain accounting policy judgments and/or estimates. These judgments and estimates are continuously evaluated and are based on management's experience and knowledge of the relevant facts and circumstances. Actual results may differ from the amounts included in the consolidated financial statements.

Areas of significant accounting policy judgment and estimates affecting the amounts recognized in the interim consolidated financial statements for the three and nine months ended September 30, 2023 are consistent with those applied and disclosed in note 4 to the Corporation's audited consolidated financial statements for the year ended December 31, 2022.

4. TRADE AND OTHER RECEIVABLES

Trade and other receivables consist of the following:

As at	**September 30, 2023**	December 31, 2022
Trade accounts receivable	**$109**	$4,535
Sales taxes and rebates	**4,124**	3,901
Income tax receivable	**74**	94
	$4,307	$8,530

5. INVENTORIES

Inventories consist of the following:

As at	**September 30, 2023**	December 31, 2022
Gold ore stockpile	**$18,807**	$27,934
Gold in process	**7,939**	8,843
Gold - finished goods	**2,828**	-
Nickel ore stockpile	**1,194**	209
Stores, spares and fuel	**10,241**	8,328
	41,009	45,314
Less current portion	**41,009**	32,686
Non-current portion	**$-**	$12,628

For the first nine months of 2023, cost of operations includes production and processing costs of $166.5 million (2022 - $125.0 million) that were recognized as part of inventories and subsequently expensed when sold during the period.

At September 30, 2023, inventory included $7.0 million (December 31, 2022 – $10.0 million) of depreciation.

Non-current inventories at December 31, 2022, consisted of stockpiles at HGO which were not expected to be processed within one year at that time.

Ore stockpiles, in-process and finished metal inventory (gold and nickel) is measured and valued at the lower of cost and net realizable value. During the three and nine month periods ended September 30, 2023, an adjustment of $3.0 million was recorded to adjust gold ore stockplies to net realizable value of which $2.4 million was included in production and processing costs and $0.6 million was included in depreciation and amortization expense on the statement of earnings and comprehensive earnings (loss).

(Expressed in thousands of Canadian dollars, unless otherwise indicated)

6. MARKETABLE SECURITIES

The following table reflects the movements in the Corporation's marketable securities:

	Three months ended,		Nine months ended,	
For the periods ended September 30,	**2023**	2022	**2023**	2022
Opening balance	**$2,528**	$2,022	**$1,517**	$3,549
Additions	**225**	-	**225**	-
Unrealized gain (loss) on revaluation of marketable securities	**(914)**	(511)	**97**	(2,038)
Closing balance	**$1,839**	$1,511	**$1,839**	$1,511

The Corporation's marketable securities are traded in an active market on stock exchanges and are therefore considered Level 1 assets in the fair value hierarchy. The marketable securities are recorded at fair values derived using quoted market prices.

7. PROPERTY, PLANT AND EQUIPMENT AND MINERAL PROPERTY INTERESTS

The following tables reflect the continuity of the Corporation's property, plant and equipment and mineral property interests.

	Plant and Equipment	Mineral Property Interests	Exploration and Evaluation	Total
As at December 31, 2022	**$166,606**	**$196,497**	**$63,859**	**$426,962**
Additions	36,839	40,560	13,087	90,486
Transfers	(2,913)	2,913	-	-
Change due to foreign exchange translation	(9,031)	(10,015)	(3,668)	(22,714)
Depreciation	(9,554)	(35,896)	-	(45,450)
As at September 30, 2023	**$181,947**	**$194,059**	**$73,278**	**$449,284**
As at September 30, 2023				
Cost	$264,996	$505,769	$73,278	$844,043
Accumulated depreciation	(83,049)	(311,710)	-	(394,759)
Net book value	**$181,947**	**$194,059**	**$73,278**	**$449,284**
As at December 31, 2022				
Cost	$194,086	$306,453	$63,859	$564,398
Accumulated depreciation	(27,480)	(109,956)	-	(137,436)
Net book value	**$166,606**	**$196,497**	**$63,859**	**$426,962**

(Expressed in thousands of Canadian dollars, unless otherwise indicated)

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consist of the following:

As at	**September 30, 2023**	December 31, 2022
Accounts payable and accrued liabilities	**$32,177**	$42,819
Lakewood acquisition	**-**	4,136
Royalty accrual	**7,029**	6,330
Employee related accruals	**10,970**	11,000
	$50,176	$64,285

Accounts payable and accrued liabilities include $2.5 million (December 31, 2022 - $4.2 million) in respect of property, plant and equipment and mineral property interests.

9. DEBT

The following table reflects the movements in the Corporation's debt:

	NIne months ended **September 30, 2023**	Year ended December 31, 2022
Opening balance	**$38,613**	$32,657
Debt facility (i)	**-**	40,000
Repayments (i) (ii)	**-**	(33,344)
Debt facility costs (i)	**(272)**	(1,756)
Accretion expense	**589**	691
Loss on extinguishment of debt	**-**	228
Change due to foreign exchange translation	**-**	137
Closing balance	**$38,930**	$38,613

(i) Macquarie Facility

In the second quarter of 2022, the Corporation closed an agreement with Macquarie Bank Limited ("**Macquarie**"), which provides for a $40 million term loan and a $40 million revolving credit facility, both bearing an interest rate of the Canadian Dollar Offered Rate ("**CDOR**") plus 4.5% per annum on the drawn principal paid quarterly and an annual standby fee of 1.5% on the undrawn revolving credit facility. The original term of the Agreement was to June 28, 2024 with an option for annual renewal thereafter. Issue costs of $3.5 million were incurred in relation to the facility and allocated equally to the term loan and revolving credit facility. The revolving credit facility was undrawn as at September 30, 2023.

Proceeds from the term loan were partly utilised to repay a $30 million Bridge facility upon closing of the Macquarie facility on July 14, 2022. The Bridge had an annual interest rate of 9% paid monthly and was maturing in June 2023.

During the second quarter of 2023, the Macquarie facility was amended and extended to June 30, 2025. Issue costs of $0.4 million were incurred in association with the extension, allocated equally to the term loan and the revolving credit facility. Starting on June 28, 2024, when CDOR ceases to be published, the interest rate for the term facility will be based on the CDOR comparable benchmark.

(Expressed in thousands of Canadian dollars, unless otherwise indicated)

During the three and nine months ended September 30, 2023, with respect to this facility, the Corporation incurred interest expense totalling $1.0 million and $2.9 million, respectively (same periods in 2022 - $0.8 million and $2.2 million, respectively) at an average rate of 9.9% and 9.6%, respectively. As at September 30, 2023, the Corporation was in compliance with all of its debt covenants.

(ii) Morgan Stanley Installments

As part of a royalty buyback arrangement with Morgan Stanley Capital Group Inc. ("**Morgan Stanley**") entered in 2020, the Corporation agreed to pay USD$6.3 million comprising 5 installments of US$1.26 million starting on November 18, 2020 and payable each six months thereafter until fully paid in 2022.

10. LEASE OBLIGATIONS

The following table reflects the movements of lease obligations:

	Nine months ended **September 30, 2023**	Year ended December 31, 2022
Opening balance	**$10,037**	$8,979
Additions	**17,934**	4,932
Accretion	**737**	551
Cash payments	**(5,590)**	(4,454)
Change due to foreign exchange translation	**(825)**	29
Closing balance	**22,293**	10,037
Less current portion	**8,686**	4,240
Non-current portion	**$13,607**	$5,797

Lease additions primarily relate to trucks and loading equipment included in plant and equipment in note 7.

11. DERIVATIVE FINANCIAL INSTRUMENTS

The Corporation has a participation royalty agreement with Morgan Stanley whereby the Corporation shall pay Morgan Stanley 27.5% of the first 2,500 troy ounces of gold sold in each quarter, multiplied by the difference between the average gold London pm fix price for that quarter and AUD$1,340 per ounce. The Corporation may terminate its obligation to pay participation royalties on or after January 1, 2035 (unless extended under certain conditions) by paying USD$0.7 million to Morgan Stanley. The Corporation has recognised a derivative liability for the participation royalty agreement which is fair valued at each reporting period.

The fair value of derivative instruments not traded in an active market is determined using valuation techniques. These valuation techniques maximize the use of observable market data where it is available. If all significant inputs required to measure the fair value of an instrument are observable, the instrument is included as a Level 2 measurement. As the discount rate is not an observable input, the Morgan Stanley participation royalty derivative liability is classified within Level 3 of the fair value hierarchy.

(Expressed in thousands of Canadian dollars, unless otherwise indicated)

The participation royalty obligation was estimated using a forward contract valuation approach model. The key inputs used in the valuation include:

- the gold forward price curve based on the COMEX futures curve, extrapolated where necessary;
- USD/AUD foreign exchange rates based on forward curves;
- discount rates incorporating the Corporation's estimated credit spread of 2.49% as at September 30, 2023;
- a current risk-free rate based on the Australian dollar swaps curve; and
- the Corporation's estimated gold ounce delivery into the participation royalty.

The following table reflects the movements in the derivative liability:

	Three months ended,		Nine months ended,	
For the periods ended September 30,	**2023**	2022	**2023**	2022
Opening balance	**$28,614**	$23,136	**$26,603**	$25,272
Settlements	**(968)**	(731)	**(2,866)**	(2,325)
Net change in fair value	**40**	1,044	**5,265**	1,332
Change due to foreign exchange translation	**(290)**	(26)	**(1,606)**	(856)
Closing balance	**27,396**	23,423	**27,396**	23,423
Less current portion	**3,724**	3,061	**3,724**	3,061
Non-current portion	**$23,672**	$20,362	**$23,672**	$20,362

As at September 30, 2023, the following tables summarize the quantitative information about significant unobservable inputs used in Level 3 fair value measurements for the Morgan Stanley Participation Royalty:

Inputs	**Unobservable Inputs**	**Range of Relationship of unobservable inputs on fair value**
Credit spread	1.49% - 3.49%	A change in the discount rate of 1% would impact the fair value by $0.9 million.
Gold price		A change in the gold price of 10% would impact the fair value by $4.6 million.

12. ASSET RETIREMENT OBLIGATIONS

The asset retirement obligations represent the legal and contractual obligations associated with the eventual closure and reclamation of the Corporation's mine and mill operations. The obligations consist of costs associated with reclamation, environmental monitoring and the removal of tangible assets. As at September 30, 2023, the carrying value of the obligations represents the net present value of the estimated undiscounted cash flows required to settle the obligations calculated using a discount rate of 3.9% (December 31, 2022 – 4.1%) and an inflation rate of 3.0% (December 31, 2022 – ranging from 3% to 4%).

(Expressed in thousands of Canadian dollars, unless otherwise indicated)

The following table reflects the movements of asset retirement obligations:

	Nine months ended **September 30, 2023**	Year ended December 31, 2022
Opening balance	**$30,882**	$31,136
Accretion expense	**965**	1,000
Acquisition - Lakewood	**-**	3,696
Change in estimates in respect of rehabilitation obligations	**7,609**	581
Spending on progressive reclamation	**-**	(441)
Change in discount and inflation rates	**(1,191)**	(5,065)
Change due to foreign exchange translation	**(1,707)**	(25)
Closing balance	**36,558**	30,882
Less current portion	**-**	443
Non-current portion	**$36,558**	$30,439

13. SHARE CAPITAL

The Corporation is authorized to issue an unlimited amount of common shares.

14. SHARE INCENTIVE PLANS

The Corporation has a share incentive plan, amended and restated as of June 16, 2022 (the "**Plan**"), that provides for the granting of share options and other equity-based awards including restricted share units, performance share units, deferred share units and share appreciation rights to key officers, directors, employees and consultants of the Corporation. The maximum number of common shares issuable upon the exercise of share options and the redemption of other equity-based awards issued under the Plan may not exceed, in aggregate, 7.5% of the issued and outstanding common shares from time to time. Further, the maximum number of shares issuable on the redemption of restricted share units ("**RSUs**"), performance share units ("**PSUs**") and deferred share units ("**DSU**s") issued under the Plan may not exceed, in aggregate, 5.5% of the issued and outstanding common shares from time to time.

Share Purchase Options

The following table reflects the continuity of share purchase options for the nine months ended September 30, 2023:

	Number of options	Weighted Average Exercise Price
As at December 31, 2022	1,270,133	$2.05
Exercised	(379,751)	1.08
As at September 30, 2023	**890,382**	**$2.47**

For options exercised during the nine months ended September 30, 2023, the related weighted average share price at the time of exercise was $4.71 per share.

(Expressed in thousands of Canadian dollars, unless otherwise indicated)

As at September 30, 2023, the Corporation had the following share purchase options outstanding:

	Options Outstanding			Options Exercisable		
Exercise Price Range	Number of Options	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Number of Options	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price
$1.58-$1.70	157,036	1.0	$1.64	157,036	1.0	$1.64
$1.71-$2.43	226,292	0.6	$2.05	226,292	0.6	$2.05
$2.44-$2.75	168,388	0.1	$2.52	168,388	0.1	$2.52
$2.76-$3.46	288,666	0.4	$2.97	288,666	0.4	$2.97
$3.47-$3.95	50,000	2.0	$3.95	50,000	2.0	$3.95
	890,382	**0.6**	**$2.47**	**890,382**	**0.6**	**$2.47**

During the three and nine months ended September 30, 2023, the Corporation recorded share-based payments expense in respect of share options of $nil (same periods in 2022 – $nil and $0.1 million, respectively).

Restricted Share Units

The following table reflects the continuity of RSUs for the three and nine month periods ended September 30, 2023:

For the periods ended September 30, 2023	Three months ended,	Nine months ended,
Opening balance	2,806,670	2,666,989
Granted	1,404,693	2,212,050
Exercised for shares	(1,254,634)	(1,664,945)
Exercised for cash	(40,206)	(72,768)
Forfeited	(165,540)	(390,343)
Closing balance	**2,750,983**	**2,750,983**

As at September 30, 2023, the weighted average remaining contractual life of the outstanding RSUs was 2.6 years ; of the outstanding RSU's, 107,905 RSUs are vested and have a remaining contractual life of 1.1 years. The RSUs outstanding as at September 30, 2023, include 144,521 units (76,181 vested) that can be settled for cash or equity at the option of the holder (December 31, 2022 – 386,638 units, of which 162,928 vested).

The Corporation recognised $0.4 million of share incentive plan liability as at September 30, 2023 representing the value of the vested RSUs that can be settled for cash or equity at the option of the holder (December 31, 2022 – $1.1 million).

During the three and nine months ended September 30, 2023, the Corporation recorded share based payments expense in respect of RSUs of $2.7 million and $4.2 million, respectively, (same periods in 2022 – $0.4 million and $1.6 million, respectively) which included $0.2 and $0.2 million, respectively (same periods in 2022 – income of $0.4 million and income of $0.6 million, respectively) for RSUs to be settled for shares or cash at the option of the holder and $2.5 million and $4.0 million, respectively, (same periods in 2022 - $0.8 million and $2.2 million, respectively) for RSUs which can only be settled for shares.

(Expressed in thousands of Canadian dollars, unless otherwise indicated)

Deferred Share Units

The following table reflects the continuity of DSUs for the three and nine month periods ended September 30, 2023:

For the periods ended September 30, 2023	Three months ended,	Nine months ended,
Opening balance	505,637	503,118
Granted	48,001	108,821
Exercised	-	(58,301)
Closing balance	**553,638**	**553,638**

As at September 30, 2023, all DSUs were vested. The DSUs outstanding as at September 30, 2023, include 357,526 units (December 31, 2022 – 381,154 units), that can be settled for cash or equity at the option of the holder.

The Corporation recognised $1.4 million of share incentive plan liability as at September 30, 2023, representing the value of DSUs that can be settled for cash or equity at the option of the holder (December 31, 2022 – $1.8 million).

During the three and nine months ended September 30, 2023, the Corporation recorded share-based payment expense in respect of DSUs of $nil million and $0.2 million, respectively, (same periods in 2022 – income of $nil million and $0.1 million, respectively), which included income of $0.1 million and $0.2 million, respectively (same periods in 2022 – income of $0.1 million and income of $0.2 million, respectively) for DSUs to be settled for shares or cash at the option of the holder and expense of $0.1 million and $0.4 million, respectively, (same periods in 2022 - $0.1 million and $0.4 million, respectively) for DSUs which can only be settled for shares.

Performance Share Units

The following table reflects the continuity of PSUs for the three and nine month periods ended September 30, 2023:

For the periods ended September 30, 2023	Three months ended,	Nine months ended,
Opening balance	3,415,744	2,018,706
Granted	1,058,210	2,821,039
Additional units due to performance	374,086	439,721
Exercised	(1,184,492)	(1,391,124)
Forfeited	(164,733)	(389,527)
Closing balance	**3,498,815**	**3,498,815**

As at September 30, 2023, the weighted average remaining contractual life of the outstanding PSUs is 3.2 years and no awards were vested.

During the second quarter of 2023, the total PSUs granted included a new grant to certain executive employees of 1,625,000 PSUs which vest over 5 years and are subject to certain key performance indicators. During the third quarter of 2023, total PSUs granted included two new grants totalling 1,058,210 PSUs which are subject to certain key performance indicators. The fair value of the PSU grants was determined using a Monte Carlo simulation approach. This approach uses random numbers, together with various market assumptions to generate potential future outcomes for share prices using Geomotric Brownian Motion which is an industry standard method for simulating the expected future path of share prices. The following assumptions were used:

(Expressed in thousands of Canadian dollars, unless otherwise indicated)

	May 19, 2023	August 16, 2023	August 16, 2023
Number of PSUs granted	1,625,000	648,353	409,857
Fair value per unit	$2.96	$4.54	$4.50
Share price	$5.21	$4.30	$4.30
Risk free interest rate	3.7%	5.0%	5.0%
Expected life	5 years	3 years	2 years
Expected volatility	60.0%	50.0%	50.0%
Expected dividends	nil	nil	nil
Index share price	$51.72	$45.44	$45.44
Correlation coefficient	0.55	0.76	0.76

During the three and nine months ended September 30, 2023, the Corporation recorded share-based payments expense in respect of PSUs of $1.3 million and $2.7 million, respectively, (same periods in 2022 – $0.8 and $2.3 million, respectively).

Summary

The total expense recognized from share-based compensation transactions is shown in the following table:

	Three months ended,		Nine months ended,	
For the periods ended ended September 30,	**2023**	2022	**2023**	2022
Share purchase options	**$8**	$39	**$22**	$148
Restricted share units	**2,653**	442	**4,234**	1,627
Deferred share units	**37**	(28)	**159**	57
Performance share units	**1,302**	814	**2,654**	2,311
Share appreciation rights	**-**	-	**-**	(36)
	$4,000	$1,267	**$7,069**	$4,107

(Expressed in thousands of Canadian dollars, unless otherwise indicated)

15. GENERAL AND ADMINISTRATIVE EXPENSES

	Three months ended,		Nine months ended,	
For the periods ended September 30,	**2023**	2022	**2023**	2022
Expense by nature:				
Employee and contractor compensation	**$3,847**	$2,687	**$12,374**	$8,469
Directors' fees	**103**	61	**327**	223
Professional fees	**1,065**	685	**2,575**	2,366
Public company expenses	**73**	105	**299**	341
Office and general	**3,114**	1,794	**7,156**	5,327
Conference and travel	**35**	433	**1,386**	1,013
Investor relations	**142**	169	**543**	561
Business development	**144**	204	**754**	524
Depreciation and amortization	**26**	71	**84**	204
General and administrative	**$8,549**	$6,209	**$25,498**	$19,028

16. FINANCE EXPENSE, NET

	Three months ended,		Nine months ended,	
For the periods ended September 30,	**2023**	2022	**2023**	2022
Interest expense on debt	**$1,171**	$803	**$3,136**	$2,186
Accretion expense	**834**	650	**2,291**	1,511
Loan fee amortization	**80**	186	**593**	186
Extenguishment of long-term debt	**-**	228	**-**	228
Loan standby fee	**151**	-	**450**	-
Finance expense	**2,236**	1,867	**6,470**	4,111
Interest income	**(187)**	(210)	**(544)**	(339)
Finance expense, net	**$2,049**	$1,657	**$5,926**	$3,772

17. NET EARNINGS PER SHARE

Basic net earnings per share has been calculated using the weighted average number of common shares and common share equivalents issued and outstanding during the periods. Equity based awards are reflected in diluted earnings per share by application of the treasury stock method. The following table details the weighted average number of outstanding common shares for the purpose of computing basic and diluted earnings per common share for the following periods:

	Three months ended,		Nine months ended,	
For the periods ended September 30,	**2023**	2022	**2023**	2022
Weighted average common shares - basic	**176,199,462**	171,809,550	**175,086,173**	161,426,709
Adjustments for dilutive instruments:				
Share purchase options	**439,731**	559,971	**574,587**	1,073,452
Restricted share units	**1,239,718**	909,095	**1,496,547**	1,266,748
Deferred share units	**505,972**	415,704	**476,451**	417,040
Performance share units	**1,501,519**	560,099	**1,419,884**	821,374
Weighted average common shares - diluted	**179,886,402**	174,254,419	**179,053,642**	165,005,323

18. FINANCIAL RISK FACTORS

The Corporation applies a hierarchy to classify valuation methods used to measure financial instruments carried at fair value. Levels 1 to 3 are defined based on the degree to which fair value inputs are observable and have a significant effect on the recorded fair value, as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2: Valuation techniques use significant observable inputs, directly or indirectly, or valuations are based on quoted prices for similar instruments; and
Level 3: Valuation techniques use significant inputs that are not based on observable market data (unobservable inputs).

The carrying values of cash and cash equivalents, amounts receivable and accounts payable and accrued liabilities approximate their fair values due to their relatively short periods to maturity. With respect to long-term debt balances (note 9), carrying values and fair values are as follows:

As at	**September 30, 2023**		December 31, 2022	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Macquarie loan (level 2)	**$38,930**	**$40,226**	$38,613	$40,128

(Expressed in thousands of Canadian dollars, unless otherwise indicated)

19. SEGMENTED INFORMATION

Each individual operating mine or asset group is considered to be a reportable operating segment for financial reporting purposes. Results of operating segments are reviewed by the Corporation's chief operating decision maker to make decisions about resources to be allocated to the segments and to assess their performance.

The Corporation has production and exploration and evaluation activities from its two operating segments in Australia. The following is a summary of the reported amounts by segment:

For the three months ended September 30, 2023

	Beta Hunt Gold/Nickel Mine Australia	HGO Gold Mine/Mill Australia	Intersegment Elimination (1)	All Other	Total
Gold	$60,826	$46,092	$-	$-	$106,918
Nickel	94	-	-	-	94
Silver	66	58	-	-	124
Toll treatment	-	12,137	(12,137)	-	-
Revenues	60,986	58,287	(12,137)	-	107,136
Mining	22,324	14,555	-	-	36,879
Processing	12,137	18,646	(12,137)	-	18,646
Production and processing costs	34,461	33,201	(12,137)	-	55,525
Royalty expense	4,733	1,182	-	-	5,915
General and administrative	1,769	1,662	-	5,118	8,549
General and administrative: share-based payments	602	602	-	2,796	4,000
Depreciation and amortization	8,590	5,274	-	-	13,864
Rehabilitation cost adjustment for closed sites	-	(932)	-	-	(932)
Sustainability initiatives	-	-	-	1,243	1,243
Operating earnings (loss)	$10,831	$17,298	-	($9,157)	$18,972

1) Eliminates the revenues of HGO in respect of toll processing services provided to Beta Hunt and HGO.

(Expressed in thousands of Canadian dollars, unless otherwise indicated)

For the nine months ended September 30, 2023	Beta Hunt Gold/Nickel Mine Australia	HGO Gold Mine/Mill Australia	Intersegment Elimination (1)	All Other	Total
Gold	$186,943	$119,948	$-	$-	$306,891
Nickel	4,818	-	-	-	4,818
Silver	176	125	-	-	301
Toll treatment	-	35,608	(33,081)	-	2,527
Revenues	191,937	155,681	(33,081)	-	314,537
Mining	63,102	50,550	-	-	113,652
Processing	32,367	53,547	(33,081)	-	52,833
Production and processing costs	95,469	104,097	(33,081)	-	166,485
Royalty expense	14,713	3,097	-	-	17,810
General and administrative	6,113	6,152	-	13,233	25,498
General and administrative: share-based payments	1,217	1,217	-	4,635	7,069
Depreciation and amortization	21,759	26,487	-	-	48,246
Rehabilitation cost adjustment for closed sites	-	(932)	-	-	(932)
Sustainability initiatives	-	-	-	1,243	1,243
Operating earnings (loss)	$52,666	$15,563	-	($19,111)	$49,118

1) Eliminates the revenues of HGO in respect of toll processing services provided to Beta Hunt and HGO.

As at September 30, 2023					
Property, plant and equipment and mineral property interests	$204,835	$244,000	$-	$449	$449,284
Total assets	230,976	342,708	-	10,146	583,830

As at December 31, 2022					
Property, plant and equipment and mineral property interests	$177,597	$248,833	$-	$532	$426,962
Total assets	201,710	328,577	-	26,825	557,112

(Expressed in thousands of Canadian dollars, unless otherwise indicated)

For the three months ended September 30, 2022

	Beta Hunt Gold/Nickel Mine Australia	HGO Gold Mine/Mill Australia	Intersegment Elimination (1)	All Other	Total
Gold	46,558	33,098	-	-	79,656
Nickel	1,292	-	-	-	1,292
Silver	34	25	-	-	59
Toll treatment	-	10,073	(9,754)	-	319
Revenues	47,884	43,196	(9,754)	-	81,326
Mining	13,835	13,164	-	-	26,999
Processing	8,975	16,210	(9,754)	-	15,431
Production and processing costs	22,810	29,374	(9,754)	-	42,430
Royalty expense	4,361	767	-	-	5,128
General and administrative	1,650	1,620	-	2,939	6,209
General and administrative: share-based payments	386	385	-	496	1,267
Depreciation and amortization	3,429	11,544	-	-	14,973
Operating earnings (loss)	$15,248	($494)	-	($3,435)	$11,319

1) Eliminates the revenues of HGO in respect of toll processing services provided to Beta Hunt and HGO.

For the nine months ended September 30, 2022

	Beta Hunt Gold/Nickel Mine Australia	HGO Gold Mine/Mill Australia	Intersegment Elimination (1)	All Other	Total
Gold	$131,224	$84,445	$-	$-	$215,669
Nickel	4,016	-	-	-	4,016
Silver	124	79	-	-	203
Toll treatment	-	22,846	(22,527)	-	319
Revenues	135,364	107,370	(22,527)	-	220,207
Mining	45,081	40,507	-	-	85,588
Processing	24,943	36,955	(22,527)	-	39,371
Production and processing costs	70,024	77,462	(22,527)	-	124,959
Royalty expense	10,795	2,153	-	-	12,948
General and administrative	4,706	4,754	-	9,568	19,028
General and administrative: share-based payments	1,042	1,042	-	2,023	4,107
Depreciation and amortization	10,258	27,158	-	-	37,416
Sustainability initiatives	-	-		1,181	1,181
Operating earnings (loss)	$38,539	($5,199)	-	($12,772)	$20,568

1) Eliminates the revenues of HGO in respect of toll processing services provided to Beta Hunt and HGO.

20. SUBSEQUENT EVENT

On October 30, 2023, the Corporation received approval of the TSX for a normal course issuer bid (the "**Bid**") to purchase up to 8,886,939 of the Corporation's issued and outstanding common shares. Purchases under the Bid may commence on November 1, 2023. The Bid will expire on October 31, 2024. Purchases of common shares will be made through the facilities of the TSX in accordance with its rules. The Corporation has not made any purchases of its common shares during the past twelve months.