



**UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

Three Months Ended March 31, 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		March 31, 2023	December 31, 2022
	Note	\$	\$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		65,877	68,786
Trade and other receivables	4	5,299	8,530
Inventories	5	32,463	32,686
Prepaid expenses		4,065	4,338
Marketable securities	6	3,054	1,517
		<b>110,758</b>	115,857
<b>Non-current assets</b>			
Property, plant and equipment and mineral property interests	7	427,113	426,962
Deferred tax asset		363	363
Inventories	5	12,444	12,628
Other non-current assets		859	1,302
<b>Total assets</b>		<b>551,537</b>	557,112
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	8	53,203	64,285
Share incentive plan liabilities	14	2,117	2,884
Lease obligations	10	5,108	4,240
Derivative financial liabilities	11	4,029	3,383
Asset retirement obligations		-	443
Other current liabilities		2,373	2,602
		<b>66,830</b>	77,837
<b>Non-current liabilities</b>			
Debt	9	38,777	38,613
Lease obligations	10	7,322	5,797
Derivative financial liabilities	11	27,346	23,220
Asset retirement obligations	12	32,134	30,439
Deferred tax liability		32,598	31,919
Other non-current liabilities		160	644
<b>Total liabilities</b>		<b>205,167</b>	208,469
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	13	396,476	395,532
Contributed surplus		34,436	33,071
Accumulated other comprehensive income		954	2,595
Deficit		(85,496)	(82,555)
<b>Total shareholders' equity</b>		<b>346,370</b>	348,643
<b>Total liabilities and shareholders' equity</b>		<b>551,537</b>	557,112

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



**Interim Consolidated Statements of Loss and Comprehensive Loss**  
(Expressed in thousands of Canadian dollars, except per share amounts)

For the three months ended March 31,		2023	2022
	Note	\$	\$
Revenue	20	96,806	65,272
Cost of operations:			
Production and processing costs	20	54,393	42,436
Royalty expense		5,753	3,634
General and administrative	15	7,881	6,803
General and administrative: share incentive plans	14	1,817	5,964
Depreciation and amortization		18,386	8,754
Operating earnings (loss)		8,576	(2,319)
Other expenses (income)			
Finance expense, net	16	1,770	1,045
Loss on derivatives	11	6,171	1,115
Foreign exchange loss (gain)		3,862	(2,951)
Unrealized loss (gain) on revaluation of marketable securities	6	(1,537)	646
Other expense (income), net		54	(21)
<b>Loss before income tax</b>		<b>(1,744)</b>	<b>(2,153)</b>
Income tax expense - current		22	33
Income tax expense - deferred		1,175	1,523
<b>Net loss</b>		<b>(2,941)</b>	<b>(3,709)</b>
Currency translation adjustments		(1,641)	1,494
<b>Comprehensive loss</b>		<b>(4,582)</b>	<b>(2,215)</b>
<b>Net loss attributable to common shareholders per share</b>			
Basic		(0.02)	(0.02)
Diluted		(0.02)	(0.02)
<b>Weighted average number of shares</b>			
Basic	17	174,268,927	154,440,916
Diluted	17	174,268,927	154,440,916

*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)

For the three months ended March 31,	2023 \$	2022 \$
<b>Cash flow provided by (used in)</b>		
<b>OPERATING ACTIVITIES</b>		
<b>Net loss for the period</b>	(2,941)	(3,709)
<b>Changes not affecting cash:</b>		
Depreciation and amortization	18,415	8,817
Income tax expense	1,197	1,556
Share incentive plans	1,674	5,768
Foreign exchange loss (gain)	3,893	(3,037)
Net change in fair value of derivative instruments	6,171	1,115
Finance expense, net	1,770	1,045
Unrealized loss (gain) on revaluation of marketable securities	(1,537)	646
	<b>28,642</b>	12,201
Changes in non-cash working capital		
Trade and other receivables	3,151	(1,476)
Inventories	(1,866)	(1,542)
Prepaid expenses	497	517
Accounts payable and accrued liabilities	(8,888)	2,797
Other current liabilities	(677)	-
	<b>20,859</b>	12,497
Asset retirement obligations	-	(347)
<b>Net cash provided by operating activities</b>	<b>20,859</b>	12,150
<b>INVESTING ACTIVITIES</b>		
Property, plant and equipment and mineral property interests	(19,854)	(24,784)
Investment in a joint venture	(48)	-
Interest received	212	45
<b>Net cash used in investing activities</b>	<b>(19,690)</b>	(24,739)
<b>FINANCING ACTIVITIES</b>		
Debt issue costs	(45)	-
Loan standby fee	(150)	-
Proceeds from exercise of options and warrants	69	1,428
Payments on leases	(1,414)	(1,070)
Settlements in respect of derivative instruments	(818)	(695)
Interest paid on debt	(931)	(680)
<b>Net cash used in financing activities</b>	<b>(3,289)</b>	(1,017)
Effect of exchange rate changes on cash and cash equivalents	(789)	701
<b>Net decrease in cash and cash equivalents</b>	<b>(2,909)</b>	(12,905)
<b>Cash and cash equivalents, beginning of period</b>	<b>68,786</b>	91,005
<b>Cash and cash equivalents, end of period</b>	<b>65,877</b>	78,100
Components of cash and cash equivalents:		
Cash	60,534	72,883
Cash equivalents	5,343	5,217
	<b>65,877</b>	78,100

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



## Interim Consolidated Statements of Changes in Equity

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

	Note	Share capital (note 13)		Contributed surplus \$	Accumulated other comprehensive income \$	Deficit \$	Total equity \$
		Number	\$				
<b>Balance as at December 31, 2022</b>		<b>174,235,396</b>	<b>395,532</b>	<b>33,071</b>	<b>2,595</b>	<b>(82,555)</b>	<b>348,643</b>
Exercise of restricted share units	14	222,282	830	(404)	-	-	426
Exercise of stock options	14	57,035	114	(45)	-	-	69
Share incentive plans	14	-	-	1,814	-	-	1,814
Comprehensive loss		-	-	-	(1,641)	(2,941)	(4,582)
<b>Balance as at March 31, 2023</b>		<b>174,514,713</b>	<b>396,476</b>	<b>34,436</b>	<b>954</b>	<b>(85,496)</b>	<b>346,370</b>

	Share capital		Contributed surplus \$	Accumulated other comprehensive income \$	Deficit \$	Total equity \$
	Number	\$				
<b>Balance as at December 31, 2021</b>	<b>154,076,242</b>	<b>310,143</b>	<b>31,523</b>	<b>2,009</b>	<b>(92,310)</b>	<b>251,365</b>
Exercise of restricted share units	138,679	857	-	-	-	857
Exercise of stock options	711,146	2,385	(957)	-	-	1,428
Share-based payments	-	-	1,632	-	-	1,632
Shares issued to settle an obligation	297,718	1,350	-	-	-	1,350
Comprehensive earnings (loss)	-	-	-	1,494	(3,709)	(2,215)
<b>Balance as at March 31, 2022</b>	<b>155,223,785</b>	<b>314,735</b>	<b>32,198</b>	<b>3,503</b>	<b>(96,019)</b>	<b>254,417</b>

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



Notes to the Unaudited Condensed Interim Consolidated Financial Statements  
For the three months ended March 31, 2023 and 2022  
(Expressed in thousands of Canadian dollars, unless otherwise indicated)

## Notes to the Consolidated Financial Statements

### **1. NATURE OF OPERATIONS**

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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 months ended March 31, 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: 1) its 100% interest in the Beta Hunt Mine ("**Beta Hunt**") which is owned by SLM; 2) its 100% interest in the HGO toll processing and gold mining operation; 3) its Lakewood mill processing facility; and 4) its 100% interest in the Spargos Reward Gold Project ("**Spargos**") which is owned by HGO and included as a part of that business segment, all of which are located in Western Australia.

### **2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION**

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#### **(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 May 15, 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



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'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.

### 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 months ended March 31, 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	March 31, 2023	December 31, 2022
Trade accounts receivable	\$1,449	\$4,535
Sales taxes and rebates	3,778	3,901
Income tax receivable	72	94
	<b>\$5,299</b>	<b>\$8,530</b>

### 5. INVENTORIES

Inventories consist of the following:

As at	March 31, 2023	December 31, 2022
Gold stockpile	\$19,633	\$27,934
Gold in process	9,937	8,843
Gold - finished goods	5,952	-
Nickel stockpile	170	209
Stores, spares and fuel	9,215	8,328
	<b>44,907</b>	<b>45,314</b>
Less current portion	<b>32,463</b>	<b>32,686</b>
Non-current portion	<b>\$12,444</b>	<b>\$12,628</b>

Cost of operations includes production and processing costs of \$54.4 million (2022 - \$42.4 million) that were recognized as part of inventories and subsequently expensed when sold during the period.

As at March 31, 2023, \$8.8 million (December 31, 2022 - \$10.0 million) of depreciation was included in inventory.





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Non-current inventories consist of stockpiles at HGO which are not expected to be processed within one year.

## 6. MARKETABLE SECURITIES

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

For the three months ended March 31,	2023	2022
Opening balance	\$1,517	\$3,549
Unrealized gain (loss) on revaluation of marketable securities	1,537	(646)
<b>Closing balance</b>	<b>\$3,054</b>	<b>\$2,903</b>

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
<b>As at December 31, 2022</b>	<b>\$166,606</b>	<b>\$196,497</b>	<b>\$63,859</b>	<b>\$426,962</b>
Additions	6,666	10,881	4,409	21,956
Change in estimates in respect of rehabilitation obligations (note 12)	-	1,449	-	1,449
Transfers	(2,913)	2,913	-	-
Change due to foreign exchange translation	(2,513)	(2,895)	(1,032)	(6,440)
Depreciation	(1,816)	(14,998)	-	(16,814)
<b>As at March 31, 2023</b>	<b>\$166,030</b>	<b>\$193,847</b>	<b>\$67,236</b>	<b>\$427,113</b>
<b>As at March 31, 2023</b>				
Cost	\$244,382	\$496,334	\$67,236	\$807,952
Accumulated depreciation	(78,352)	(302,487)	-	(380,839)
<b>Net book value</b>	<b>\$166,030</b>	<b>\$193,847</b>	<b>\$67,236</b>	<b>\$427,113</b>
<b>As at December 31, 2022</b>				
Cost	\$194,086	\$306,453	\$63,859	\$564,398
Accumulated depreciation	(27,480)	(109,956)	-	(137,436)
<b>Net book value</b>	<b>\$166,606</b>	<b>\$196,497</b>	<b>\$63,859</b>	<b>\$426,962</b>



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	Plant and Equipment	Mineral Property Interests	Exploration and Evaluation	Total
<b>As at December 31, 2021</b>	<b>\$81,796</b>	<b>\$172,269</b>	<b>\$46,615</b>	<b>\$300,680</b>
Additions	8,409	10,732	2,118	21,259
Change in estimates in respect of rehabilitation obligations (note 12)	-	(1,967)	-	(1,967)
Change due to foreign exchange translation	1,497	2,989	849	5,335
Depreciation	(2,358)	(7,875)	-	(10,233)
<b>As at March 31, 2022</b>	<b>\$89,344</b>	<b>\$176,148</b>	<b>\$49,582</b>	<b>\$315,074</b>
<b>As at March 31, 2022</b>				
Cost	\$111,388	\$244,741	\$49,582	\$405,711
Accumulated depreciation	(22,044)	(68,593)	-	(90,637)
<b>Net book value</b>	<b>\$89,344</b>	<b>\$176,148</b>	<b>\$49,582</b>	<b>\$315,074</b>

The table below summarizes the movements in respect of right-of-use assets, all of which are designated as plant and equipment for the three months ended March 31, 2023 and 2022:

For the three months ended March 31,	2023	2022
Opening balance	\$13,825	\$11,223
Additions	3,822	973
Depreciation	(744)	(587)
Change due to foreign exchange translation	(256)	198
Closing balance	\$16,647	\$11,807

## 8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consist of the following:

As at	March 31, 2023	December 31, 2022
Trade accounts payable	\$8,901	\$21,756
Lakewood acquisition	4,075	\$4,136
Royalty accrual	7,330	6,330
Employee related accruals	11,079	11,000
Accrued liabilities	21,818	21,063
	<b>\$53,203</b>	<b>\$64,285</b>

Accounts payable and accrued liabilities include \$2.4 million (December 31, 2022 - \$4.2 million) in respect of property, plant and equipment and mineral property interests and \$4.1 million in respect of stamp duty for the Lakewood acquisition.



Notes to the Unaudited Condensed Interim Consolidated Financial Statements  
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## 9. DEBT

The following tables reflect the movements in the Corporation's debt:

<b>For the three months ended March 31, 2023</b>	<b>Macquarie (i)</b>
As at December 31, 2022	\$38,613
Debt issue costs	(45)
Accretion expense	209
<b>As at March 31, 2023</b>	<b>\$38,777</b>

<b>For the three months ended March 31, 2022</b>	<b>Bridge (ii)</b>	<b>Morgan Stanley Installments (iii)</b>	<b>Total</b>
As at December 31, 2021	\$29,647	\$3,010	\$32,657
Accretion expense	57	79	136
Change due to foreign exchange translation	-	(49)	(49)
As at March 31, 2022	29,704	3,040	32,744
Less current portion	-	3,040	3,040
Non-current portion	\$29,704	\$-	\$29,704

### (i) Macquarie

The Corporation has an outstanding facility with Macquarie Bank Limited ("**Macquarie**"), in the amount of \$80 million consisting of a \$40 million term loan and a \$40 million revolving credit facility, maturing on June 28, 2024. The Corporation may request an extension for an additional 12 months no earlier than 120 days before the maturity date and, upon approval, pay Macquarie an extension fee equal to 0.50% of the then current aggregate amount of the term loan and revolving credit facility commitments. Both tranches bear an interest rate of the Canadian Dollar Offered Rate plus 4.5% per annum on the drawn principal paid quarterly and a standby fee of 1.5% per annum on the undrawn revolving credit facility. During the three months ended March 31, 2023, with respect to this facility, the Corporation incurred interest expense totalling \$0.9 million (2022 - \$nil) at an average rate of 9.3%. As at March 31, 2023, the Corporation was in compliance with all of its debt covenants.

### (ii) Bridge

As at December 31, 2021, the Corporation had an outstanding bridge facility in the amount of \$30 million ("**Bridge**"). The Bridge was initiated in June 2019 with an interest rate of 10% which was amended during 2021 to an annual interest rate of 9% paid monthly and was maturing on June 2023. On July 14, 2022, the Corporation closed and drew on the Macquarie Credit Agreement term loan and the Bridge was fully repaid. During the three months ended March 31, 2022, the Corporation incurred \$0.7 million of interest expense.

### (iii) 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. The net present value of these payments using a 10% discount rate was recorded in mineral property interest at the time of the arrangement.



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## 10. LEASE OBLIGATIONS

The following table reflects the continuity of lease obligations:

For the three months ended March 31,	2023	2022
Opening balance	\$10,037	\$8,979
Additions	3,822	973
Accretion	174	149
Cash payments	(1,414)	(1,070)
Change due to foreign exchange translation	(189)	149
Closing balance	12,430	9,180
Less current portion	5,108	3,790
Non-current portion	\$7,322	\$5,390

## 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.

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



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- 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 2.32% as at March 31, 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 table below summarizes the movements in the derivative liability:

<b>For the three months ended March 31,</b>	<b>2023</b>	<b>2022</b>
Opening balance	<b>\$26,603</b>	\$25,272
Settlements	<b>(901)</b>	(803)
Net change in fair value	<b>6,171</b>	1,115
Change due to foreign exchange translation	<b>(498)</b>	444
<b>Closing balance</b>	<b>31,375</b>	26,028
Less current portion	<b>4,029</b>	3,186
Non-current portion	<b>\$27,346</b>	\$22,842

As at March 31, 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:

<b>Inputs</b>	<b>Unobservable Inputs</b>	<b>Range of Relationship of unobservable inputs on fair value</b>
Credit spread	1.32% - 3.32%	A change in the discount rate of 1% would impact the fair value by \$1.2 million.
Gold price		A change in the gold price of 10% would impact the fair value by \$5.3 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 March 31, 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 3.5% (December 31, 2022 – 4.1%) and inflation rates ranging from 3% to 4% (December 31, 2022 – ranging from 3% to 4%).

The following table reflects the continuity of asset retirement obligations:

<b>For the three months ended March 31,</b>	<b>2023</b>	<b>2022</b>
Opening balance	<b>\$30,882</b>	\$31,136
Accretion expense	<b>294</b>	125
Spending on progressive reclamation	-	(347)
Change in discount and inflation rates	<b>1,449</b>	(1,967)
Change due to foreign exchange translation	<b>(491)</b>	494
Closing balance	<b>\$32,134</b>	\$29,441



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### 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 (“DSUs”) 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 three months ended March 31, 2023:

	Number of options	Weighted Average Exercise Price
As at December 31, 2022	1,270,133	\$2.05
Exercised	(57,035)	1.21
<b>As at March 31, 2023</b>	<b>1,213,098</b>	<b>\$2.09</b>

For options exercised during the three months ended March 31, 2023, the related weighted average share price at the time of exercise was \$4.80 per share.

As at March 31, 2023, the Corporation had the following share purchase options outstanding:

Exercise Price Range	Options Outstanding			Options Exercisable		
	Number of Options	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Number of Options	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price
\$0.45-\$1.20	201,977	0.2	\$0.85	201,977	0.2	\$0.85
\$1.21-\$1.70	268,147	1.7	\$1.52	268,147	1.7	\$1.52
\$1.71-\$2.43	235,920	1.1	\$2.05	235,920	1.1	\$2.05
\$2.44-\$2.75	168,388	0.6	\$2.52	168,388	0.6	\$2.52
\$2.76-\$3.95	338,666	1.1	\$3.11	313,666	1.0	\$3.05
	<b>1,213,098</b>	<b>1.0</b>	<b>\$2.09</b>	<b>1,188,098</b>	<b>1.0</b>	<b>\$2.06</b>

During the three months ended March 31, 2023, the Corporation recorded share-based payments expense related to share options of \$0.007 million (2022 - \$0.1 million).



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### Restricted Share Units

The following table reflects the continuity of RSUs for the three months ended March 31, 2023:

	Number of Restricted Share Units
As at December 31, 2022	2,666,989
Granted	16,386
Exercised for shares	(222,282)
Exercised for cash	(30,943)
Forfeited	(116,174)
<b>As at March 31, 2023</b>	<b>2,313,976</b>

As at March 31, 2023, the weighted average remaining contractual life of the outstanding RSUs was 1.6 years and 335,415 RSUs were vested with a remaining contractual life of 1.1 years. The RSUs outstanding as at March 31, 2023, include 274,175 units, of which 117,765 were 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 were vested).

The Corporation recognised \$0.6 million of share incentive plan liability as at March 31, 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 months ended March 31, 2023, the Corporation recorded \$0.9 million of share-based payment expense (2022 - \$4.0 million), which included \$nil (2022 - \$3.3 million) for RSUs to be settled for shares or cash at the option of the holder and \$0.9 million (2022 - \$0.7 million) for RSUs which can only be settled for shares.

### Deferred Share Units

The following table reflects the continuity of DSUs for the three months ended March 31, 2023:

	Number of Deferred Share Units
As at December 31, 2022	503,118
Granted	27,168
Exercised	(58,301)
<b>As at March 31, 2023</b>	<b>471,985</b>

As at March 31, 2023, all 471,985 DSUs were vested. The DSUs outstanding as at March 31, 2023, include 341,977 units (December 31, 2022 – 381,154 units), that can be settled for cash or equity at the option of the holder.

The Corporation recognised \$1.5 million of share incentive plan liability as at March 31, 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 months ended March 31, 2023, the Corporation recorded \$0.1 million of share-based payment expense (2022 - \$1.1 million), which included \$nil (2022 - \$1.0 million) for DSUs to be settled for shares or cash at the option of the holder and \$0.1 million (2022 - \$0.1 million) for DSUs which can only be settled for shares.



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### Performance Share Units

The following table reflects the continuity of PSUs for the three months ended March 31, 2023:

	Number of Performance Share Units
As at December 31, 2022	2,018,706
Granted	5,041
Additional units due to performance	65,635
Forfeited	(116,168)
<b>As at March 31, 2023</b>	<b>1,973,214</b>

As at March 31, 2023, the weighted average remaining contractual life of the outstanding PSUs is 1.6 years and 207,479 awards were vested.

During the three months ended March 31, 2023, the Corporation recorded share-based payments expense related to PSUs of \$0.8 million (2022 - \$0.8 million).

### Summary

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

For the three months ended March 31,	2023	2022
Share purchase options	\$7	\$71
Restricted share units	923	3,984
Deferred share units	83	1,071
Performance share units	804	753
Share appreciation rights	-	85
	<b>\$1,817</b>	<b>\$5,964</b>

## 15. GENERAL AND ADMINISTRATIVE EXPENSES

For the three months ended March 31,	2023	2022
Expense by nature:		
Employee and contractor compensation	\$3,695	\$3,029
Directors' fees	221	142
Professional fees	900	1,134
Public company expenses	113	118
Office and general	2,041	1,804
Conference and travel	339	200
Investor relations	167	171
Business development	376	142
Depreciation and amortization	29	63
<b>General and administrative</b>	<b>\$7,881</b>	<b>\$6,803</b>





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## 16. FINANCE EXPENSE, NET

For the three months ended March 31,	2023	2022
Interest expense on debt	\$931	\$680
Accretion expense	677	410
Loan fee amortization	224	-
Loan standby fee	150	-
Finance expense	1,982	1,090
Interest income	(212)	(45)
Finance expense, net	\$1,770	\$1,045

## 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. For the periods being reported, due to being in a loss position, the Corporation's share incentive plan awards were determined to be anti-dilutive for the purpose of determining diluted earnings per share and were excluded from the calculation.

## 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	March 31, 2023		December 31, 2022	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Macquarie loan (level 2)	\$38,777	\$39,270	\$38,613	\$40,128

## 19. COMMITMENT

As at March 31, 2023, the Corporation had outstanding forward contracts to sell 28,600 ounces of gold at A\$2,824 per ounce. The forward contracts will be settled during the second quarter of 2023 upon physical delivery of gold.



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## 20. 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 March 31, 2023

	Beta Hunt Gold/Nickel Mine Australia	HGO Gold Mine/Mill Australia	Intersegment Elimination (1)	All Other	Total
Gold	\$58,151	\$33,482	\$-	\$-	\$91,633
Nickel	2,562	-	-	-	2,562
Silver	54	30	-	-	84
Toll treatment	-	13,061	(10,534)	-	2,527
Revenues	60,767	46,573	(10,534)	-	96,806
Mining	18,065	18,304	-	-	36,369
Processing	9,930	18,628	(10,534)	-	18,024
Production and processing costs	27,995	36,932	(10,534)	-	54,393
Royalty expense	4,814	939	-	-	5,753
General and administrative	1,881	1,919	-	4,081	7,881
General and administrative: share-based payments	472	472	-	873	1,817
Depreciation and amortization	6,272	12,114	-	-	18,386
Operating earnings (loss)	\$19,333	(\$5,803)	-	(\$4,954)	\$8,576

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

As at March 31, 2023

Property, plant and equipment and mineral property interests	\$185,008	\$241,601	\$-	\$504	\$427,113
Total assets	213,867	316,527	-	21,143	551,537

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



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For the three months ended March 31, 2022

	Beta Hunt Gold/Nickel Mine Australia	HGO Gold Mine/Mill Australia	Intersegment Elimination (1)	All Other	Total
Gold	\$38,575	\$24,244	\$-	\$-	\$62,819
Nickel	2,367	-	-	-	2,367
Silver	54	32	-	-	86
Toll treatment	-	5,673	(5,673)	-	-
Revenues	40,996	29,949	(5,673)	-	65,272
Mining	14,319	15,526	-	-	29,845
Processing	8,420	9,844	(5,673)	-	12,591
Production and processing costs	22,739	25,370	(5,673)	-	42,436
Royalty expense	2,899	735	-	-	3,634
General and administrative <sup>(2)</sup>	1,112	1,120	-	4,571	6,803
General and administrative: share-based payments	841	842	-	4,281	5,964
Depreciation and amortization	3,351	5,403	-	-	8,754
Operating earnings (loss)	\$10,054	(\$3,521)	-	(\$8,852)	(\$2,319)

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

2) Reclassified to reflect a change in presentation from previously reported.