



UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Three and Six Months Ended June 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		June 30, 2023	December 31, 2022
	Note	\$	\$
ASSETS			
Current assets			
Cash and cash equivalents		70,826	68,786
Trade and other receivables	4	5,231	8,530
Inventories	5	32,978	32,686
Prepaid expenses		3,813	4,338
Marketable securities	6	2,528	1,517
		115,376	115,857
Non-current assets			
Property, plant and equipment and mineral property interests	7	422,846	426,962
Deferred tax asset		355	363
Inventories	5	11,533	12,628
Other non-current assets		62	1,302
Total assets		550,172	557,112
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	8	41,308	64,285
Share incentive plan liabilities	14	1,952	2,884
Lease obligations	10	6,940	4,240
Derivative financial liabilities	11	3,751	3,383
Asset retirement obligations		-	443
Other current liabilities		1,809	2,602
		55,760	77,837
Non-current liabilities			
Debt	9	38,795	38,613
Lease obligations	10	10,869	5,797
Derivative financial liabilities	11	24,863	23,220
Asset retirement obligations	12	30,512	30,439
Deferred tax liability		37,788	31,919
Other non-current liabilities		-	644
Total liabilities		198,587	208,469
SHAREHOLDERS' EQUITY			
Share capital	13	398,152	395,532
Contributed surplus		34,560	33,071
Accumulated other comprehensive income		(2,274)	2,595
Deficit		(78,853)	(82,555)
Total shareholders' equity		351,585	348,643
Total liabilities and shareholders' equity		550,172	557,112

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



Interim Consolidated Statements of Earnings (Loss) and Comprehensive Earnings (Loss)

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

For the periods ended June 30,		Three months ended,		Six months ended,	
		2023	2022	2023	2022
	Note	\$	\$	\$	\$
Revenue	19	110,595	73,609	207,401	138,881
Cost of operations:					
Production and processing costs	19	56,567	40,093	110,960	82,529
Royalty expense		6,142	4,186	11,895	7,820
General and administrative	15	9,068	6,016	16,949	12,819
General and administrative: share incentive plans	14	1,252	(3,124)	3,069	2,840
Depreciation and amortization		15,996	13,689	34,382	22,443
Sustainability initiatives		-	1,181	-	1,181
Operating earnings		21,570	11,568	30,146	9,249
Other expenses (income)					
Finance expense, net	16	2,107	1,070	3,877	2,115
Loss (gain) on derivatives	11	(946)	(827)	5,225	288
Foreign exchange loss		7,060	9,142	10,922	6,191
Unrealized loss (gain) on revaluation of marketable securities	6	526	881	(1,011)	1,527
Other expense (income), net		(27)	249	27	228
Earnings (loss) before income tax		12,850	1,053	11,106	(1,100)
Income tax expense - current		24	5	46	38
Income tax expense - deferred		6,183	1,376	7,358	2,899
Net earnings (loss)		6,643	(328)	3,702	(4,037)
Currency translation adjustments		(3,228)	(4,512)	(4,869)	(3,018)
Comprehensive earnings (loss)		3,415	(4,840)	(1,167)	(7,055)
Net earnings (loss) attributable to common shareholders per share					
Basic		0.04	(0.00)	0.02	(0.03)
Diluted		0.04	(0.00)	0.02	(0.03)
Weighted average number of shares					
Basic	17	174,874,236	157,838,797	174,573,254	156,149,243
Diluted	17	179,526,092	157,838,797	178,897,577	156,149,243

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 periods ended June 30,	Three months ended,		Six months ended,	
	2023 \$	2022 \$	2023 \$	2022 \$
Cash flow provided by (used in)				
OPERATING ACTIVITIES				
Net earnings (loss) for the period	6,643	(328)	3,702	(4,037)
Changes not affecting cash:				
Depreciation and amortization	16,025	13,697	34,440	22,514
Income tax expense	6,207	1,381	7,404	2,937
Share incentive plans	1,246	(3,836)	2,920	1,932
Foreign exchange loss	7,179	9,350	11,072	6,313
Net change in fair value of derivative instruments	(946)	(827)	5,225	288
Finance expense, net	2,107	1,070	3,877	2,115
Loss on disposal of property, plant and equipment	-	264	-	264
Unrealized loss (gain) on revaluation of marketable securities	526	881	(1,011)	1,527
	38,987	21,652	67,629	33,853
Changes in non-cash working capital				
Trade and other receivables	(37)	3,236	3,114	1,760
Inventories	381	1,690	(1,485)	148
Prepaid expenses	891	387	1,388	904
Accounts payable and accrued liabilities	(5,094)	(15,301)	(13,982)	(12,504)
Other current liabilities	(667)	-	(1,344)	-
	34,461	11,664	55,320	24,161
Asset retirement obligations	-	(94)	-	(441)
Income taxes paid	(54)	(328)	(54)	(328)
Net cash provided by operating activities	34,407	11,242	55,266	23,392
INVESTING ACTIVITIES				
Property, plant and equipment and mineral property interests	(23,911)	(35,084)	(43,765)	(59,868)
Proceeds on disposal of property, plant and equipment	-	265	-	265
Investment in a joint venture	-	-	(48)	-
Interest received	145	84	357	129
Net cash used in investing activities	(23,766)	(34,735)	(43,456)	(59,474)
FINANCING ACTIVITIES				
Issuance of shares	-	69,000	-	69,000
Share issue costs	-	(3,685)	-	(3,685)
Repayments of debt	-	(1,665)	-	(1,665)
Debt issue costs	(402)	-	(447)	-
Loan standby fee	(149)	-	(299)	-
Proceeds from exercise of options	190	298	259	1,726
Payments on leases	(1,867)	(1,065)	(3,281)	(2,135)
Settlements in respect of derivative instruments	(876)	(838)	(1,694)	(1,533)
Interest paid on debt	(1,034)	(703)	(1,965)	(1,383)
Net 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)
Net increase in cash and cash equivalents	4,949	35,994	2,040	23,089
Cash and cash equivalents, beginning of period	65,877	78,100	68,786	91,005
Cash and cash equivalents, end of period	70,826	114,094	70,826	114,094
Components of cash and cash equivalents:				
Cash	69,483	108,752	69,483	108,752
Cash equivalents	1,343	5,342	1,343	5,342
	70,826	114,094	70,826	114,094

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	\$				
		Balance as at December 31, 2022					
Exercise of restricted share units	14	410,311	1,483	(926)	-	-	557
Exercise of performance share units	14	206,632	468	(468)	-	-	-
Exercise of deferred share units	14	58,301	256	(56)	-	-	200
Exercise of stock options	14	268,640	413	(154)	-	-	259
Share incentive plans	14	-	-	3,093	-	-	3,093
Comprehensive earnings (loss)		-	-	-	(4,869)	3,702	(1,167)
Balance as at June 30, 2023		175,179,280	398,152	34,560	(2,274)	(78,853)	351,585

	Share capital		Contributed surplus \$	Accumulated other comprehensive income \$	Deficit \$	Total equity \$
	Number	\$				
	Balance as at December 31, 2021	154,076,242				
Exercise of restricted share units	157,723	949	-	-	-	949
Exercise of stock options	903,940	2,876	(1,150)	-	-	1,726
Share incentive plans	-	-	3,193	-	-	3,193
Private placement	14,375,000	69,000	-	-	-	69,000
Share issue costs	-	(3,894)	-	-	-	(3,894)
Shares issued to settle an obligation	297,718	1,350	-	-	-	1,350
Comprehensive loss	-	-	-	(3,018)	(4,037)	(7,055)
Balance as at June 30, 2022	169,810,623	380,424	33,566	(1,009)	(96,347)	316,634

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 and six months ended June 30, 2023 and 2022
(Expressed in thousands of Canadian dollars, unless otherwise indicated)

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 six months ended June 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: 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

(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 August 14, 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 and six months ended June 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	June 30, 2023	December 31, 2022
Trade accounts receivable	\$1,697	\$4,535
Sales taxes and rebates	3,434	3,901
Income tax receivable	100	94
	\$5,231	\$8,530

5. INVENTORIES

Inventories consist of the following:

As at	June 30, 2023	December 31, 2022
Gold stockpile	\$22,301	\$27,934
Gold in process	12,537	8,843
Nickel stockpile	134	209
Stores, spares and fuel	9,539	8,328
	44,511	45,314
Less current portion	32,978	32,686
Non-current portion	\$11,533	\$12,628

For the first six months of 2023, cost of operations includes production and processing costs of \$111.0 million (2022 - \$82.5 million) that were recognized as part of inventories and subsequently expensed when sold during the period.

As at June 30, 2023, \$9.5 million (December 31, 2022 – \$10.0 million) of depreciation was included in inventory.



Notes to the Unaudited Condensed Interim Consolidated Financial Statements
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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 periods ended June 30,	Three months ended,		Six months ended,	
	2023	2022	2023	2022
Opening balance	\$3,054	\$2,903	\$1,517	\$3,549
Unrealized gain (loss) on revaluation of marketable securities	(526)	(881)	1,011	(1,527)
Closing balance	\$2,528	\$2,022	\$2,528	\$2,022

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	20,611	19,463	8,102	48,176
Transfers	(2,913)	2,913	-	-
Change due to foreign exchange translation	(7,189)	(8,046)	(2,923)	(18,158)
Depreciation	(5,566)	(28,568)	-	(34,134)
As at June 30, 2023	\$171,549	\$182,259	\$69,038	\$422,846

As at June 30, 2023				
Cost	\$251,461	\$489,863	\$69,038	\$810,362
Accumulated depreciation	(79,912)	(307,604)	-	(387,516)
Net book value	\$171,549	\$182,259	\$69,038	\$422,846

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

The table below summarizes the movements in respect of leased assets, all of which are designated as plant and equipment for the six months ended June 30, 2023 and 2022:



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

For the six months ended June 30,	2023	2022
Opening balance	\$13,825	\$11,223
Additions	11,245	977
Depreciation	(1,494)	(1,005)
Change due to foreign exchange translation	(747)	(564)
Closing balance	\$22,829	\$10,631

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consist of the following:

As at	June 30, 2023	December 31, 2022
Trade accounts payable	\$6,269	\$21,756
Lakewood acquisition	-	4,136
Royalty accrual	7,240	6,330
Employee related accruals	10,806	11,000
Accrued liabilities	16,993	21,063
	\$41,308	\$64,285

Accounts payable and accrued liabilities include \$0.9 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:

	Six months ended June 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 issue costs (i)	(247)	(1,756)
Accretion expense	429	691
Loss on extinguishment of debt	-	228
Change due to foreign exchange translation	-	137
Closing balance	\$38,795	\$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



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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 June 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 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.

During the three and six months ended June 30, 2023, with respect to this facility, the Corporation incurred interest expense totalling \$1.0 million and \$1.9 million, respectively (same periods in 2022 - \$nil) at an average rate of 9.5% and 9.5%, respectively. As at June 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:

	Six months ended June 30, 2023	Year ended December 31, 2022
Opening balance	\$10,037	\$8,979
Additions	11,245	4,932
Accretion	423	551
Cash payments	(3,281)	(4,454)
Change due to foreign exchange translation	(615)	29
Closing balance	17,809	10,037
Less current portion	6,940	4,240
Non-current portion	\$10,869	\$5,797



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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:

- 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 2.22% as at June 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:

	Six months ended June 30, 2023	Year ended December 31, 2022
Opening balance	\$26,603	\$25,272
Settlements	(1,898)	(3,116)
Net change in fair value	5,225	4,405
Change due to foreign exchange translation	(1,316)	42
Closing balance	28,614	26,603
Less current portion	3,751	3,383
Non-current portion	\$24,863	\$23,220

As at June 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	1.22% - 3.22%	A change in the discount rate of 1% would impact the fair value by \$1.0 million.
Gold price		A change in the gold price of 10% would impact the fair value by \$4.8 million.



Notes to the Unaudited Condensed Interim Consolidated Financial Statements
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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 June 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 3.5% (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 movements of asset retirement obligations:

	Six months ended June 30, 2023	Year ended December 31, 2022
Opening balance	\$30,882	\$31,136
Accretion expense	605	1,000
Acquisition - Lakewood	-	3,696
Change in estimates in respect of rehabilitation obligations	(664)	581
Spending on progressive reclamation	-	(441)
Change in discount and inflation rates	1,040	(5,065)
Change due to foreign exchange translation	(1,351)	(25)
Closing balance	30,512	30,882
Less current portion	-	443
Non-current portion	\$30,512	\$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 ("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 six months ended June 30, 2023:



Notes to the Unaudited Condensed Interim Consolidated Financial Statements
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(Expressed in thousands of Canadian dollars, unless otherwise indicated)

	Number of options	Weighted Average Exercise Price
As at December 31, 2022	1,270,133	\$2.05
Exercised	(268,640)	0.96
As at June 30, 2023	1,001,493	\$2.35

For options exercised during the six months ended June 30, 2023, the related weighted average share price at the time of exercise was \$4.74 per share.

As at June 30, 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
\$1.35-\$1.62	157,036	1.6	\$1.42	157,036	1.6	\$1.42
\$1.63-\$1.94	211,110	1.3	\$1.70	211,110	1.3	\$1.70
\$1.95-\$2.75	294,681	0.4	\$2.43	294,681	0.4	\$2.43
\$2.76-\$3.46	288,666	0.7	\$2.97	288,666	0.7	\$2.97
\$3.47-\$3.95	50,000	2.3	\$3.95	25,000	2.3	\$3.95
	1,001,493	1.0	\$2.35	976,493	0.9	\$2.31

During the three and six months ended June 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 six month periods ended June 30, 2023:

For the periods ended June 30, 2023	Three months ended,	Six months ended,
Opening balance	2,313,976	2,666,989
Granted	790,971	807,357
Exercised for shares	(188,029)	(410,311)
Exercised for cash	(1,619)	(32,562)
Forfeited	(108,629)	(224,803)
Closing balance	2,806,670	2,806,670

As at June 30, 2023, the weighted average remaining contractual life of the outstanding RSUs was 2.3 years and 199,753 RSUs were vested with a remaining contractual life of 0.7 years. The RSUs outstanding as at June 30, 2023, include 264,446 units, of which 124,040 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 \$0.5 million of share incentive plan liability as at June 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).



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During the three and six months ended June 30, 2023, the Corporation recorded share based payments expense in respect of RSUs of \$0.7 million and \$1.6 million, respectively, (same periods in 2022 – income of \$2.8 million and expense of \$1.1 million, respectively) which included \$nil and \$0.1 million, respectively (same periods in 2022 – income of \$3.5 million and income of \$0.2 million, respectively) for RSUs to be settled for shares or cash at the option of the holder and \$0.7 million and \$1.5 million, respectively, (same periods in 2022 - \$0.7 million and \$1.3 million, respectively) for RSUs which can only be settled for shares.

Deferred Share Units

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

For the periods ended June 30, 2023	Three months ended,	Six months ended,
Opening balance	471,985	503,118
Granted	33,652	60,820
Exercised	-	(58,301)
Closing balance	505,637	505,637

As at June 30, 2023, all DSUs were vested. The DSUs outstanding as at June 30, 2023, include 348,654 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 June 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 six months ended June 30, 2023, the Corporation recorded \$nil million and \$0.1 million, respectively, of share-based payment expense (same periods in 2022 – income of \$1.0 million and expense of \$0.1 million, respectively), which included income of \$0.1 million and income of \$0.1 million, respectively (same periods in 2022 – income of \$1.1 million and income of \$0.2 million, respectively) for DSUs to be settled for shares or cash at the option of the holder and \$0.1 million and \$0.2 million, respectively, (same periods in 2022 - \$0.1 million and \$0.3 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 six month periods ended June 30, 2023:

For the periods ended June 30, 2023	Three months ended,	Six months ended,
Opening balance	1,973,214	2,018,706
Granted	1,757,788	1,762,829
Additional units due to performance	65,635	65,635
Exercised	(272,267)	(206,632)
Forfeited	(108,626)	(224,794)
Closing balance	3,415,744	3,415,744

As at June 30, 2023, the weighted average remaining contractual life of the outstanding PSUs is 1.6 years and 207,479 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. The fair value of the PSU grants was determined using a Monte Carlo simulation approach. This approach



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uses random numbers, together with various market assumptions to generate potential future outcomes for share prices using Geometric Brownian Motion which is an industry standard method for simulating the expected future path of share prices. The following assumptions were used:

	May 19, 2023
Number of PSUs granted	1,625,000
Fair value per unit	\$2.97
Share price	\$5.21
Risk free interest rate	3.7%
Expected life	5 years
Expected volatility	60.0%
Expected dividends	nil
Index share price	\$51.72
Correlation coefficient	0.55

During the three and six months ended June 30, 2023, the Corporation recorded share-based payments expense in respect of PSUs of \$0.5 million and \$1.4 million, respectively, (same periods in 2022 – \$0.7 and \$1.5 million, respectively).

Summary

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

For the periods ended ended June 30,	Three months ended,		Six months ended,	
	2023	2022	2023	2022
Share purchase options	\$7	\$38	\$14	\$109
Restricted share units	693	(2,799)	1,616	1,185
Deferred share units	(31)	(986)	52	85
Performance share units	583	744	1,387	1,497
Share appreciation rights	-	(121)	-	(36)
	\$1,252	\$(3,124)	\$3,069	\$2,840



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15. GENERAL AND ADMINISTRATIVE EXPENSES

For the periods ended June 30,	Three months ended,		Six months ended,	
	2023	2022	2023	2022
Expense by nature:				
Employee and contractor compensation	\$4,580	\$2,753	\$8,275	\$5,782
Directors' fees	255	20	476	162
Professional fees	610	547	1,510	1,681
Public company expenses	113	118	226	236
Office and general	2,001	1,729	4,042	3,533
Conference and travel	1,012	380	1,351	580
Investor relations	234	221	401	392
Business development	234	178	610	320
Depreciation and amortization	29	70	58	133
General and administrative	\$9,068	\$6,016	\$16,949	\$12,819

16. FINANCE EXPENSE, NET

For the periods ended June 30,	Three months ended,		Six months ended,	
	2023	2022	2023	2022
Interest expense on debt	\$1,034	\$703	\$1,965	\$1,383
Accretion expense	780	451	1,457	861
Loan fee amortization	289	-	513	-
Loan standby fee	149	-	299	-
Finance expense	2,252	1,154	4,234	2,244
Interest income	(145)	(84)	(357)	(129)
Finance expense, net	\$2,107	\$1,070	\$3,877	\$2,115

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 some 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. 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:

For the periods ended June 30,	Three months ended,		Six months ended,	
	2023	2022	2023	2022
Weighted average common shares - basic	174,874,236	157,838,797	174,573,254	156,149,243
Adjustments for dilutive instruments:				
Share purchase options	587,806	-	642,959	-
Restricted share units	1,516,512	-	1,567,105	-
Deferred share units	473,095	-	473,310	-
Performance share units	2,074,443	-	1,640,949	-
Weighted average common shares - diluted	179,526,092	157,838,797	178,897,577	156,149,243



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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	June 30, 2023		December 31, 2022	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Macquarie loan (level 2)	\$38,795	\$40,250	\$38,613	\$40,128

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.



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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 June 30, 2023

	Beta Hunt Gold/Nickel Mine Australia	HGO Gold Mine/Mill Australia	Intersegment Elimination (1)	All Other	Total
Gold	\$67,966	\$40,374	\$-	\$-	\$108,340
Nickel	2,162	-	-	-	2,162
Silver	56	37	-	-	93
Toll treatment	-	10,410	(10,410)	-	-
Revenues	70,184	50,821	(10,410)	-	110,595
Mining	22,713	17,691	-	-	40,404
Processing	10,300	16,273	(10,410)	-	16,163
Production and processing costs	33,013	33,964	(10,410)	-	56,567
Royalty expense	5,166	976	-	-	6,142
General and administrative	2,463	2,571	-	4,034	9,068
General and administrative: share-based payments	143	143	-	966	1,252
Depreciation and amortization	6,897	9,099	-	-	15,996
Operating earnings (loss)	\$22,502	\$4,068	-	(\$5,000)	\$21,570

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



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For the six months ended June 30, 2023

	Beta Hunt Gold/Nickel Mine Australia	HGO Gold Mine/Mill Australia	Intersegment Elimination (1)	All Other	Total
Gold	\$126,117	\$73,856	\$-	\$-	\$199,973
Nickel	4,724	-	-	-	4,724
Silver	110	67	-	-	177
Toll treatment	-	23,471	(20,944)	-	2,527
Revenues	130,951	97,394	(20,944)	-	207,401
Mining	40,778	35,995	-	-	76,773
Processing	20,230	34,901	(20,944)	-	34,187
Production and processing costs	61,008	70,896	(20,944)	-	110,960
Royalty expense	9,980	1,915	-	-	11,895
General and administrative	4,344	4,490	-	8,115	16,949
General and administrative: share-based payments	615	615	-	1,839	3,069
Depreciation and amortization	13,169	21,213	-	-	34,382
Operating earnings (loss)	\$41,835	(\$1,735)	-	(\$9,954)	\$30,146

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

As at June 30, 2023

Property, plant and equipment and mineral property interests	\$191,139	\$231,232	\$-	\$475	\$422,846
Total assets	221,658	311,133	-	17,381	550,172

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 June 30, 2022

	Beta Hunt Gold/Nickel Mine Australia	HGO Gold Mine/Mill Australia	Intersegment Elimination (1)	All Other	Total
Gold	46,091	27,103	-	-	73,194
Nickel	357	-	-	-	357
Silver	36	22	-	-	58
Toll treatment	-	7,100	(7,100)	-	-
Revenues	46,484	34,225	(7,100)	-	73,609
Mining	16,927	11,817	-	-	28,744
Processing	7,548	10,901	(7,100)	-	11,349
Production and processing costs	24,475	22,718	(7,100)	-	40,093
Royalty expense	3,535	651	-	-	4,186
General and administrative	1,418	1,488	-	3,110	6,016
General and administrative: share-based payments	(185)	(185)	-	(2,754)	(3,124)
Depreciation and amortization	3,478	10,211	-	-	13,689
Sustainability initiatives	-	-	-	1,181	1,181
Operating earnings (loss)	\$13,763	(\$658)	-	(\$1,537)	\$11,568

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

For the six months ended June 30, 2022

	Beta Hunt Gold/Nickel Mine Australia	HGO Gold Mine/Mill Australia	Intersegment Elimination (1)	All Other	Total
Gold	\$84,666	\$51,347	\$-	\$-	\$136,013
Nickel	2,724	-	-	-	2,724
Silver	90	54	-	-	144
Toll treatment	-	12,773	(12,773)	-	-
Revenues	87,480	64,174	(12,773)	-	138,881
Mining	31,246	27,343	-	-	58,589
Processing	15,968	20,745	(12,773)	-	23,940
Production and processing costs	47,214	48,088	(12,773)	-	82,529
Royalty expense	6,434	1,386	-	-	7,820
General and administrative	3,056	3,134	-	6,629	12,819
General and administrative: share-based payments	656	657	-	1,527	2,840
Depreciation and amortization	6,829	15,614	-	-	22,443
Sustainability initiatives	-	-	-	1,181	1,181
Operating earnings (loss)	\$23,291	(\$4,705)	-	(\$9,337)	\$9,249

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