

KARORA RESOURCES REPORTS RECORD PRODUCTION, IMPROVED OPERATING EARNINGS AND CASH FLOW IN FIRST QUARTER 2023

TORONTO, May 15, 2023 /CNW/ - **Karora Resources Inc.** (TSX: KRR) ("**Karora**" or the "**Company**") today announced financial and operating results for the first quarter of 2023 ("Q1 2023"). The Company's full unaudited condensed interim financial statements and management discussion & analysis ("MD&A") are available on SEDAR at www.sedar.com and on the Company's website at www.karoraresources.com. All dollar amounts are in Canadian dollars, unless otherwise noted.

RECORD QUARTERLY PRODUCTION

- Production of 39,827 ounces exceeded target levels and increased 45% from the first quarter of 2022 ("Q1 2022") reflecting growth of 27% in tonnes processed and a 13% improvement in average grade; Production ended the quarter on track to achieve full-year 2023 guidance of 145,000 – 160,000 ounces.

UNIT COSTS ON TRACK TO ACHIEVE 2023 GUIDANCE

- Cash operating costs¹ and all-in sustaining costs ("AISC")¹ per ounce sold averaged US\$1,124 and US\$1,213, respectively, compared to US\$1,310 and US\$1,396, respectively, for same period a year earlier; AISC¹ per ounce sold was in line with full-year 2023 guidance of US\$1,100 – US\$1,250.

REVENUE MATCHES QUARTERLY RECORD SET IN Q4 2022

- Revenue totalled \$96.8 million, 48% higher than in Q1 2022 reflecting a 38% increase in gold ounces sold, to 36,145 ounces, and was largely unchanged from the quarterly record set in the fourth quarter of 2022 ("Q4 2022").

STRONG IMPROVEMENT IN OPERATING EARNINGS FROM Q1 2022 AND Q4 2022

- Operating earnings of \$8.6 million improved from a Q1 2022 operating loss of \$2.3 million and increased 31% from Q4 2022.

SOLID OPERATING CASH FLOW GENERATION

- Cash flow provided by operating activities before change in non-cash working capital of \$28.6 million more than doubled from the Q1 2022 level of \$12.2 million and increased 2% from \$28.2 million in Q4 2022.

EARNINGS PERFORMANCE REFLECTS NON-CASH, OTHER EXPENSES

- Net loss of \$2.9 million (\$0.02 per share) improved from a net loss of \$3.7 million (\$0.02 per share) in Q1 2022 and largely reflected non-cash, unrealized losses of \$6.2 million and \$3.9 million related to derivatives³ and foreign exchange, respectively; Adjusted earnings totalled \$4.8 million (\$0.03 per share) versus \$1.1 million (\$0.01 per share) in Q1 2022 and \$8.7 million (\$0.05 per share) in Q4 2022.

CONTINUED PROGRESS WITH GROWTH PLAN

- Development of second (west) decline and first of three ventilation raises at Beta Hunt completed on schedule and budget in Q1 2023; Expansion of Beta Hunt remains on track to support growth to annualized production rate of 2.0 Mtpa during 2024.

ADDITIONAL EXPLORATION SUCCESS HIGHLIGHTS FUTURE POTENTIAL OF BETA HUNT

- Drilling at Beta Hunt continued to extend mineralization at both Western Flanks and the A Zone and to demonstrate the significant potential of the Mason and Cowcill zones to emerge as important new mining opportunities; Subsequent to the end of Q1 2023, new high-grade gold intersections, including 6.5 g/t over 26 metres and 46.5 g/t over 7.0 metres, were released extending the drill-supported strike potential of the Fletcher Shear Zone by 900 metres for a total potential strike length of 1.4 km.

SOLID GROWTH IN RESERVES AND RESOURCES⁸

- Gold Mineral Reserves at Beta Hunt increased 12% to 538,000 ounces, with growth in gold Measured and Indicated Mineral

Resources of 20% to 1.35 million ounces; Nickel Measured and Indicated Mineral Resources were increased 8% to 21,100 tonnes.

1. Non-IFRS: the definition and reconciliation of these measures are included in the "Non-IFRS Measures" section of this news release and in the MD&A for the three months ended March 31, 2023.
2. Relates to the Company's Morgan Stanley royalty agreement (see Note 11 of the unaudited condensed interim consolidated financial statements for the three months ended March 31, 2023 for more information).
3. For a full review of the Mineral Reserve and Mineral Resource estimates at Beta Hunt released during Q1 2023 and effective as of September 30, 2022, please see the technical report filed at www.sedar.com.

Karora will host a call/webcast on May 15, 2023 at 10:00 am (Eastern Time) to discuss the first quarter 2023 results. North American callers please dial 1-888-664-6383; Local and international callers please dial: 416-764-8650. To join the conference call without operator assistance, you may register and enter your phone number at the [Callback Link](#) to receive an instant automated call back and be placed into the call. For the webcast of this event click <https://app.webinar.net/XOyDxmex2wA> (replay access information below).

Paul Andre Huet, Chairman and CEO, commented: "We are off to a strong start in 2023, with record quarterly production exceeding target levels driven by grade outperformance and higher than expected tonnes mined and processed. Our unit costs are tracking in line with our 2023 plan and guidance and improved 14% from last year's first quarter. We also continued to advance our capital programs on schedule and budget, with the second decline and first of three ventilation raises at Beta Hunt completed during the quarter. Overall, the expansion project remains on track to support the mine's growth to an annualized production rate of 2.0 Mtpa over the course of 2024 and we sit well positioned to achieve all of our production, cost and capital expenditure guidance for full-year 2023.

"A highlight of the quarter was the continued emergence of Beta Hunt as a world-class mine with gold production of 26,577 ounces exceeding planned levels and increasing by 55% from a year ago and 27% from last quarter. The mine's cost performance was excellent, with cash operating costs of \$967 per ounce improving from both prior periods. In addition to solid operating performance and effective execution of its growth plan, Beta Hunt also continued to generate very encouraging exploration results. We increased our gold mineral reserves and mineral resources during the first quarter and, with the drilling results we are getting, we are very confident that we will continue to grow reserves and resources going forward. We are equally confident that, within this world-class gold mine, we are well on our way to establishing a profitable, long-term nickel mining operation that will support further improvement in gold unit costs through higher byproduct credits. The "mine within a mine" concept provides Beta Hunt with an important competitive advantage and, with the growth in nickel mineral resources being achieved and the drill results being generated, we fully expect that nickel will become a more substantial component of the Beta Hunt story.

"Turning to HGO, production of 13,250 ounces at HGO exceeded plan and increased 28% from last year's first quarter. Cash operating costs improved from a year ago and are expected to trend lower, particularly later in the year when we commence open-pit mining at our Pioneer project.

"Finally, our financial performance in the first quarter was solid, with revenue matching the record level we reported last quarter, operating earnings improving from both prior periods and adjusted earnings more than tripling from a year ago. Operating cash flow was strong and, while we recorded a slight decline in our cash position (primarily related to reducing accounts payable), we saw an improvement in working capital from \$38.0 million at year end to \$43.9 million at the end of the first quarter. We expect to see cash growth resume over the course of the year as we execute our expansion plan and deliver operationally into the current strong gold price environment."

RESULTS OF OPERATIONS

Table 1. Results of Operations

	Three months ended,		
	Mar. 31 2023	Mar. 31 2022	Dec. 31, 2022
Gold Operations (Consolidated)			
Tonnes milled (000s)	502	394	522
Recoveries	94 %	94 %	94 %
Gold milled, grade (g/t Au)	2.62	2.31	2.37
Gold produced (ounces)	39,827	27,489	37,309
Gold sold (ounces)	36,145	26,286	39,900
Average exchange rate (CAD/USD) ¹	0.74	0.79	0.74

Average realized price (US \$/oz sold)	\$1,877	\$1,905	\$1,737
Cash operating costs (US \$/oz sold) ²	\$1,124	\$1,310	\$1,034
All-in sustaining cost (AISC) (US \$/oz sold) ²	\$1,213	\$1,396	\$1,110
Gold (Beta Hunt Mine)			
Tonnes milled (000s)	298	233	250
Gold milled, grade (g/t Au)	2.92	2.42	2.76
Gold produced (ounces)	26,577	17,109	20,870
Gold sold (ounces)	23,077	16,128	22,342
Cash operating cost (US \$/oz sold) ²	\$967	\$1,137	\$992
Gold (HGO Mine)			
Tonnes milled (000s)	204	161	273
Gold milled, grade (g/t Au)	2.18	2.12	2.01
Gold produced (ounces)	13,250	10,380	16,439
Gold sold (ounces)	13,068	10,158	17,558
Cash operating cost (US \$/oz sold) ²	\$1,402	\$1,586	\$1,082

1. Average exchange rate refers to the average market exchange rate for the period.
2. Non-IFRS: The definition and reconciliation of these measures are included in the "Non-IFRS Measures" section of this news release and the MD&A for the three months ended March 31, 2023.
3. Numbers may not add due to rounding.

Consolidated Operations

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

Cash operating costs¹ per ounce sold for the first quarter of 2023 averaged US\$1,124, a 14% improvement from \$1,310 for the same period in 2022 when the Company's operations were impacted by disruptions caused by record COVID-19 cases in Western Australia. Cash operating costs¹ per ounce sold in the first quarter of 2023 increased 9% from the previous quarter reflecting higher unit costs at HGO due to the impact of mine sequencing and costs related to stockpiled material processed during the quarter. AISC¹ per ounce sold in the first quarter of 2023 averaged \$1,213 compared to \$1,396 in the first quarter of 2022 and \$1,110 the fourth quarter of 2022, with the changes from the prior periods mainly related to changes in cash operating costs.¹

Beta Hunt

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

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

Cash operating costs¹ per ounce sold at Beta Hunt averaged US\$967 in the first quarter of 2023, a 15% improvement from the first quarter of 2022 and 3% lower than the previous quarter. Contributing to the improvement in cash operating costs per ounce sold from both prior periods was a higher average grade, which increased 21% and 6% from the same period a year earlier and the previous quarter, respectively.

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

Higginsville Mining Operations ("HGO")

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

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

Cash operating costs¹ per ounce sold at HGO averaged US\$1,402 in the first quarter of 2023 versus US\$1,586 for the same period in 2022 and US\$1,088 the fourth quarter of 2022. The increase from the previous quarter reflected a planned transition to a higher-cost production profile (during the period after the completion of mining from the Spargos open pit and prior to the commencement of production at the Pioneer open pit later in 2023) as well as the impact of costs related to stockpiled tonnes processed during the first quarter of 2023.

Processing Operations

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

1. Non-IFRS: the definition and reconciliation of these measures are included in the "Non-IFRS Measures" section of this news release and the MD&A for the three months ended March 31, 2023.

FINANCIAL REVIEW

Table 2. Financial Overview

(in thousands of dollars except per share amounts)

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

1. Non-IFRS: the definition and reconciliation of these measures are included in the "Non-IFRS Measures" section of this news release and the MD&A for the three months ended March 31, 2023.

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

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

Adjusted earnings¹ for the three months ended March 31, 2023 totalled \$4.8 million (\$0.03 per share) versus \$1.1 million (\$0.01 per share) in the first quarter of 2022. The year-over-year increase in adjusted earnings reflected a \$19.6 increase in operating margin (revenue less production and processing costs), partially offset by higher royalty and general and administrative expenses and depreciation and amortization costs. The difference between net earnings and adjusted earnings¹ in the first quarter of 2023 resulted from the exclusion from adjusted earnings¹ of the after-tax impact of losses on derivatives and foreign exchange, non-cash share-based payments of \$1.7 million as well as an unrealized gain on the revaluation of marketable securities.

1. Non-IFRS: the definition and reconciliation of these measures are included in the "Non-IFRS Measures" section of this news release and the MD&A for the three months ended March 31, 2023.

Table 3. Highlights of Liquidity and Capital Resources

(in thousands of dollars)

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

1. Working capital is calculated as current assets (including cash and cash equivalents) less current liabilities.
2. Financial liabilities include long-term debt and lease obligations.

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

Karora's cash position at March 31, 2023, totalled \$65.9 million compared to \$68.8 million as at December 31, 2022 with the reduction mainly reflecting changes in working capital levels.

OUTLOOK

TWO-YEAR GUIDANCE (2023 – 2024)

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

Table 4. Two-Year Guidance (2023 – 2024)

	2023	2024
Gold Production	(Koz)	
	145 – 160	170 – 195

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

1. Production guidance is based on the September 2022 Mineral Reserves and Mineral Resources announced on February 13, 2023.
2. The Company expects to fund the capital investment amounts listed above with cash on hand, cashflow from operations and through the financing of heavy equipment.
3. The material assumptions associated with the expansion of Beta Hunt mining production rate to 2.0 Mtpa during 2024 include the addition of a second ramp decline system driven parallel to the ore body, ventilation and other infrastructure that is required to support these areas, and an expanded mining equipment and trucking fleet.
4. The Company's guidance assumes targeted mining rates and costs, availability of personnel, contractors, equipment and supplies, the receipt on a timely basis of required permits and licenses, cash availability for capital investments from cash balances, cash flow from operations, or from a third-party debt financing source on terms acceptable to the Company, no significant events which impact operations, such as COVID-19, nickel price of US\$22,000 per tonne, as well as an A\$ to US\$ exchange rate of 0.70 in 2023 and 2024 and A\$ to C\$ exchange rate of 0.90. Assumptions used for the purposes of guidance may prove to be incorrect and actual results may differ from those anticipated. See below "Cautionary Statement Concerning Forward-Looking Statements".
5. Exploration expenditures include capital expenditures related to infill drilling for Mineral Resource conversion, capital expenditures for extension drilling outside of existing Mineral Resources and expensed exploration. Exploration expenditures also includes capital expenditures for the development of exploration drifts.
6. Capital expenditures exclude capitalized depreciation.
7. AISC guidance includes Australian general and administrative costs and excludes share-based payment expense.
8. See "Non-IFRS Measures" set out at the end of this MD&A

CONFERENCE CALL / WEBCAST

Karora will be hosting a conference call and webcast today, May 15, 2023, beginning at 10:00 a.m. (Eastern time). The accompanying presentation can be found on Karora's website, www.karoraresources.com.

Live Conference Call and Webcast Access Information:

North American callers please dial: 1-888-664-6383

Local and international callers please dial: 416-764-8650

A live webcast of the call will be available through Cision's website at <https://app.webinar.net/XOyDxmex2wA>

A recording of the conference call will be available for replay through the webcast link, or for a one-week period beginning at approximately 1:00 p.m. (Eastern Time) on May 22, 2023, through the following dial in numbers:

North American callers please dial: 1-888-390-0541; Pass Code: 355899 #

Local and international callers please dial: 416-764-8677; Pass Code: 355899 #

Non-IFRS Measures

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

In November 2018, the World Gold Council ("WGC") published its guidelines for reporting all-in sustaining costs and all-in costs. The WGC is a

market development organization for the gold industry and is an association whose membership comprises leading gold mining companies. Although the WGC is not a mining industry regulatory organization, it worked closely with its member companies to develop these non-IFRS measures. Adoption of the all-in sustaining cost and all-in cost metrics is voluntary and not necessarily standard, and therefore, these measures presented by the Corporation may not be comparable to similar measures presented by other issuers.

The following tables reconcile these non-IFRS measures to the most directly comparable IFRS measures:

MINING OPERATIONS

Cash Operating and All-in Sustaining Costs

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

CONSOLIDATED

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

1. Refer to Note 20 of the March 31, 2023 unaudited condensed interim consolidated financial statements.

2. By-product credits exclude \$2,527 of third-party toll milling revenue.

3. Adjustment for toll milling costs includes \$10,534 of intercompany tolling costs and \$2,527 of third-party tolling costs at Lakewood Mill.

4. Average exchange rates for the three months ended March 31, 2023 and 2022 include C\$1-US\$1 of 0.74 and 0.79, respectively, and A\$1-US\$1 of \$0.68 and 0.72, respectively.

BETA HUNT

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

Operating costs (US\$) ²	\$22,324	\$18,336
Cash operating costs per ounce sold (US\$)	\$967	\$1,137

1. Refer to Note 20 of the March 31, 2023 unaudited condensed interim consolidated financial statements.

2. Average exchange rates for the three months ended March 31, 2023 and 2022 include C\$1-US\$1 of 0.74 and 0.79, respectively, and A\$1-US\$1 \$0.68 and 0.72, respectively.

HGO

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

1. Refer to Note 20 of the March 31, 2023 unaudited condensed interim consolidated financial statements.

2. By-product credits exclude \$2,527 of third-party toll milling revenue.

3. Adjustment for toll milling costs includes \$10,534 of intercompany tolling costs and \$2,527 of third-party tolling costs at Lakewood Mill.

4. Average exchange rates for the three months ended March 31, 2023 and 2022 include C\$1-US\$1 of 0.74 and 0.79, respectively, and A\$1-US\$1 of \$0.68 and 0.72, respectively.

Adjusted EBITDA and Adjusted Earnings

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

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

(in thousands of dollars except per share amounts)

For the three months ended March 31,	2023	2022
Net loss for the period - as reported	\$(2,941)	\$(3,709)
Finance expense, net	1,770	1,045
Income tax expense	1,197	1,556
Depreciation and amortization	18,386	8,754
EBITDA	18,412	7,646
Adjustments:		
Non-cash share-based payments ¹	1,674	5,768
Unrealized loss (gain) on revaluation of marketable securities ²	(1,537)	646
Other expense, net ²	54	(21)
Loss on derivatives ²	6,171	1,115

Foreign exchange loss (gain) ³	3,862	(2,951)
Adjusted EBITDA	\$28,636	\$12,203
Weighted average number of common shares - basic	174,268,927	154,440,916
Adjusted EBITDA per share - basic	\$0.16	\$0.08

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

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

(in thousands of dollars except per share amounts)

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

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

Working Capital

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

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

Compliance Statement (JORC 2012 and NI 43-101)

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

About Karora Resources

Karora is focused on increasing gold production to a targeted range of 170,000-195,000 ounces by 2024 at its integrated Beta Hunt Gold Mine and Higginsville Gold Operations ("HGO") in Western Australia. The Higginsville treatment facility is a low-cost 1.6 Mtpa processing plant, which is fed at capacity from Karora's underground Beta Hunt mine and Higginsville mines. In July 2022, Karora acquired the 1.0 Mtpa Lakewood Mill in Western Australia. At Beta Hunt, a robust gold Mineral Resource and Reserve are hosted in multiple gold shears, with gold intersections along a 4 km strike length remaining open in multiple directions. HGO has a substantial gold Mineral Resource and Reserve and prospective land package totaling approximately 1,900 square kilometers. The Company also owns the high-grade Spargos Reward project, which came into production in 2021. Karora has a strong Board and management team focused on delivering shareholder value and responsible mining, as

demonstrated by Karora's commitment to reducing emissions across its operations. Karora's common shares trade on the TSX under the symbol KRR and also trade on the OTCQX market under the symbol KRRGF.

Cautionary Statement Concerning Forward-Looking Statements

This news release contains "forward-looking information" including without limitation statements relating to the liquidity and capital resources of Karora, production guidance, full year consolidated 2022 production guidance and the potential of the Beta Hunt Mine, Higginsville Gold Operation, the Aquarius Project, the Spargos Gold Project, the Lakewood Mill, and the completion of the second Beta Hunt decline system.

Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Karora to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Factors that could affect the outcome include, among others: future prices and the supply of metals; the results of drilling; inability to raise the money necessary to incur the expenditures required to retain and advance the properties; environmental liabilities (known and unknown); general business, economic, competitive, political and social uncertainties; results of exploration programs; accidents, labour disputes and other risks of the mining industry; political instability, terrorism, insurrection or war; or delays in obtaining governmental approvals, projected cash operating costs, failure to obtain regulatory or shareholder approvals. For a more detailed discussion of such risks and other factors that could cause actual results to differ materially from those expressed or implied by such forward-looking statements, refer to Karora's filings with Canadian securities regulators, including the most recent Annual Information Form, available on SEDAR at www.sedar.com.

Although Karora has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Forward-looking statements contained herein are made as of the date of this news release and Karora disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or results or otherwise, except as required by applicable securities laws.

www.karoraresources.com

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