MANAGEMENT'S DISCUSSION AND ANALYSIS

Three Months Ended March 31, 2022 and 2021

(in thousands of Canadian dollars)

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MANAGEMENT DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis ("**MD&A**") constitutes the information and factors that management believe is relevant to understanding the consolidated financial condition and operating performance of Karora Resources Inc. and its subsidiaries ("**Karora**" or the "**Corporation**") for the three months ended March 31, 2022 and 2021. This MD&A should be read in conjunction with the Corporation's unaudited condensed interim consolidated financial statements and related notes for the three months ended March 31, 2022 and 2021, which are prepared in accordance with International Financial Reporting Standards ("**IFRS**") as applicable to the presentation of interim financial statements including International Accounting Standard ("**IAS**") 34, Interim Financial Reporting, as well as other reports filed on SEDAR. The unaudited condensed interim consolidated financial statements should also be read in conjunction with the audited consolidated financial statements and the related notes for the year ended December 31, 2021, together with the notes thereto which have also been prepared in accordance with IFRS. This MD&A contains certain forward-looking statements and reference should be made to the 'Cautionary Statement Regarding Forward-Looking Information' found at the end of this MD&A.

For the purposes of preparing this MD&A, management, in conjunction with the Board of Directors, considers information to be material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of the Corporation's common shares; or (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors.

Additional information relating to the Corporation, including its Annual Information Form for the most recently completed fiscal year is available on SEDAR at www.sedar.com. The Corporation is a reporting issuer under applicable securities legislation in each of the provinces of Canada and its outstanding common shares are listed on the Toronto Stock Exchange under the symbol "**KRR**" (OTCQX: KRRGF).

Certain non-IFRS measures are included in this MD&A. The Corporation believes that these measures provide investors an improved ability to evaluate the underlying performance of the Corporation. The non-IFRS measure should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. The non-IFRS measures do not have any standardized meaning prescribed under IFRS, and therefore may not be comparable to other issuers.

Results are reported in Canadian dollars, unless otherwise noted. Australian dollars are defined as **A$**. United States dollars are defined as **US$**. Information contained herein is presented as at May 11, 2022 unless otherwise indicated.

FIRST QUARTER 2022 HIGHLIGHTS

Financial Results

- Karora's **cash position** of $78.1 million at March, 31, 2022 remains strong even with additional utilization of capital at the new mining operations at Higginsville and accelerated exploration programs across operations as well as planned deployment of capital into the Company's growth plan.
- **Working capital**[2] of $53.8 million at March 31, 2022 decreased by $9.4 million from March 31, 2021 due to planned investment into Karora's assets as part of 2022's capital program.
- **Net loss** during the first quarter of 2022 was $3.7 million, compared to net earnings of $5.6 million for the first quarter of 2021 due to third-party toll milling, higher operating costs in part due to more ounces from HGO which have a higher cost per ounce, and a number of temporary challenging COVID-19 related conditions, including lower labour availability, higher absenteeism, and supply chain constraints.
- **Adjusted EBITDA**[2,3] was $12.2 million ($0.08 per share) for the first quarter of 2022, down $9.0 million compared to $21.2 million ($0.15 per share) in the first quarter of 2021.
- **Adjusted earnings**[2] was $1.1 million ($0.01 per share) for the first quarter of 2022, down $7.0 million compared to the first quarter of 2021.
- **Cash flow from operating activities** of $12.2 million, a 35% decrease compared to $18.7 million for the first quarter of 2021.

Production and Processing

- First quarter 2022 consolidated **Gold production** of 27,489 ounces and **Gold sales** of 26,286 ounces were on track with the mine plan and budget, despite challenging conditions. The first quarter of 2022 was impacted by lower labour availability, higher absenteeism and higher costs associated with the Western Australia state-mandated COVID-19 protocols such as COVID-19 testing, self-isolation, etc., as well as an elevated number of COVID-19 cases since the borders opened on March 3, 2022. Full year consolidated 2022 gold production guidance of 110,000 to 135,000 ounces remains unchanged (assumes no significant interruption in operations as a result of the COVID-19 virus).
- All-in sustaining cost **("AISC")**[1] was US$1,396 per ounce sold for the first quarter of 2022 which include a Nickel by-product credit of US$74 per ounce. Nickel by-products should also have a growing favorable impact on AISC costs going forward.
- Advanced engineering design is nearing completion for the Phase II mill expansion to 2.5 million tonnes per annum ("**Mtpa**") and the procurement of the SAG mill has been awarded.
- **Beta Hunt's Second Decline**, commenced in February 2022 is on schedule and progressing well with surface earthworks underway for the portal. Decline development from underground has advanced

[1,2] Non-IFRS: the definition and reconciliation of these measures are included in the Non-IFRS Measures section of this MD&A.
[3] Earnings before interest, taxes, depreciation and amortization ("**EBITDA")**

approximately 300 metres since commencing in December 2021, with development having recently broken through the ventilation drive which will allow for more rapid development going forward. The Company remains on track to complete the decline in the first half of 2023.

Resource Updates

- **Consolidated Measured and Indicated Gold Mineral Resource** totals 2.71 million ounces, an increase of 8% over the September 30, 2020 estimate. Updated Consolidated Inferred Gold Mineral Resource now totals 1.21 million ounces, representing a 43% increase. Refer to table 1. (See press release April 7, 2022).

Table 1: Gold – Consolidated Mineral Resources as at January 31, 2022

Jan-2022 Mineral Resource	Measured			Indicated			Measured & Indicated			Inferred		
	Kt	g/t	Koz	Kt	g/t	Koz	Kt	g/t	Koz	Kt	g/t	Koz
Beta Hunt	628	2.3	46	12,583	2.7	1,079	13,210	2.6	1,124	9,426	2.6	786
Higginsville	15,449	1.3	657	16,262	1.8	930	31,711	1.6	1,587	6,372	2.1	428
Total	**16,077**	**1.5**	**703**	**28,845**	**2.1**	**2,009**	**44,921**	**1.9**	**2,711**	**15,798**	**2.5**	**1,214**

Note: Refer to detailed notes below

- **Updated Measured and Indicated ("M&I") Nickel Mineral Resource** totals 19,600 nickel tonnes, an increase of 22%. Updated Inferred Mineral Resource now totals 13,200 nickel tonnes, representing a 52% increase over September 30, 2020 resource. The major contributor to the increase in Mineral Resources is the 50C Nickel Trough which was discovered by Karora in 2021 (see KRR news release, April 6, 2021).

Table 2: Nickel– Mineral Resources as at January 31, 2022 – 1% Ni lower cut-off

Jan 2022 Mineral Resource	Measured			Indicated			Measured & Indicated			Inferred		
	Kt	Ni %	Ni tonnes	Kt	Ni %	Ni tonnes	Kt	Ni %	Ni tonnes	Kt	Ni %	Ni tonnes
Beta Block	-	-	-	494	2.8	13,600	494	2.8	13,600	175	2.8	5,000
Gamma Block	-	-	-	197	3.0	6,000	197	3.0	6,000	317	2.6	8,200
Total	**-**	**-**	**-**	**692**	**2.8**	**19,600**	**692**	**2.8**	**19,600**	**492**	**2.7**	**13,200**

Note: Refer to detailed notes below

Detailed notes relating to Mineral Resource Estimates as at January 31, 2022

1. Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability. There is no certainty that all or any part of the Mineral Resources estimated will be converted into Mineral Reserves.
2. The Measured and Indicated Mineral Resources are inclusive of those Mineral Resources modified to produce Mineral Reserves.
3. The Mineral Resource estimates include Inferred Mineral Resources that are normally considered too speculative geologically to have economic considerations applied to them that would enable them to

be categorized as Mineral Reserves. There is also no certainty that Inferred Mineral Resources will be converted to Measured and Indicated categories through further drilling, or into Mineral Reserves once economic considerations are applied.

4. The Gold Mineral Resources are estimates using long term gold prices of US$1,600/oz with a US:AUD exchange rate of 0.70.
5. Gold Mineral Resources were estimated using variable cut-off grades taking into account variable operational costs: Beta Hunt and Higginsville Underground (Chalice, Trident and Aquarius) - 1.3g/t, Higginsville Open Pits (excluding Mt Henry Project) – 0.5g/t, Mt Henry Project – 0.4g/t, Spargos uses a 0.5 g/t Au cut-off grade above 300mRL and 1.6g/t below 300mRL.
6. To best represent "reasonable prospects of eventual economic extraction" the gold mineral resource for open pits has been reported within optimized pit shells at A$2,285 (US$1,600) and, for underground gold resources, areas considered sterilized by historical mining are depleted from the Mineral Resource.
7. For Nickel Mineral Resources, the models are reported within proximity to underground development and nominal 1% Ni lower cut-off grade for the nickel sulphide mineralization.
8. Classification is according to JORC Code and CIM Definition Standards Mineral Resource classification categories.
9. The models are depleted for underground mining to January 31, 2022.
10. Totals may vary due to rounded figures.

Key Milestones

- Tony Makuch has joined the Karora team as Special Advisor. (See Karora news release dated May 9, 2022.)
- Karora released it's inaugural ESG report. (See Karora news release dated April 8, 2022.)
- Karora has been included in the NYSE Ara Gold Miners Index (GDMNTR), tracked by the VanEck Vectors Gold Miners EFT (GDX). (See Karora news release dated March 22, 2022.)

DESCRIPTION OF BUSINESS

Karora is a multi-operational mineral resource company with its mining interests located in Western Australia. The portfolio includes the Beta Hunt Mine ("**Beta Hunt**"), Higginsville Gold Operations and Spargos Reward Gold Mine (together "**HGO**"). Beta Hunt is a gold producing underground operation with nickel by-product credits. Gold bearing ore from Beta Hunt is blended with HGO material for feed into the HGO treatment plant at 1.6Mtpa. Karora's mineral property interests at Beta Hunt and HGO also hosts a large historical resource inventory, substantial portfolio of gold tenements and a series of open pits and underground operations. Karora is focused on growth through sustainable organic production and further accretive acquisitions of precious metal/mineral operations. In 2021 Karora announced an organic growth plan to 185-205k ounces per year by 2024 driven by an expansion of the HGO mill to 2.5Mtpa and the addition of a second decline at Beta Hunt.

BUSINESS VALUES

Karora has adopted the following values:

- work safely;
- treat people with dignity and respect;
- respect the environment;
- be accountable to deliver on commitments;
- create lasting prosperity in the communities in which the Corporation operates; and
- generate value from our assets.

ENVIRONMENTAL AND SOCIAL GOVERNANCE (ESG)

Karora is committed to responsible and sustainable business practices in order to:

- operate in an environmentally responsible manner;
- protect health and safety of its employees and contractors; and
- improve the prospects of all stakeholders including local communities.

Karora published its inaugural Environmental Social and Governance (**ESG**) report on April 8, 2022.

INTERNATIONAL CONFLICT

On February 24, 2022, Russia commenced a military invasion of Ukraine. In response, many jurisdictions have imposed strict economic sanctions against Russia and its interests, including Canada, the United States, the European Union, the United Kingdom, and others. While we do not have any operations in Ukraine or Russia, Karora's business may be impacted by the ongoing conflict between Russia and Ukraine and the related economic sanctions. The conflict and economic sanctions may also give rise to additional indirect impacts, including increased fuel prices, supply chain challenges, logistics and transport disruptions and heightened cybersecurity disruptions and threats.

COVID-19 UPDATE

In response to the global COVID-19 pandemic, protocols and contingency plans have been established by Karora to comply with government actions and mitigate operational impacts which include the charter of our own aircraft to service our operations, review of staff rostering to run two distinctive crews, employment of a full time medical team to oversee screening and testing protocols which occur prior to travel to site and while on site, quarantine facilities established off site and the rollout of an immunization program for our workforce. Karora's management has maintained its Run of Mine ("**ROM**") stockpile levels should disruptions to the mining operations or supply chain occur in the future.

On March 3, 2022, the Western Australia border opened to both national and international travel, with limited restrictions in place for vaccinated persons. Due to the ease in restrictions Karora experienced an increase in covid and self isolation cases which led to increased costs and lower available man hours in the first quarter of 2022.

Management continues to monitor developments in order to be in a position to take appropriate actions to minimise any significant impact on the Corporation's operations including with respect to suppliers, service providers and employees due to the ongoing global COVID-19 pandemic.

OPERATING RESULTS

Operating Data

For the periods ended March 31,	Three months ended, **2022**	2021
Gold Operations (Consolidated)		
Tonnes milled (000s)	**394**	371
Recoveries	**94%**	93%
Gold milled, grade (g/t Au)	**2.31**	2.16
Gold produced (ounces)	**27,489**	24,694
Gold sold (ounces)	**26,286**	25,547
Average exchange rate (USD/CAD)	**1.2662**	**1.2660**
Average realized price (US $/ounce sold)	**$1,905**	$1,762
Cash operating costs (US $/oz sold)[1]	**$1,310**	$952
All-in sustaining cost (AISC) (US $/oz sold)[1]	**$1,396**	$1,049
Gold (Beta Hunt Mine)		
Tonnes milled (000s)	**233**	233
Gold milled, grade (g/t Au)	**2.42**	2.63
Gold produced (ounces)	**17,109**	18,261
Gold sold (ounces)	**16,128**	18,754
Cash operating cost (US $/oz sold)[1]	**$1,137**	$899
Gold (HGO Mine)		
Tonnes milled (000s)	**161**	138
Gold milled grade (g/t Au)	**2.12**	1.57
Gold produced (ounces)	**10,380**	6,433
Gold sold (ounces)	**10,158**	6,793
Cash operating cost (US $/oz sold)[1]	**$1,586**	$1,100

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

Karora is pleased to have delivered 27,489 gold ounces production in the first quarter of 2022, despite the tremendous challenges faced due to COVID-19, marking the twelfth consecutive quarter of strong operational delivery. Gold production in the first quarter of 2022 increased by 11% compared to the first quarter of 2021, which was delivered at an 8% higher average sales price compared to the previous year.

The mill blend at HGO mill during the first quarter of 2022 comprised approximately 62% material from the Beta Hunt underground mine with an average grade of 2.42g/t, with the remaining 38% feed coming from the HGO operations at an average grade of 2.12g/t.

Karora's first quarter 2022 cash costs[1] were US$1,310 per ounce, an increase of US$349 per ounce compared to the prior quarter. Continued input cost pressures caused by Covid-19, tightened the labour market and restricted supply chain which impacted all miners in Western Australia during the quarter. Nickel by-product credits reduced cash costs by US$74 per ounce and should have a growing favorable impact on cash costs as nickel production increases.

BETA HUNT MINE OPERATIONS REVIEW

Beta Hunt mined 227,990 tonnes during the first quarter of 2022 at an average grade of 2.45 g/t containing 17,992 ounces of gold, which was directly in li

ne with the first quarter of 2021. The majority of the scheduled mined tonnes during the first quarter came from Western Flanks and A Zone via several large, lower grade stopes which is in line with the mine plan for 2022. As flagged when guidance was released, a stronger second half of the year is anticipated.

Nickel production remains temporarily limited to remnant nickel resources south of the Alpha Island Fault, Beta Hunt mined nickel 5,243 tonnes at an estimated nickel grade of 2.13% during the first quarter of 2022.

HIGGINSVILLE GOLD OPERATIONS REVIEW

HGO mined 108,655 tonnes during the first quarter of 2022, 33% lower than the first quarter of 2021, at an average grade of 2.37 g/t containing 8,287 ounces of gold. Lower tonnes were based on mines in operation in 2022 compared to 2021, mining sequencing, and impact of available personnel and contractors in the first quarter of 2022 due to COVID-19 impacts.

Planned production ramped up at the Spargos open pit mine replacing the Hidden Secret and Baloo open pits which have both ceased production as per the mine plan. Planning and approvals are underway to extend the Spargos open pit at depth. Two Boys and Aquarius underground operations also contributed to mined tonnes and ounces.

HGO MILL OPERATIONS

Tonnes milled at the HGO mill and a third-party mill during the first quarter of 2022 were 394,230 (59% from Beta Hunt and 41% from HGO), a 6% increase in tonnes compared to the first quarter of 2021, at an average grade of 2.31 g/t. Recovered gold was 27,489 ounces. In the first quarter of 2022, a third-party mill processed approximately 60,000 ore tonnes and recovered 2,788 ounces. Total gold ounces sold were 26,286 ounces during the first quarter of 2022.

The Phase II mill upgrade is under way with the new SAG mill awarded. The upgrade is expected to increase production capacity by approximately 56% (2,465 tonnes per day) to 2.5 million tonnes per annum.

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

Figure 1: Higginsville Processing Plant (Image Credit: Simon Locket)

Cautionary Statement:

A production decision at HGO was made by previous operators of the mine, prior to the completion of the acquisition of HGO by Karora, and Karora made a decision to continue production subsequent to the acquisition. This decision by Karora to continue production and, to the knowledge of Karora, the prior production decisions were not based on a feasibility study of mineral reserves, demonstrating economic and technical viability, and, as a result, there may be an increased uncertainty of achieving any particular level of recovery of minerals or the cost of such recovery, which include increased risks associated with developing a commercially mineable deposit. Historically, such projects have a much higher risk of economic and technical failure. There is no guarantee that anticipated production costs will be achieved. Failure to achieve the anticipated production costs would have a material adverse impact on the Corporation's cash flow and future profitability. Readers are cautioned that there is increased uncertainty and higher risk of economic and technical failure associated with such production decisions.

EXPLORATION

BETA HUNT EXPLORATION

During the first quarter of 2022, Beta Hunt's drilling totalled 5,884 meters under its exploration and resource definition program, undertaken by up to 3 underground and 1 surface diamond rig.

	Exploration	Resource Development	Total Metres
Gold	3,050	2,062	5,112
Nickel	772	-	772
Total	3,822	2,062	5,884

During the first quarter of 2022, gold exploration and resource definition drilling at Beta Hunt focused on extending the northern strike of A Zone, testing down-dip extensions of Western Flanks and infill drilling of Western Flanks South. Nickel exploration and resource definition activities targeted extensions to the 25C nickel trough in the Beta Block following the completion of the Gamma Block drilling program.

Results reported during the Quarter are summarised below:

Gold

Larkin Zone

- Following initial discovery in September 2020, a new Gold Mineral Resource for the Larkin Zone was announced. Measured and Indicated Mineral Resource of 1.44 million tonnes grading 2.6 g/t (119,000 ounces) and Inferred 2.17 million tonnes grading 2.3 g/t (162,000 ounces).

  The Mineral Resource is located south of the Alpha Island Fault (AIF) in the Beta Block and represents Karora's first resource south of this Fault and is interpreted as the southern off-set extension to the Western Flanks deposit (Figure 2). The Larkin Zone has been delineated to a strike length of over 1,000 metres and a depth of 150 metres and remains open along strike to the south and at depth, providing significant potential for further expansion as the drill program at Beta Hunt continues.

  The Larkin Mineral Resource incorporates both historical nickel holes and more recent drilling targeted at the Larkin Zone and includes the results of 286 holes. Gold mineralization in the Larkin Zone is hosted in the Lunnon Basalt below the 30C nickel trough and comprises a series of mineralized sheared, veined and altered zones steeply dipping to the west, and striking north north-west. The exception to this is a western footwall mineralized pod which strikes west-northwest in contrast to the general Beta Hunt mineralized trend. Mineralized lenses vary in thickness from 1 metre to 15 metres wide. The Larkin Zone is mineralized over approximately 1.1 kilometres of strike length with the northern part containing the higher grade and greater thickness in multiple lenses.

A Zone and Western Flanks

- Results from the Western Flanks drilling, both along strike and down-dip, upgraded and extended both the northern and southern margins of the September 2020 Inferred Mineral Resource. Both the A zone and Western Flanks remain open down-dip with the A Zone still open to the north.

  Holes drilled to test the extension of the Fletcher Trend (see below) were also designed to intersect the Western Flanks Zone in the early part of each hole with assay results[1] detailed below, supporting as well as upgrading, the existing Western Flanks Mineral Resource:

  - AF18LV-07AE: 2.7 g/t over 19.6 metres, including 5.5g/t over 6.4 metres
  - AF18LV-16AE: 2.3 g/t over 28.2 metres, including 6.5g/t over 6.3 metres

  1. Estimated true widths.

- Results from a surface diamond drillhole, SAZ-001-AE, drilled to test for the northern extension of the A Zone Mineral Resource, intersected thin, extensional to brecciated quartz carbonate veining in a strongly biotite altered basalt with disseminated pyrite associated with an intersection of 1.7 g/t over 6.4 metres (estimated true width) in the A Zone position, 80 metres from the most northerly drill intersection. This has provided strong encouragement for the A Zone Mineral Resource to continue to extend north and up-dip from the existing Mineral Resource.

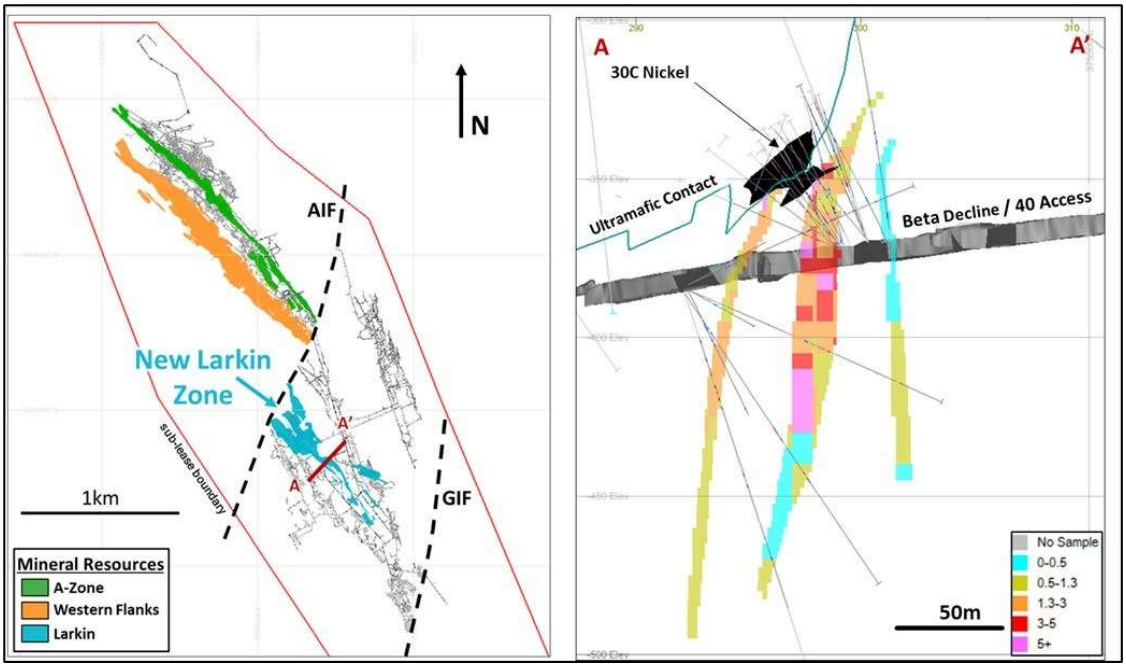

Figure 2(A): Beta Hunt Gold Resource plan highlighting location of new Larkin Zone Mineral Resource; Figure 2(B): Cross-section through central Larkin Zone showing resource block model with gold grades

Gold Mineral Resource Upgrade

- Success in expanding the Beta Hunt Mineral Resource is a critical component of Karora's growth plan to increase production to the guided range of 185,000-205,000 ounces annually by 2024. In the first quarter

of 2022, the Corporation has increased it's Measured, Indicated and Inferred Mineral Resources by 318,000 ounces which lead the way in achieving increased future production.

- As at January 31, 2022, Measured and Indicated Mineral Resources totaled 13.21 million tonnes grading 2.6 g/t for 1,124,000 ounces, an increase of 69,000 ounces, or 7% compared to the 2020 Measured and Indicated Mineral Resource estimate.

- As at January 31, 2022, Inferred Mineral Resources totaled 9.43 million tonnes grading 2.6 g/t for 786,000 ounces, an increase of 249,000 ounces, or 46%, compared to the 2020 Inferred Mineral Resource estimate. The Beta Hunt Mineral Resource estimate is net of mine production depletion of 1.16 million tonnes grading 2.9 g/t for 108,000 ounces over the period October 1, 2020 to January 31, 2022.

Table 3: Beta Hunt Gold Mineral Resources as at 31 January, 2022

Jan 2022 Mineral Resource	Measured			Indicated			Measured & Indicated			Inferred		
	Kt	g/t	Koz	Kt	g/t	Koz	Kt	g/t	Koz	Kt	g/t	Koz
Western Flanks	315	2.4	25	8,446	2.8	747	8,762	2.7	772	4,959	2.7	437
A Zone	312	2.1	21	2,696	2.5	212	3,008	2.4	233	2,297	2.5	187
Larkin Zone	0	0	0	1,441	2.6	119	1,441	2.6	119	2,170	2.3	162
Total	**627**	**2.3**	**46**	**12,583**	**2.7**	**1,078**	**13,211**	**2.6**	**1,124**	**9,426**	**2.6**	**786**

Fletcher Zone

- Exploration drilling results have materially extended the strike length of gold mineralization to over 500 metres in strike length and over a 150 metre vertical extent at the Fletcher Zone, with strike potential of up to 2 kilometres while remaining open at depth. Significant mineralization intercepts include:

    - AF18LV-07AE: 3.3 g/t over 9.5 metres, including 5.5 g/t over 4.4 metres
    - AF18LV-16AE: 18.6 g/t over 0.8 metres and 0.6 g/t over 3.3 metres

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

Gamma Block

- New exploration drilling completed south of the recently discovered Gamma Block gold mineralization, located at the southern extent of the existing mine development, encountered further encouraging results. The holes drilled served a dual purpose: to test both the 50C Nickel trough and the underlying Gamma Block gold mineralization. Although Gamma and 50C can be mined separately, they are close enough to be accessed from the same level of development potentially reducing cost and access time to mine both areas. Significant gold results from the drilling include:

    - G50-22-009NR: 3.4g/t over 33.6 metres including 6.0 g/t over 10.5 metres and 6.1 g/t over 3.8 metres
    - G55-22-006NR: 7.6 g/t over 8.4 metres, including 12.1 g/t over 4.6 metres
    - G50-22-012NE: 12.9g/t over 2.0 metres

    1. Downhole intervals. True widths cannot be determined with currently available information.

The Gamma (gold) and 50C (nickel) highlight the exciting potential south of the Alpha Island ("AIF") and Gamma faults at Beta Hunt.

Drilling at Beta Hunt will continue to extend and upgrade the Western Flanks, A Zone and new Larkin Zone resources. In addition, exploration drilling will test along strike continuity of the Fletcher Zone and target parallel mineralized zones to the Larkin Zone in the Beta Block and interpreted shears parallel to the A Zone in the Hunt Block. Drill planning is also underway to follow-up the recently announced gold intersections in the Gamma Block.

Nickel

Gamma Block - 50C and 10C Nickel Troughs

- All results for the Gamma Block drill program were received. The drill program was designed to test and extend the recently discovered 50C nickel trough and upgrade the 10C nickel Mineral Resource. Drilling totaled 40 holes for 6,505 metres.

Results reported during the Quarter are summarised below:

- Nickel exploration results from the 50C nickel trough have extended the known strike length to over 200 metres and up to 120 metres in width. The new results include drilling along strike of the 50C discovery and the parallel 10C nickel trough. The new 50C nickel discovery is located 140 metres from existing mine development. Some of the high grade intersections include:
    - G50-22-011NR: 3.2% Ni over 3.1 metres[1]
    - G50-22-004NR: 2.1% Ni over 7.5 metres[1], including 4.0% Ni over 3.0 metres
    - G55-22-006NR: 5.1% Ni over 2.1 metres
    - G50-22-014NE: 3.7% Ni over 2.0 metres
    - G50-22-010NR: 2.7% Ni over 3.2 metres
    - G50-22-002NE: 1.3% Ni over 1.6 metres

    1. Downhole intervals. True widths cannot be determined with currently available information.

- The 10C nickel trough is a parallel trough east of the 50C and is part of the Beta South Mineral Resource. The 10C drill program was designed to upgrade the existing Inferred Mineral Resource and extend known nickel mineralization. The atypical thickness in this intersection is believed to be due to thrust-related stacking of the nickel sulphide horizon. This is not an unusual geological setting at Beta Hunt where this type of structural repetition is evident from historical mining of these nickel deposits. Significant results[1] returned to date from the 10C drilling are highlighted below:
    - G10-22-008NR: 3.8% Ni over 10.9 metres, including 5.2% Ni over 3.8 metres
    - G10-22-011NR: 4.2% Ni over 3.0 metres
    - G10-22-007NR: 3.3% Ni over 2.2 metres
    - G10-22016NR: 3.3% Ni over 2.3 metres

    1. Downhole intervals. True widths cannot be determined with currently available information.

- Nickel mineralization in the Beta Hunt Gamma Block remains open to the southeast beyond the 10C trough and newly defined 50C trough. The potential for more extensive strike lengths exist and is supported by a historic drill intersection of 11.4% Ni over 9.5 metres which is located approximately one kilometre southeast of current drilling.

30C Nickel Trough

Results reported during the Quarter are summarised below:

- Nickel results were received for drill holes designed to extend and upgrade the 30C nickel resource. Results from the 30C drilling provide encouragement for an extension of the current Mineral Resource and include the significant results[1] listed below:
    - B30-19-008NR: 2.0% Ni over 8.9 metres
    - B30-19-018NR: 2.4% Ni over 2.3 metres
    - B30-19-020NR: 3.9% Ni over 1.3 metres

1. Downhole intervals. True widths cannot be determined with currently available information.

Nickel Mineral Resource Upgrade

- At January 31, 2022, Measured and Indicated Mineral Resources totaled 692k tonnes grading 2.8% Ni for 19,600 Ni tonnes an increase of 3,500 Ni tonnes, or 22% compared to the September 2020 Measured and Indicated Mineral Resource estimate. At January 31, 2022, Inferred Mineral Resources totaled 492k tonnes grading 2.7% Ni for 13,200 Ni tonnes an increase of 4,500 Ni tonnes, or 52%, compared to the September 2020 Inferred Mineral Resource estimate.

Table 4: Beta Hunt Nickel Mineral Resources as at January 31, 2022

Jan 2022 Mineral Resource	Measured			Indicated			Measured & Indicated			Inferred		
	Kt	Ni %	Ni tonnes	Kt	Ni %	Ni tonnes	Kt	Ni %	Ni tonnes	Kt	Ni %	Ni tonnes
Beta Block	-	-	-	494	2.8	13,600	494	2.8	13,600	175	2.8	5,000
Gamma Block	-	-	-	197	3.0	6,000	197	3.0	6,000	317	2.6	8,200
Total	**-**	**-**	**-**	**692**	**2.8**	**19,600**	**692**	**2.8**	**19,600**	**492**	**2.7**	**13,200**

Note: Refer to detailed notes below

Detailed notes relating to Mineral Resource Estimates as at January 31, 2022

1. Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability. There is no certainty that all or any part of the Mineral Resources estimated will be converted into Mineral Reserves.
2. The Measured and Indicated Mineral Resources are inclusive of those Mineral Resources modified to produce Mineral Reserves.
3. The Mineral Resource estimates include Inferred Mineral Resources that are normally considered too speculative geologically to have economic considerations applied to them that would enable them to be categorized as Mineral Reserves. There is also no certainty that Inferred Mineral Resources will be converted to Measured and Indicated categories through further drilling, or into Mineral Reserves once economic considerations are applied.
4. The Gold Mineral Resources are estimates using long term gold prices of US$1,600/oz with a US:AUD exchange rate of 0.70.
5. Gold Mineral Resources were estimated using variable cut-off grades taking into account variable operational costs: Beta Hunt and Higginsville Underground (Chalice, Trident and Aquarius) - 1.3g/t, Higginsville Open Pits (excluding Mt Henry Project) – 0.5g/t, Mt Henry Project – 0.4g/t, Spargos uses a 0.5 g/t Au cut-off grade above 300mRL and 1.6g/t below 300mRL.
6. To best represent “reasonable prospects of eventual economic extraction” the gold mineral resource for open pits has been

reported within optimized pit shells at A$2,285 (US$1,600) and, for underground gold resources, areas considered sterilized by historical mining are depleted from the Mineral Resource.

7. For Nickel Mineral Resources, the models are reported within proximity to underground development and nominal 1% Ni lower cut-off grade for the nickel sulphide mineralization.
8. Classification is according to JORC Code and CIM Definition Standards Mineral Resource classification categories.
9. The models are depleted for underground mining to January 31, 2022.
10. Totals may vary due to rounded figures.

HIGGINSVILLE EXPLORATION

Activities focused on resource definition drilling which totaled 12,660 metres during the first quarter of 2022. Drilling operations comprised up to three drill rigs operating at any one time during the quarter. (1 surface diamond rigs, 1 RC rig, 1 underground diamond rig).

	Exploration	Resource Development	Total Metres
Higginsville Central	-	9,060	9,060
Higginsville Greater	-	3,600	3,600
Total	-	12,660	12,660

- Resource definition focused on infilling and extending near-mill resources within the Higginsville Central area. Deposits drilled included Hidden Secret, Pioneer, Poseidon South, Fairplay and Aquarius. Within Higginsville Greater, drilling was targeted at upgrading the deeper, inferred section of the Spargos deposit to assess underground potential. Available results from the drilling were used to update existing mineral resources and produce a new mineral resource at Aquarius.

- A new Exploration team was established during the Quarter. Inspection of area for heritage, remnant of peoples over priority exploration drill prospects commenced, with the initial survey completed over the Greater Spargos Project area. Inspections and surveys of heritage are required to facilitate drill testing in areas not previously/recently surveyed.

- As at January 31, 2022, Measured and Indicated Gold Mineral Resources at Higginsville totaled 31.71 million tonnes grading 1.6 g/t for 1,587,000 ounces, an increase of 121,000 ounces, or 8%, compared to the September 30, 2020 Measured and Indicated Resource of 1,466,000 ounces. This increase mainly reflects a successful 2021 drilling campaign which supported the upgrade of the Historical Spargos Mineral Resource into Karora's Consolidated Mineral Resource.

- As at January 31, 2022, Inferred Mineral Resources totaled 6.37 million tonnes grading 2.1 g/t for 428,000 gold ounces, an increase of 118,000 ounces, from the September 2020 Inferred Mineral Resource estimate of 310,000 ounces. The consolidated Higginsville Mineral Resource is net of mine production depletion of 0.6 million tonnes grading 2.1 g/t for 41,000 ounces over the period October 1, 2020 to January 31, 2022.

- Spargos Reward Mineral Resource was updated to Measured and Indicated for 1.01 million tonnes @ 3.0 g/t for 105,000 ounces and Inferred of 0.40 million tonnes @ 3.5g/t for 45,000 ounces, adding to the overall Consolidated Mineral Resource.

- Exploration and resource definition drilling at Higginsville is planned to upgrade and extend short-term mining production targets (0 – 2 years) complemented by a strong commitment to greenfields exploration targeting significant new discoveries. The initial drilling focus for 2022 resource definition includes extensional and infill drilling to potentially support an underground mine at Spargos and ongoing extensional drilling around the existing underground mines at Two Boys and Aquarius within the Higginsville Central area.

Table 4: Higginsville Gold Mineral Resources as of January 31, 2022

January-2022 Mineral Resource	Measured			Indicated			Measured & Indicated			Inferred		
	Kt	g/t	Koz	Kt	g/t	Koz	Kt	g/t	Koz	Kt	g/t	Koz
HGO Central	847	3.1	85	3,380	2.8	307	4,227	2.9	392	1,724	3.1	172
HGO Greater	12,224	1.3	514	12,882	1.5	624	25,106	1.4	1,137	4,647	1.7	256
Stockpiles	2,378	0.8	58				2,378	0.8	58			
Total	**15,449**	**1.3**	**657**	**16,262**	**1.8**	**931**	**31,711**	**1.6**	**1,587**	**6,371**	**2.1**	**428**

Note: Refer to detailed notes below

Detailed Footnotes relating to Mineral Resource Estimates as at January 31, 2022

1. *Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability. There is no certainty that all or any part of the Mineral Resources estimated will be converted into Mineral Reserves.*
2. *The Measured and Indicated Mineral Resources are inclusive of those Mineral Resources modified to produce Mineral Reserves.*
3. *The Mineral Resource estimates include Inferred Mineral Resources that are normally considered too speculative geologically to have economic considerations applied to them that would enable them to be categorized as Mineral Reserves. There is also no certainty that Inferred Mineral Resources will be converted to Measured and Indicated categories through further drilling, or into Mineral Reserves once economic considerations are applied.*
4. *The Gold Mineral Resource are estimated using a long term gold price of US$1,600/oz with a US:AUD exchange rate of 0.70.*
5. *Gold Mineral Resources were estimated using variable cut-off grades taking into account variable operational costs: Beta Hunt and Higginsville Underground (Chalice, Trident and Aquarius) - 1.3g/t, Higginsville Open Pits (excluding Mt Henry Project) – 0.5g/t, Mt Henry Project – 0.4g/t, Spargos uses a 0.5 g/t Au cut-off grade above 300mRL and 1.6g/t below 300mRL.*
6. *To best represent "reasonable prospects of eventual economic extraction" the mineral resource for open pits has been reported within optimized pit shells at A$2,285 (US$1,600) and, for underground resources, areas considered sterilized by historical mining are depleted from the Mineral Resource.*
7. *Mineral Resource tonnage and contained metal have been rounded to reflect the accuracy of the estimate, and numbers may not add due to rounding.*

FINANCIAL RESULTS

(in thousands of dollars except per share amounts)

For the three months ended March 31,	**2022**	2021 [2]	Change
Revenue	**$65,272**	$59,284	$5,988
Production and processing costs	**42,436**	29,301	13,135
Royalty expense	**3,634**	3,755	(121)
General and administrative: share-based compensation	**5,964**	1,290	4,674
General and administrative: other	**6,803**	4,870	1,933
Depreciation and amortization	**8,754**	7,283	1,471
Operating earnings (loss)	**(2,319)**	12,785	(15,104)
Other expenses (income), net	**(166)**	2,449	(2,615)
Earnings (loss) before income tax	**(2,153)**	10,336	(12,489)
Income tax expense	**1,556**	4,712	(3,156)
Net earnings (loss)	**(3,709)**	5,624	(9,333)
Net earnings (loss) per share - basic	**$(0.02)**	$0.04	$(0.06)
Net earnings (loss) per share - diluted	**$(0.02)**	$0.04	$(0.06)
Adjusted EBITDA[1]	**12,203**	21,210	(9,007)
Adjusted EBITDA per share[1] - basic	**$0.08**	$0.15	$(0.07)
Adjusted earnings [1]	**1,120**	8,087	(6,967)
Adjusted earnings per share - basic [1]	**$0.01**	$0.06	$(0.05)

1. Non-IFRS: the definition and reconciliation of these measures are included in the Non-IFRS Measures of this MD&A.
2. Adjusted EBITDA revised to conform to current year's presentation.

Three months ended March 31, 2022, compared with three months ended March 31, 2021.

REVENUE

For the three months ended March 31, 2022, the Corporation generated revenue of $65.3 million of which HGO contributed $24.3 million and Beta Hunt contributed $41.0 million. During the comparable period in 2021, the Corporation generated revenue of $59.3 million of which HGO contributed $15.2 million and Beta Hunt contributed $44.1 million. This increase in revenue was the result of higher gold ounces sold and higher average realized prices on ounces sold which increased by 3% and 8%, respectively.

PRODUCTION AND PROCESSING COSTS

For the three months ended March 31, 2022, production and processing costs, after adjustments for changes in inventories, were $42.4 million compared to $29.3 million in the comparable period in 2021. Production and processing costs include mining, processing, surface services and other mine general and administrative costs. The increase in total costs was in part due to the mix of ore processed in the period with an increased percentage from HGO which is higher cost, toll milling ore through a third party mill at a cost of $1.6 million for 1,651 ounces sold in the quarter from the outturn, higher input cost pressures from a tight labour market, supply chain restrictions associated with COVID-19, as well as higher tonnes mined and tonnes processed. As noted above, the Corporation had an increase in ounces sold of 3% which contributed to higher production and processing costs.

ROYALTY EXPENSE

Royalties for the three months ended March 31, 2022 were $3.6 million compared to $3.8 million for the comparable period in 2021.

GENERAL AND ADMINISTRATIVE

For the three months ended March 31, 2022, General and Administrative: other was an expense of $6.8 million compared to $4.9 million for the comparable period in 2021. The increase in General and administrative: other was the result of higher employee and contractor compensation, professional fees and office and general expenses of $0.7 million, $0.6 million and $0.4 million, respectively.

SHARE-BASED COMPENSATION

For the three months ended March 31, 2022, General and administrative: share-based compensation was an expense of $6.0 million compared to $1.3 million for the comparable period in 2021. The increase was primarily due to the share price which increased by 50% for the first quarter in 2022 compared to a decrease of 10% for the comparative period in 2021.

DEPRECIATION AND AMORTIZATION

Depreciation and amortization expense, after adjustments for changes in inventories, for the three months ended March 31, 2022 was $8.8 million compared to $7.3 million for the comparable period in 2021. The increase in depreciation and amortization was primarily due to a significantly higher balance of depreciable assets during the first quarter of 2022 compared to the comparable period in 2021 as well as higher gold production.

OTHER EXPENSES, NET

For the three months ended March 31, 2022, other expenses, net decreased by $2.6 million. The decrease in expenses was primarily due to foreign exchange gains of $3.0 million for the three months ended March 31, 2022 compared to a loss of $4.6 million in the comparable period in 2021. The foreign exchange movement is non-cash and primarily relates to the translation of intercompany loan balances between the Australian entities and the Canadian parent. In the first quarter of 2022, there was also a loss on derivatives of $1.1 million compared to a gain of $2.9 million for the comparable period in 2021.

INCOME TAX EXPENSE

For the three months ended March 31, 2022, income tax expense was $1.6 million compared to $4.7 million for the comparable period in 2021, a decrease of $3.1 million. The primary reason for the decrease was due to lower taxable income at the Australian operations which gave rise to a significant decrease in tax expense.

NET EARNINGS (LOSS)

Net loss for the three months ended March 31, 2022 was $3.7 million compared to net earnings of $5.6 million for the comparable period in 2021, a decrease of $9.3 million. The decrease was mainly attributable to increases in production and processing costs, general and administrative costs and depreciation and amortisation.

KARORA RESOURCES

SUMMARY OF QUARTERLY RESULTS

(in thousands of dollars)	2022	2021				2020		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Revenues	$65,272	$66,972	$68,360	$69,570	$59,284	$69,349	$59,405	$56,100
Net earnings (loss)	($3,709)	$6,112	$10,340	$5,391	$5,624	$42,906	$34,867	$9,818
Net earnings (loss) per share - basic	($0.02)	$0.04	$0.07	$0.04	$0.04	$0.30	$0.24	$0.07
Net earnings (loss) per share - diluted	($0.02)	$0.04	$0.07	$0.04	$0.04	$0.28	$0.24	$0.07

Quarterly results vary in accordance with the Corporation's revenues which are affected by gold price and ounces sold, production and processing costs, royalty expense, exploration, development, acquisition and financing activities. Historically, exploration and evaluation expenses, share-based compensation expenses, changes in the fair value of derivatives and foreign exchange variations had the most significant impact on the Corporation's quarterly results, followed by general and administrative expenses and royalty expenses. Fluctuations in the Canadian dollar, which is the Corporation's presentation currency, against the US dollar and Australian dollar will also continue to affect the Corporation's quarterly results revenue and operating costs, which are denominated in US or Australian dollars.

LIQUIDITY AND CAPITAL RESOURCES

CASH FLOWS

(in thousands of dollars)

For the three months ended March 31,	**2022**	2021	Change
Cash provided by operations prior to changes in working capital	**$12,201**	$20,998	$(8,797)
Changes in non-cash working capital	**296**	(2,340)	2,636
Asset retirement obligations	**(347)**	-	(347)
Cash provided by operating activities	**12,150**	18,658	(6,508)
Cash used in investing activities	**(24,739)**	(18,276)	(6,463)
Cash provided used in financing activities	**(1,017)**	(2,091)	1,074
Effect of exchange rate changes on cash and cash equivalents	**701**	(1,239)	1,940
Change in cash and cash equivalents	**$(12,905)**	$(2,948)	$(9,957)

OPERATING ACTIVITIES

For the three months ended March 31, 2022, cash provided by operating activities, prior to changes in non-cash working capital, was $12.2 million compared to cash provided of $21.0 million for the same period in 2021, representing a decrease of $8.7 million. The decrease is primarily due to lower operating earnings as a result of higher production and processing costs. Changes in non-cash working capital provided cash of $0.3 million during the three months ended March 31, 2022, which reflect a net change in receivables, inventories and payables and accrued liabilities at the end of the period.

INVESTING ACTIVITIES

Investing activities for the three months ended March 31, 2022 reflected a use of cash of $24.7 million, an increase of $6.5 million. The primary outflows for the three months ended March 31, 2022 were for the acquisition of property, plant and equipment and mineral property interests of $24.8 million which forms part of the capital expansion and growth plan and was higher than the prior year by $6.6 million.

FINANCING ACTIVITIES

For the three months ended March 31, 2022, financing activities reflected a net use of cash of $1.0 million compared to $2.1 million in the comparable period in 2021 resulting in a net decrease of $1.1 million. The decrease was mainly due to an increase in cash received from the exercise of options and warrants partially offset by higher payments for leases. Furthermore, the prior year had a cash outflow of $0.6 million in respect of a share repurchase plan.

As a result of the foregoing activities, for the three months ended March 31, 2022, operating, investing and financing activities used cash of $12.9 million compared to $2.9 million in the comparable period in 2021. Furthermore, the decrease to cash provided from operating, investing and financing activities include a favorable change of $0.7 million due to the effect of exchange rate changes on cash and cash equivalents during 2021.

CAPITAL RESOURCES

(in thousands of dollars)	**March 31, 2022**	December 31, 2021
Cash and cash equivalents	**$78,100**	$91,005
Working capital [1]	**53,806**	64,447
Property, plant and equipment and mineral property interests	**315,074**	300,680
Total assets	**441,899**	436,333
Current liabilities excluding current portion of financial liabilities [2]	**65,965**	64,570
Non-current liabilities excluding non-current portion of financial liabilities [2]	**79,593**	78,762
Financial liabilities (current and non-current) [2]	**41,924**	41,636
Total liabilities	**187,482**	184,968
Shareholders' equity	**254,417**	251,365

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

As at March 31, 2022, the Corporation had a working capital[1] of $53.8 million compared to a $64.4 million as at December 31, 2021, a decrease of $10.6 million. The decrease to working capital[1] was a result of decreases in cash and cash equivalents of $12.9 million offset by an increase in inventories of $3.6 million and a decrease in accounts payable and accrued liabilities of $2.1 million.

Total assets as at March 31, 2022 increased by $5.6 million compared to December 31, 2021, primarily due to an increases in property, plant and equipment and mineral property interests of $14.4 million and inventories of $3.6 million partially offset by a reduction in cash and cash equivalents of $12.9 million.

Total liabilities as at March 31, 2022 increased by $2.5 million compared to the period ended December 31, 2021. This increase is primarily due to increases in share incentive plan liabilities of $3.2 million and deferred tax liabilities of $2.0 million partially offset by a decrease in accounts payable and accrued liabilities of $2.2 million.

The Corporation has reduced its interest cost by negotiating a rate decrease in December 2021 on its outstanding debt but still intends to refinance its existing $30 million debt facility to lower its interest costs further. The Corporation's future financing efforts may be affected by several factors including, but not limited to, general economic conditions and volatility in the capital markets.

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

OUTLOOK

The outlook and financial targets only relate to the 2022 to 2024 period. This outlook includes forward-looking information about the Corporation'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 our achievement of the results and targets discussed in this section. The Corporation may update the outlook depending on changes in metal prices and other factors.

MULTI-YEAR GROWTH PLAN AND 2021-2024 GUIDANCE

On June 28, 2021 the Corporation announced three-year production guidance as part of a multi-year growth plan that is expected to see gold production increase from 99,249 ounces in 2020 to a range of 185,000 – 205,000 ounces in 2024 at an AISC[1] of US$885 – US$985 per ounce sold. On February 7, 2022 the Corporation announced production guidance for 2022 is between 110,000 to 135,000 ounces of gold at an AISC[1] of US$950 to US$1,050 per ounce sold and a payable nickel production guidance of 450 to 550 tonnes which will be treated as a by-product credit in AISC[1]. The growth plan and 2022 guidance assumes no significant disruption in operations as a result of the COVID-19 virus, world events and any associated regulatory actions.

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

Table 1 below outlines production, cost and capital investment guidance for 2022-2024.

Table 1 – Consolidated Multi-Year Guidance to 2024

Production & Costs		**2022**	**2023**	**2024**
Gold Production	Koz	110 – 135	150 – 170	185 - 205
All-in sustaining costs	US$/oz	950 – 1,050	890 – 990	885 - 985
Capital Investments				
Sustaining Capital	A$ (Million)	8 – 13	11 – 16	18 - 23
Growth Capital	A$ (Million)	45 – 55	47 – 57	30 - 40
Exploration & Resource	A$ (Million)	21 – 24	22 – 25	20 - 23

(1) 2021 Guidance, announced in January 2021 (see Karora news release dated January 19, 2021), and 2022 guidance update on February 7, 2022 (see Karora news release dated February 7, 2022). This production guidance through 2024 is based on the 2020 year-end Mineral Reserves and Mineral Resources announced on December 16, 2020.

(2) The Capital Investment amounts listed above, which the Corporation expects to fund with cash on hand and cashflow from operations, includes the capital required during the applicable periods to expand the capacity of the Higginsville mill to 2.5 Mtpa. See below for further detail regarding this expansion.

(3) The material assumptions associated with the expansion of Beta Hunt mining production rate to 2.0 Mtpa in 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 trucking fleet. The Capital Investment amounts listed above, which the Corporation expects to fund with cash on hand and cashflow from operations, include the capital required during the applicable periods to fund this production expansion. See below for further detail regarding this expansion.

(4) The Corporation'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 Corporation, no significant events which impact operations, such as COVID-19, nickel price of US$16,000 per tonne, as well as an A$ to US$ exchange rate of 0.78 and A$ to C$ exchange rate of 0.91. 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 general and administrative costs and excludes share-based payment expense.

(8) See "Non-IFRS Measures" section set out at the end of this MD&A.

Advanced internal study work and detailed engineering is progressing ahead of a formal construction decision by the Board of Directors.

OUTSTANDING SHARE DATA

As at May 11, 2022, the Corporation had 155,260,447 common shares issued and outstanding and had the following securities outstanding, which are exercisable for common shares:

As at May 11, 2022, the Corporation had	Number of Securities
Stock options	1,759,594

As at May 11, 2022, the Corporation had the following securities outstanding, which are redeemable, at the option of the holder, for cash and/or common shares:

	Number of Securities
Deferred share units	449,487
Restricted share units	2,090,932
Performance share units	1,459,806

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

OFF-BALANCE SHEET ARRANGEMENTS

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

PROPOSED TRANSACTIONS

From time to time, in the normal course of business, the Corporation considers potential acquisitions, joint ventures, and other opportunities. The Corporation will disclose such an opportunity if and when required under applicable securities rules.

SUBSEQUENT EVENTS

As of the date of this MD&A, the Corporation does not have any subsequent events.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of audited consolidated financial statements in conformity with IFRS requires management to apply accounting policies and make estimates and assumptions that affect amounts reported in the consolidated financial statements and accompanying notes. There is disclosure of the Corporation's critical accounting policies and accounting estimates in note 3 of the audited consolidated financial statements for the year ended December 31, 2021.

There were no changes to the accounting policies applied by the Corporation to its March 31, 2022 unaudited condensed interim consolidated financial statements, compared to those applied by the Corporation to the audited consolidated financial statements for the year ended December 31, 2021.

INTERNAL CONTROLS OVER FINANCIAL REPORTING AND DISCLOSURE CONTROLS AND PROCEDURES

The Corporation's management, including the Chief Executive Officer ("**CEO**") and the Chief Financial Officer ("**CFO**") of the Corporation, is responsible for establishing and maintaining the Corporation's internal controls over financial reporting ("**ICFR**") and disclosure controls and procedures ("**DCP**"), as those terms are defined in National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* ("**NI 52-109**").

The Corporation's CEO and CFO have each evaluated the effectiveness of the Corporation's ICFR as at March 31, 2022 and have concluded that these controls and procedures are effective.

Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Any system of internal control over financial reporting, no matter how well designed, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable, not absolute, assurance with respect to financial statement preparation and presentation.

CHANGES TO INTERNAL CONTROLS OVER FINANCIAL REPORTING

NI 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings requires public companies in Canada to disclose in their MD&A any change in ICFR during the most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, ICFR.

There were no changes in internal controls of the Corporation during the three months ended March 31, 2022 that have materially affected, or are likely to materially affect, the Corporation's internal control over financial reporting.

DISCLOSURE CONTROLS AND PROCEDURES

Management, with the participation of the CEO and the CFO, assessed the effectiveness of our DCP as of March 31, 2022. Based upon the results of that evaluation, the CEO and the CFO concluded that our DCP were effective to provide reasonable assurance that material information relating to the Corporation is accumulated and communicated to management to allow timely decisions regarding required disclosure, and

that the information disclosed by us in the reports that we file is appropriately recorded, processed, summarized and reported within the time period specified in applicable securities legislation.

NON-IFRS MEASURES

This MD&A refers to cash operating cost, cash operating cost per ounce, AISC, EBITDA, adjusted EBITDA and adjusted EBITDA per share, adjusted earnings, adjusted earnings per share and working capital which are not recognized measures under IFRS. Such non-IFRS financial measures do not have any standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other issuers. Management uses these measures internally. The use of these measures enables management to better assess performance trends. Management understands that a number of investors and others who follow the 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 Corporation 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.

	Three months ended,	
For the periods ended March 31,	**2022**	2021
Production and processing costs	$48,109	$36,077
Royalty expense: Government of Western Australia	1,597	1,388
Royalty expense: Other	2,036	2,367
By-product credits	(2,453)	(2,256)
Adjustment [1]	(5,673)	(6,776)
Operating costs (C$)	$43,616	$30,800
General and administrative expense – Australia [2,3]	2,232	1,121
Sustaining capital expenditures	611	2,008
All-in sustaining costs (C$)	$46,459	$33,929
Average exchange rate (C$1 – US$1)	0.79	0.79
Operating costs (US$)	**$34,447**	**$24,329**
All-in sustaining costs (US$)	**$36,693**	**$26,800**
Operating costs (A$)	**$47,534**	**$31,487**
All-in sustaining costs (A$)	**$50,632**	**$34,686**
Ounces of gold sold	26,286	25,547
Cash operating costs per ounce sold (US$)	**$1,310**	**$952**
All-in sustaining cost per ounce sold (US$)	**$1,396**	**$1,049**
Cash operating costs per ounce sold (A$)	**$1,808**	**$1,233**
All-in sustaining cost per ounce sold (A$)	**$1,926**	**$1,358**

1. Negative adjustment for intercompany tolling transactions
2. G&A costs were reduced with R&D and Due Diligence costs
3. G&A: share-based payments were excluded in calculating AISC

KARORA RESOURCES

BETA HUNT MINE

For the periods ended March 31,	Three months ended, **2022**	2021
Production and processing costs	$22,739	$20,470
Royalty expense: Government of Western	1,008	1,021
Royalty expense: Other	1,890	2,083
By-product credits	(2,421)	(2,234)
Operating costs ($)	$23,216	$21,340
Average exchange rate (C$1 – US$1)	0.79	0.79
Operating costs (US$)	**$18,336**	**$16,856**
Operating costs (A$)	**$25,302**	**$21,815**
Ounces of gold sold	16,128	18,754
Cash operating costs per ounce sold (US$)	**$1,137**	**$899**
Cash operating costs per ounce sold (A$)	**$1,569**	**$1,163**

HIGGINSVILLE MINE

For the periods ended March 31,	Three months ended, **2022**	2021
Production and processing costs	$25,370	$15,607
Royalty expense: Government of Western Australia	589	367
Royalty expense: Other	146	284
By-product credits	(32)	(22)
Adjustment[1]	(5,673)	(6,776)
Operating costs ($)	$20,400	$9,460
Average exchange rate (C$1 – US$1)	0.79	0.79
Operating cost (US$)	**$16,111**	**$7,473**
Operating cost (A$)	**$22,232**	**$9,671**
Ounces of gold sold	10,158	6,793
Cash operating costs per ounce sold (US$)	**$1,586**	**$1,100**
Cash operating costs per ounce sold (A$)	**$2,188**	**$1,424**

1. Negative adjustment for intercompany tolling transactions

QUARTERLY CONSOLIDATED MINING OPERATIONS

For the three months ended,	Mar 31, 2022	Dec 31, 2021	Sep 30, 2021	Jun 30, 2021	Mar 31, 2021
Production and processing costs	$48,109	$38,855	$36,149	$35,860	$36,077
Royalty expense: Government of Western	1,597	1,780	1,679	1,700	1,388
Royalty expense: Other	2,036	1,876	2,972	2,656	2,367
By-product credits	(2,453)	(1,357)	(2,821)	(1,294)	(2,256)
Adjustment[1]	(5,673)	(6,341)	(5,641)	(6,290)	(6,776)
Operating costs ($)	$43,616	$34,813	$32,338	$32,632	$30,800
General and administration expense – Australia[3]	2,232	2,503	1,916	2,762	1,121
Sustaining capital expenditures	611	422	994	1,791	2,008
All-in sustaining costs ($)	$46,459	$37,738	$35,248	$37,185	$33,929
Average exchange rate (C$1 – US$1)	0.79	0.79	0.79	0.81	0.79
Operating costs (US$)	**$34,447**	**$27,623**	**$25,665**	**$26,569**	**$24,329**
All-in sustaining costs (US$)	**$36,693**	**$29,944**	**$27,975**	**$30,276**	**$26,800**
Operating costs (A$)	**$47,534**	**$37,910**	$34,941	$34,502	**$31,487**
All-in sustaining costs (A$)	**$50,632**	**$41,096**	$38,085	$39,316	**$34,686**
Ounces of gold sold	26,286	28,734	28,935	30,412	25,547
Cash operating costs per ounce sold (US$)	**$1,310**	**$961**	**$887**	**$874**	**$952**
All-in sustaining cost per ounce sold (US$)	**$1,396**	**$1,042**	**$967**	**$996**	**$1,049**
Cash operating costs per ounce sold (A$)[2]	**$1,808**	**$1,319**	**$1,208**	**$1,134**	**$1,233**
All-in sustaining cost per ounce sold (A$)[2]	**$1,926**	**$1,430**	**$1,316**	**$1,293**	**$1,358**

1. Negative adjustment for intercompany tolling transactions.
2. Quarterly costs in functional currency.
3. G&A: share-based payments were excluded in calculating AISC

ADJUSTED EBITDA AND ADJUSTED EARNINGS

Management believes that adjusted EBITDA and adjusted earnings are valuable indicators of the Corporation'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,	**2022**	2021
Net earnings (loss) for the period - as reported	**$(3,709)**	$5,624
Finance expense, net	**1,045**	1,081
Income tax expense	**1,556**	4,712
Depreciation and amortization	**8,754**	7,283
EBITDA	**7,646**	18,700
Adjustments:		
Non-cash share-based payments [1]	**5,768**	1,142
Unrealized loss (gain) on revaluation of marketable securities [2]	**646**	(360)
Other expense (income), net [2]	**(21)**	15
Loss (gain) on derivatives [2]	**1,115**	(2,860)
Foreign exchange loss (gain) [3]	**(2,951)**	4,573
Adjusted EBITDA	**$12,203**	$21,210
Weighted average number of common shares - basic	**154,440,916**	146,254,253
Adjusted EBITDA per share - basic	**$0.08**	$0.15

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.

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)	Year ended	
For the three months ended March 31,	**2022**	2021
Net earnings (loss) for the period - as reported	**$(3,709)**	$5,624
Non-cash share-based payments [1]	**5,768**	1,142
Unrealized loss (gain) on revaluation of marketable securities [2]	**646**	(360)
Loss (gain) on derivatives [2]	**1,115**	(2,860)
Foreign exchange loss (gain) [3]	**(2,951)**	4,573
Tax impact of the above adjusting items	**251**	(32)
Adjusted earnings	**$1,120**	$8,087
Weighted average number of common shares - basic	**154,440,916**	146,254,253
Adjusted earnings per share - basic	**$0.01**	$0.06

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.

WORKING CAPITAL

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

(in thousands of dollars)	**Mar 31, 2022**	Dec 31,2021	Dec 31, 2020
Current assets	**$126,601**	$135,426	$109,857
less: Current liabilities	**72,795**	70,979	53,022
Working Capital	**$53,806**	$64,447	$56,835

CAUTIONARY STATEMENT REGARDING RISKS

Readers of this MD&A are encouraged to read the "Risk Factors" as more fully described in the Company's filings with the Canadian Securities Administrators, including its Annual Information Form for the year ended December 31, 2021, available on SEDAR at www.sedar.com.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This MD&A contains "forward-looking information", which may include, but is not limited to, statements relating to the liquidity and capital resources of Karora, production and cost guidance, the potential of Beta Hunt, HGO, and Spargos and its exploration properties, successfully obtaining project financing, successfully obtaining permitting, the future financial or operating performance of the Corporation and its projects, the future price of and supply and demand for metals, the estimation of mineral reserves and resources, the realization of mineral reserves and resources estimates, the timing and amount of estimated future production, costs of production, capital, operating and exploration expenditures, costs and timing of the development of new and existing deposits, costs and timing of future exploration as well as the potential of exploration at the Beta Hunt Mine, HGO, Spargos, and the Corporation's exploration properties, requirements for additional capital, government regulation of mining operations, environmental risks, reclamation expenses, the success of mining operations, economic return estimates and potential upside. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "does not anticipate" or "believes" or variations (including negative variations) of such words and phrases, or state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Readers should not place undue reliance on forward-looking statements.

Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Corporation to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Factors that could affect the outcome include, among others: project delays; general business, economic, competitive, political and social uncertainties; labour and operational disruptions due to the COVID 19 virus or other widespread public health issues, results of exploration programs; future prices of metals; availability of alternative metal sources or substitutions; actual metal recovery; conclusions of economic evaluations; changes in project parameters as plans continue to be refined; the future cost of capital to the Corporation; possible variations of ore grade or recovery rates; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the mining industry; political instability, terrorism, insurrection or war; delays in obtaining governmental approvals, necessary permitting or in the completion of development or construction activities, as well as those factors discussed in the section entitled "Risk Factors" in the Corporation's December 31, 2021 Management's Discussion and Analysis and Annual Information Form for the year ended December 31, 2021 filed on SEDAR. Such forward-looking statements are also based on a number of material factors and assumptions, including: the availability of financing at rates and on terms and conditions otherwise acceptable to the Corporation; future metal prices; permitting and development consistent with the Corporation's expectations; foreign exchange rates; prices and availability of equipment; that contracted parties provide goods and/or services on the agreed time frames; that on-going contractual negotiations will be successful and/or be completed in a timely manner; and that no unusual geological or technical problems occur.

Although the Corporation has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Forward-looking statements contained herein are made as of the date of this MD&A and the Corporation disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or results or otherwise, except as required by applicable securities laws. Given these risks, uncertainties and the integration risk associated with the acquisition of HGO, investors should not place undue reliance on forward-looking statements as a prediction of actual results. Readers of this report are cautioned that actual events and results may vary.

CAUTIONARY NOTE TO U.S. READERS REGARDING ESTIMATES OF RESOURCES

This MD&A uses the terms "measured", "indicated" and "inferred" when referring to mineral resources. The Corporation advises U.S. investors that the Securities and Exchange Commission's ("SEC") recently effective updated mining disclosure rules (the "SEC Modernization Rules") are substantially similar to the corresponding Canadian Institute of Mining, Metallurgy and Petroleum ("CIM") definitions, as required by National Instrument 43-101, but are not identical so our mineral reserve and mineral resource disclosure may not be directly comparable to the disclosures made by domestic United States issuers or non-domestic United States issuers. The estimation of "measured" and "indicated" mineral resources involves greater uncertainty as to their existence and economic feasibility than the estimation of proven and probable reserves. The estimation of "inferred" resources involves far greater uncertainty as to their existence and economic viability than the estimation of other categories of resources. It cannot be assumed that all or any part of a "measured", "indicated" or "inferred" mineral resource will ever be upgraded to a higher category.

QUALIFIED PERSONS

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