MANAGEMENT'S DISCUSSION AND ANALYSIS

Three and Six Months Ended June 30, 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 and six months ended June 30, 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 and six months ended June 30, 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 August 12, 2022 unless otherwise indicated.

SECOND QUARTER 2022 HIGHLIGHTS

Financial Results

- Karora's **cash position** of $114.1 million at June, 30, 2022 remains strong. Karora benefitted from the recently completed bought deal financing and continued its planned deployment of capital into the Company's growth plan at Beta Hunt and the acceleration of exploration programs across operations.
- **Working capital**[2] of $75.6 million at June 30, 2022 increased by $11.2 million from December 30, 2021 due to the net increase in cash from the bought deal offset by planned investment into Karora's assets as part of the 2022 capital program.
- **Net loss** of $0.3 million, or $0.00 per share, for the second quarter of 2022 was down $5.7 million compared to second quarter 2021 net earnings of $5.4 million, or $0.04 per share. The decrease was mainly attributable to increases in production and processing costs, general and administrative costs and depreciation and amortisation.
- **Adjusted EBITDA**[2,3] was $22.6 million ($0.14 per share) for the second quarter of 2022, down $6.9 million compared to $29.5 million ($0.20 per share) in the second quarter of 2021.
- **Adjusted earnings**[2] was $4.7 million ($0.03 per share) for the second quarter of 2022, down $9.6 million compared to the second quarter of 2021.
- **Cash flow from operating activities** of $11.2 million, compared to $26.3 million for the second quarter of 2021.

Production and Processing

- Second quarter 2022 consolidated **Gold production** of 30,652 ounces and **Gold sales** of 30,398 ounces slightly exceeded the mine plan and budget, despite challenging conditions. The second quarter of 2022 continued to be impacted by lower labour availability, higher absenteeism and higher costs associated to COVID, as Western Australia reached record levels of cases during the second quarter. Full year consolidated 2022 gold production guidance of 120,000 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] of US$1,190 per ounce sold for the second quarter decreased by 15% compared to the previous quarter.
- During the second quarter Karora entered into a binding agreement to acquire the 1.0 Mtpa Lakewood Mill operating gold processing facility located near Kalgoorlie Western Australia for A$80 million comprised of A$70 million in cash and A$10 million in Karora shares. The transaction closed on July 27, 2022. Tolling of Beta Hunt material at Lakewood Mill during Q2 2022 achieved 94% gold recovery. The purchase of the Lakewood mill increases milling capacity of the group to approximately 2.6Mtpa, significantly de-risking growth plans to increase gold production to between 185,000 and 205,000 ounces by 2024 given the current significant cost pressures experienced in new capital projects across the industry.

[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**")

- **Beta Hunt's Second Decline**, the second (west) decline boxcut is now completed, the access portal cut and decline development having commenced from the surface during the quarter. Contract development has advanced 1,032m since commencing in December 2021, on schedule despite COVID impacts on contractor crews. Surface raise bore civil works have commenced. The Company remains on track to complete the decline in the first quarter of 2023 which will result in increased production.

Figure 1: Newly developed west decline – Beta Hunt (June 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, Lakewood Mill 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 and the Lakewood mill. 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. Karora's growth pathway to 185-205k ounces per year by 2024 is underpinned by the increased milling capacity now in place at Higginsville and Lakewood along with 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 continued to increased costs and lower available man hours during the second 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

	Three months ended,		Six months ended,	
For the periods ended June 30,	**2022**	2021	**2022**	2021
Gold Operations (Consolidated)				
Tonnes milled (000s)	**462**	345	**856**	716
Recoveries	**94%**	94%	**94%**	93%
Gold milled, grade (g/t Au)	**2.21**	2.72	**2.25**	2.43
Gold produced (ounces)	**30,652**	29,831	**58,141**	54,524
Gold sold (ounces)	**30,398**	30,412	**56,685**	55,959
Average exchange rate (USD/CAD)	**1.2768**	1.2282	**1.2715**	1.2471
Average realized price (US $/oz sold)	**$1,860**	$1,823	**$1,881**	$1,793
Cash operating costs (US $/oz sold)[1]	**$1,130**	$874	**$1,214**	$910
All-in sustaining cost (AISC) (US $/oz sold)[1]	**$1,190**	$996	**$1,285**	$1,020
Gold (Beta Hunt Mine)[1]				
Tonnes milled (000s)	**295**	221	**528**	454
Gold milled, grade (g/t Au)	**2.14**	3.35	**2.26**	2.98
Gold produced(ounces)	**19,169**	22,354	**36,277**	40,615
Gold sold (ounces)	**19,140**	22,991	**35,269**	41,745
Cash operating cost (US $/oz sold)[1]	**$1,130**	$787	**$1,133**	$837
Gold (HGO Mine)				
Tonnes milled (000s)	**167**	124	**328**	262
Gold milled grade (g/t Au)	**2.32**	1.99	**2.24**	1.77
Gold produced (ounces)	**11,484**	7,477	**21,864**	13,909
Gold sold (ounces)	**11,257**	7,421	**21,416**	14,214
Cash operating cost (US $/oz sold)[1]	**$1,130**	$1,141	**$1,346**	$1,120

1. Non-IFRS: the definition and reconciliation of these measures are included in the Non-IFRS Measures section of this MD&A.
2. Includes 51,549 tonnes of low grade ore at an average grade of 1.34 g/t containing 2,085 ounces gold from BHO, treated at third party mill.

Karora delivered 30,652 gold ounces production in the second quarter of 2022, despite challenges faced due to COVID-19, marking the twelfth consecutive quarter of strong operational delivery. Gold production in the second quarter of 2022 increased by 3% compared to the second quarter of 2021, which was delivered at an 2% higher average sales price compared to the previous year.

The feed blend through the Higginsville mill during the second quarter of 2022 comprised 59% material from the Beta Hunt underground mine with an average grade of 2.31 g/t, with the remaining 41% feed coming from the HGO operations at an average grade of 2.32 g/t, for a combined average grade of 2.32 g/t. Low grade stockpile material from Beta Hunt was also treated through a third-party mill during the second quarter of 2022 with an average grade of 1.34 g/t. The total average grade milled during the second quarter of 2022 was 2.21g/t.

Karora's second quarter 2022 cash costs[1] were US$1,130 per ounce, a decrease of US$180 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 $10 per ounce. The Nickel by-product credits were lower during the quarter due to mining planned lower grade areas however are expected to have a growing favorable impact on cash costs as nickel production increases.

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

BETA HUNT MINE OPERATIONS REVIEW

Beta Hunt mined 290,000 tonnes during the second quarter of 2022 at an average grade of 2.14 g/t containing 19,916 ounces of gold, which was 32% greater than tonnes mined in the second quarter of 2021. The majority of the scheduled mined tonnes during the second 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.

Beta Hunt mined 7,693 tonnes of nickel at an estimated nickel grade of 1.26% during the second quarter of 2022. Nickel production was sourced from remnant nickel resources or extensions to previously mined stopes. Development commenced to access new nickel resources at 30C and the Beta west down dip extension..

Production for the second quarter of 2022 was 295,000 tonnes milled at a grade of 2.14 g/t, a 27% increase and 12% decrease, respectively, compared to the first quarter of 2022. The higher tonnes milled and lower grade was largely due to the treatment of low grade stockpile material as noted above.

The Beta Hunt expansion to double mined tonnes to 2.0 Mtpa, which commenced in the first quarter of 2022, continues to track very well with completion of the second decline expected during the first quarter of 2023, ahead of the of the original schedule for completion in the second quarter of 2023. The expansion project remains on budget, despite industry wide cost pressure we and our peers have all been challenged with. The second (west) decline boxcut is now completed, the access portal cut and decline development having commenced from the surface during the quarter. Contract development has advanced 1,032m since commencing in December 2021, on schedule despite COVID impacts on contractor crews. Surface raise bore civil works have commenced. The Company remains on track to complete the decline in the first quarter of 2023.

HIGGINSVILLE GOLD OPERATIONS REVIEW

HGO mined 106,000 tonnes during the second quarter of 2022, 49% lower than the second quarter of 2021, at an average grade of 3.28 g/t containing 11,211 ounces of gold. Lower tonnes were compensated with higher grade resulting in a 7.4% increase in mined ounces of gold compared to the second quarter of 2021.

Planned production ramped up by 86% at the Spargos open pit mine since the previous quarter. 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.

Production for the second quarter of 2022 was 167,000 tonnes milled at a grade of 2.14 g/t, a 4% and 1% increase, respectively, compared to the first quarter of 2022.

MILL OPERATIONS

Tonnes milled at the HGO mill and a third-party mill during the second quarter of 2022 were 462,000 (64% from Beta Hunt and 36% from HGO), a 34% increase in tonnes compared to the second quarter of 2021, at an average grade of 2.21 g/t. Recovered gold was 30,652 ounces. Total gold ounces sold were 30,398 ounces during the second quarter of 2022.

The feasibility study for the Phase II expansion of the Higginsville mill was completed during the second quarter. Capital works at the Higginsville mill did not commence due to the acquisition of Lakewood Mill. The feasibility study works will be filed for potential future use should additional feed be sourced in future years.

EXPLORATION

BETA HUNT EXPLORATION

During the second quarter of 2022, 16,710 metres of drilling were completed at Beta Hunt, or a 184% increase compared to the previous quarter under Karora's gold and nickel exploration and resource definition campaign; approximately 60% of the meters drilled were for exploration drilling and the rest for resource definition. The increase in meters drilled from the previous quarter reflects the introduction of a revised drill plan which aims to bring forward exploration and resource definition drilling and limiting grade control drilling to short term (up to 12 months) production priorities only improvements on labour availability despite challenges related to COVID.

Gold drilling during the quarter focused on testing the down-dip extensions of Western Flanks and A Zone, targeting Larkin parallel shear zones known as Mason and Cowill and infill drilling the Larkin Zone. Exploratory drilling also tested for shear-hosted gold mineralisation in the Gamma block (3 holes) and at Sorrenson (2 holes). All drill targets are in support of the growth plan to increase Beta Hunt mine production to 2Mtpa by 2024. Nickel exploration and resource definition activities continued to target extensions to the 25C nickel trough in the Beta block, south of the 30C Ni Mineral Resource.

A number of significant gold intersections were reported during the quarter (see Karora news releases, May 24 2022, July 19, 2022 for more details). Results from infill and extensional drilling of Western Flanks, A Zone and Larkin have generally supported and in some cases extended the known mineralization associated with these Mineral Resources.

New shear-related zones of mineralisation were also identified, including at Sorrenson and Western Flanks footwall.

- Western Flanks (footwall)[1.]: 198.5 g/t over 4.5 metres ;
- Western Flanks[1.]: 18.6 g/t over 15.0 metres (AF-AZDDC1-11AE);
- Western Flanks[1.]: 18.3 g/t over 4.0 metres (AW-AZDDC1-02AR);
- A Zone North[1.]: 20.3 g/t over 2.0 metres (SAZ-002-AE);
- Sorrenson[1.]: 1.5 g/t over 7.6 metres (SSOR-05-AE);
- Larkin[2.]: 4.2 g/t over 6.9 metres (BL1890-01AR);
- Larkin[2.]: 29.8 g/t over 7.8 metres (BL1890-03AR)
- Larkin[2.]: 8.7 g/t over 4.0 metres (BL1890-13AR)

1. *Downhole intervals. True widths cannot be determined with currently available information.*
2. *Interval lengths are estimated true widths*

Results from all holes drilled in the first half of 2022 at Beta Hunt will be taken into account for an updated Beta Hunt Mineral Resource as part of Karora's Annual Mineral Resource & Reserve update planned for release in the fourth quarter of 2022.

HIGGINSVILLE EXPLORATION

During the quarter efforts were focused on:

- recruitment to support the new exploration team at Higginsville, established during the previous quarter;
- project generation activities aimed at reviewing, identifying and prioritising exploration targets, including drilling proposals;
- securing a drill rig and co-ordinating surveys over areas of heritage to allow for drilling scheduled on prioritised exploration in the next quarter;
- inspections and surveys of heritage were successfully completed over the Greater Spargos Project area, required to facilitate drill testing; and
- resource conversion drilling at Aquarius Phase 1 underground, which was completed during the quarter.

FINANCIAL RESULTS

(in thousands of dollars except per share amounts)	Three Months Ended			Six Months Ended		
For the periods ended June 30,	**2022**	2021	Change	**2022**	2021	Change
Revenue	**$73,609**	$69,570	$4,039	**$138,881**	$128,854	$10,027
Production and processing costs	**40,093**	29,570	10,523	**82,529**	58,871	23,658
Royalty expense	**4,186**	4,356	(170)	**7,820**	8,111	(291)
General and administrative	**6,016**	5,513	503	**12,819**	10,383	2,436
General and administrative: share incentive plans	**(3,124)**	2,958	(6,082)	**2,840**	4,248	(1,408)
Depreciation and amortization	**13,689**	7,718	5,971	**22,443**	15,001	7,442
Operating earnings	**11,568**	19,455	(7,887)	**9,249**	32,240	(22,991)
Other expenses, net	**10,515**	9,255	1,260	**10,349**	11,704	(1,355)
Earnings (loss) before income tax	**1,053**	10,200	(9,147)	**(1,100)**	20,536	(21,636)
Income tax expense	**1,381**	4,809	(3,428)	**2,937**	9,521	(6,584)
Net earnings (loss)	**(328)**	5,391	(5,719)	**(4,037)**	11,015	(15,052)
Net earnings (loss) per share - basic	**$0.00**	$0.04	$(0.04)	**$(0.03)**	$0.08	$(0.11)
Net earnings (loss) per share - diluted	**$0.00**	$0.04	$(0.04)	**$(0.03)**	$0.07	$(0.10)
Adjusted EBITDA[1]	**22,602**	29,481	(6,879)	**34,805**	50,691	(15,886)
Adjusted EBITDA per share[1] - basic	**$0.14**	$0.20	$(0.06)	**$0.22**	$0.35	$(0.12)
Adjusted earnings (loss) [1]	**4,662**	14,270	(9,608)	**5,782**	22,357	(16,575)
Adjusted earnings (loss) per share - basic [1]	**$0.03**	$0.10	$(0.07)	**$0.04**	$0.15	$(0.12)

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 and six months ended June 30, 2022, compared with three and six months ended June 30, 2021.

REVENUE

For the three months ended June 30, 2022, the Corporation generated revenue of $73.6 million of which HGO contributed $27.1 million and Beta Hunt contributed $46.5 million. During the comparable period in 2021, the Corporation generated revenue of $69.6 million of which HGO contributed $16.8 million and Beta Hunt contributed $52.8 million. This increase in revenue was the result of higher average realized prices on ounces sold which increased by 6%.

For the six months ended June 30, 2022, the Corporation generated revenue of $138.9 million of which HGO contributed $51.4 million, and Beta Hunt contributed $87.5 million. During the comparable period in 2021, the Corporation generated revenue of $128.9 million where HGO and Beta Hunt contributed $32.0 million and $96.9 million, respectively. The increase in revenue in 2022 was the result of higher gold ounces sold and higher average realized prices on ounces sold which increased by 1% and 5%, respectively.

PRODUCTION AND PROCESSING COSTS

For the three months ended June 30, 2022, production and processing costs were $40.1 million, an increase of 35% from $29.6 million in the comparable period in 2021. For the six months ended June 30, 2022, production and processing costs, were $82.5 million an increase of 40% from $58.9 million in the comparable period in 2021. The increase in total costs for both periods was due to the increase in tonnes milled, higher input cost pressures from a tight labour market and supply chain restrictions associated with COVID-19.

ROYALTY EXPENSE

Royalties for the three months ended June 30, 2022 were $4.2 million compared to $4.4 million for the comparable period in 2021. Royalties for the six months ended June 30, 2022 were $7.8 million compared to $8.1 million for the comparable period in 2021. The decrease in both periods was mainly due to a mix of mine source of gold sold attracting lower royalties which impacted royalty payments for Beta Hunt and HGO.

GENERAL AND ADMINISTRATIVE

General and Administrative of $6.0 million for the three months ended June 30, 2022 is comparable to the spending in the comparable period of $5.5 million.

For the six months ended June 30, 2022, general and administrative of $12.8 million increased by $2.4 million from same period in 2021, largely due to corporate development spending.

SHARE-BASED COMPENSATION

For the three months ended June 30, 2022, share-based compensation was an income of $3.1 million compared to a $3.0 million expense for the comparable period in 2021. For the six months ended June 30, 2022, general and administrative: share-based compensation was an expense of $2.8 million compared to $4.2 million for the comparable period in 2021. The changes from the comparable periods reflect primarily movements in the share price of the Company at period ends.

DEPRECIATION AND AMORTIZATION

Depreciation and amortization expense for the three months ended June 30, 2022 was $13.7 million compared to $7.7 million for the comparable period in 2021; for the six months ended June 30, 2022: $22.4 million compared to $15.0 million in the comparable period in 2021. The increase in depreciation and amortization was primarily due to the increased percentage of HGO produced and sold ounces, which are higher cost, in the second quarter of 2022, compared to same period in 2021, and higher balance of depreciable assets during the first half of 2022 compared with the same prior year period.

OTHER EXPENSES, NET

For the three months ended June 30, 2022, other expenses, net increased by $1.3 million. The increase in expenses was primarily due to foreign exchange losses of $9.1 million for the three months ended June 30, 2022 compared to a loss of $4.5 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 second quarter of 2022, there was also a gain on derivatives of $0.8 million compared to a loss of $2.9 million for the comparable period in 2021.

For the six months ended June 30, 2022, other expenses, net decreased by $1.4 million. The decrease in expense was primarily due to foreign exchange losses of $6.2 million in 2022 versus a loss of $9.1 million 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. For the six months ended 2022, there was also an increase of unrealized losses on marketable securities of $1.0 million.

INCOME TAX EXPENSE

For the three months ended June 30, 2022, income tax recovery was $1.4 million compared to an income tax expense of $4.8 million for the comparable period in 2021, a decrease of $3.4 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.

For the six months ended June 30, 2022, income tax expense was $2.9 million compared to $9.5 million for the comparable period in 2021. Deferred tax expense decreased by $6.5 million for the six months ended June 30, 2022. The primary reason for the decrease was due to lower taxable income at the Australian operations which gave rise to a significant decrease in taxable income and a reduction in loss carryforwards.

NET EARNINGS (LOSS)

Net loss for the three months ended June 30, 2022 was $0.3 million compared to net earnings of $5.4 million for the comparable period in 2021, a decrease of $5.7 million. The decrease was mainly attributable to increases in production and processing costs, general and administrative costs and depreciation and amortisation.

Net loss for the six months ended June 30, 2022, was $4.0 million compared to net earnings of $11.0 million for the comparable period in 2021. Operating earnings decreased by $23.0 million which is primarily due to an increase in revenue partially offset by higher production and processing costs, depreciation and amortization expense and general and administrative costs.

SUMMARY OF QUARTERLY RESULTS

(in thousands of dollars)	2022		2021				2020	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Revenues	$73,609	$65,272	$66,972	$68,360	$69,570	$59,284	$69,349	$59,405
Net earnings (loss)	($328)	($3,709)	$6,112	$10,340	$5,391	$5,624	$42,906	$34,867
Net earnings (loss) per share - basic	($0.00)	($0.02)	$0.04	$0.07	$0.04	$0.04	$0.30	$0.24
Net earnings (loss) per share - diluted	($0.00)	($0.02)	$0.04	$0.07	$0.04	$0.04	$0.28	$0.24

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)	Three Months Ended			Six Months Ended		
For the periods ended June 30,	**2022**	2021	Change	**2022**	2021	Change
Cash provided by operations prior to changes in working capital	**$21,652**	$30,142	$(8,490)	**$33,853**	$51,140	$(17,287)
Changes in non-cash working capital	**(9,988)**	(3,720)	(6,268)	**(9,692)**	(6,060)	(3,632)
Asset retirement obligations	**(94)**	-	(94)	**(441)**	-	(441)
Income taxes paid	**(328)**	(51)	(277)	**(328)**	(51)	(277)
Cash provided by operating activities	**11,242**	26,371	(15,129)	**23,392**	45,029	(21,637)
Cash used in investing activities	**(34,735)**	(16,949)	(17,786)	**(59,474)**	(35,225)	(24,249)
Cash provided by (used in) financing activities	**61,342**	(2,578)	63,920	**60,325**	(4,669)	64,994
Effect of exchange rate changes on cash and cash equivalents	**(1,855)**	(1,431)	(424)	**(1,154)**	(2,670)	1,516
Change in cash and cash equivalents	**$35,994**	$5,413	$30,581	**$23,089**	$2,465	$20,624

OPERATING ACTIVITIES

For the three months ended June 30, 2022, cash provided by operating activities, prior to changes in non-cash working capital, was $21.7 million compared to cash provided of $30.1 million for the same period in 2021, representing a decrease of $8.5 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 used cash of $10.0 million during the three months ended June 30, 2022, which reflect a net change in receivables, inventories and payables and accrued liabilities at the end of the period.

For the six months ended June 30, 2022, cash provided by operating activities, prior to changes in non-cash working capital, was $33.9 million compared to cash provided of $51.1 million for the same period in 2021, representing a decrease of $17.3 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 used cash of $9.7 million during the six months ended June 30, 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 June 30, 2022 reflected a use of cash of $34.7 million, an increase of $17.8 million. The primary outflows for the three months ended June 30, 2022 were for the acquisition of property, plant and equipment and mineral property interests of $35.1 million which forms part of the capital expansion and growth plan.

The six months ended June 30, 2022 reflected a use of cash of $59.9 million. The primary outflows in the six months ended June 30, 2022 were for the acquisition of property, plant and equipment and mineral property interests.

FINANCING ACTIVITIES

For the three months ended June 30, 2022, financing activities provided cash of $61.3 million compared to a use of cash of $2.5 million in the comparable period in 2021 resulting in a net increase of $63.9 million. The increase was mainly due to the $65.3 million net proceeds received on the bought deal on the issuance of shares.

The six months ended June 30, 2022, financing activities provided cash of $60.3 million compared to a use of cash of $4.7 million for the same period in 2021 resulting in a net increase of $65.0 million. The increase was mainly due to the $65.3 million net proceeds from the bought deal.

June 2022 Financing – Use of Proceeds Reconciliation:

The Corporation raised total gross proceeds of $69.0 million by issuing a total of 14.375 million common shares in an offering described in the short-form prospectus, of the Corporation dated, and filed on SEDAR on, June 10, 2022 (the "June Prospectus"). Total net proceeds of the offering, after deducting underwriters' fees and other expenses, was $65.3 million which includes the additional over-allotment of funds received. Set out below is a comparison of the use of the proceeds of this offering as described in the June Prospectus versus actual.

Use of Proceeds	**Actual use of proceeds June 30, 2022**	Use of proceeds Short Form Prospectus Dated June 10, 2022
Fund a portion of the cash purchase price for the acquisition of the Lakewood Mill.	**$-**	$50,000
Nickel exploration and development drilling and other development activities at the Beta Hunt Mine.		
– Drilling new nickel exploration and resource development areas	**-**	$2,500
– Development to access new nickel areas and additional drill sites	**-**	$5,100
– Upgrade ventilation	**-**	$1,000
– Purchase of new equipment	**-**	$2,400
Working capital and general corporate purposes.	**-**	4,250
	$-	$65,250

As noted in the June Prospectus, the amount actually expended for the purposes described above could vary significantly from the June Prospectus disclosure depending on, among other things, the gold price, unforeseen events, and the Corporation's future operating and capital needs from time to time. There may be circumstances where, for sound business reasons, a reallocation of funds may be necessary.

As a result of the foregoing activities, for the three months ended June 30, 2022, operating, investing and financing activities provided cash of $36.0 million compared to $5.4 million in the comparable period in 2021.

Furthermore, the increase to cash provided from operating, investing and financing activities include an unfavorable change of $1.9 million due to the effect of exchange rate changes on cash and cash equivalents for the second quarter of 2022.

CAPITAL RESOURCES

(in thousands of dollars)	**June 30, 2022**	December 31, 2021
Cash and cash equivalents	**$114,094**	$91,005
Working capital [1]	**75,627**	64,447
Property, plant and equipment and mineral property interests	**322,303**	300,680
Total assets	**476,909**	436,333
Current liabilities excluding current portion of financial liabilities [2]	**43,945**	64,570
Non-current liabilities excluding non-current portion of financial liabilities [2]	**77,175**	78,762
Financial liabilities (current and non-current) [2]	**39,155**	41,636
Total liabilities	**160,275**	184,968
Shareholders' equity	**316,634**	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 June 30, 2022, the Corporation had a working capital[1] of $75.6 million compared to a $64.4 million as at December 31, 2021, an increase of $11.2 million. The increase to working capital[1] was a result of increases in cash and cash equivalents of $23.1 million offset by a decrease in trade and other receivables of $1.9 million and a net increase in current liabilities of $7.7 million including reclassification of $30 million debt from long-term as Karora refinanced the debt in July with a new financial institution.

Total assets as at June 30, 2022 increased by $40.6 million compared to December 31, 2021, primarily due to increases in cash and cash equivalents of $23.1 million and property, plant and equipment and mineral property interests of $21.6 million partially offset by a reduction in trade and other receivable of $1.9 million.

Total liabilities as at June 30, 2022 decreased by $24.7 million compared to the period ended December 31, 2021. This decrease is primarily due to decreases in accounts payable and accrued liabilities of $18.5 million, share incentive plan liabilities of $2.2 million, lease obligations of $1.1 million, debt of $1.4 million and derivative financial liabilities of $2.1 million partially offset by an increase in tax liabilities of $1.7 million.

[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

Karora has increased the lower end of its previously announced full year consolidated 2022 production guidance to a range of between 120,000 - 135,000 ounces (previously 110,000 - 135,000 ounces) of gold following strong first half 2022 production of 58,871 ounces. Full year 2022 AISC[1] guidance has been increased to a range of US$1,100 - US$ 1,200 per ounce sold (previously US$950 – US$1,050 per ounce sold) to adjust for the increased input costs driven largely by COVID-19 disruptions in the first quarter of 2022, in addition to elevated sector-wide inflationary impacts during 2022. Karora continues to expect stronger second half cost performance when compared to the first half driven by improved grades and reduced cost pressures as experienced during first quarter of 2022. Growth capital guidance has been moderately increased by A$5M for 2022, driven primarily by the positive acceleration of the second decline development which is tracking ahead of original schedule and remains on track for completion in the first quarter of 2023 as well as minor upgrades to the Lakewood milling facility, offset by reduced outlays previously allocated in 2022 for the expansion of the Higginsville mill.

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. Payable nickel production guidance of 450 to 550 tonnes, which is treated as a by-product credit in AISC[1].

Table 1 – Consolidated Multi-Year Guidance to 2024

Production & Costs		**2022**	**2023**	**2024**
Gold Production	Koz	120 - 135	150 – 170	185 - 205
All-in sustaining costs	US$/oz	950 - 1,050	890 – 990	885 - 985
Capital Investments				
Sustaining Capital	A$ (M)	9 - 15	11 - 16	18 - 23
Growth Capital	A$ (M)	57 - 70	47 - 57	30 - 40
Exploration & Resource Development	A$ (M)	21 - 24	22 - 25	20 - 23

(1) The 2022 guidance was updated August 12, 2022. 2023 and 2024 guidance was announced in January 2021 (see Karora news release dated January 19, 2021), is unchanged. This production guidance through 2024 is based on the 2020 year-end Mineral Reserves and Mineral Resources announced on December 16, 2020.
(2) The Corporation expects to fund the Capital Investment amounts listed above with cash on hand and cashflow from operations.
(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.
(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$22,000 per tonne, as well as an A$ to US$ exchange rate of 0.70 in the second half of 2022 and 0.78 in 2023 and 2024 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 Australian general and administrative costs and excludes share-based payment expense.

(8) See "Non-IFRS Measures" set out at the end of this news release and Karora's MD&A dated for the period ended March 31, 2022.

The growth plan will be driven by an expansion of Beta Hunt underground mine production to 2.0 Mtpa by 2024, from 0.8 Mtpa recorded in 2020. Increased production from Beta Hunt will be complemented by ore from HGO Central and Spargos. The increased tonnage is expected to be processed by the Higginsville mill and the newly acquired Lakewood mill, which combine for approximately 2.6 Mtpa of capacity.

OUTSTANDING SHARE DATA

As at August 11, 2022, the Corporation had 171,959,423 common shares issued and outstanding and had the following securities outstanding, which are exercisable for common shares:

As at August 11, 2022, the Corporation had	Number of Securities
Stock options	1,603,462

As at August 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	415,167
Restricted share units	2,057,558
Performance share units	1,442,680

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.

SUBSEQUENT EVENTS

On May 22, 2022, the Corporation entered into a binding agreement to acquire the Lakewood Mill gold processing facility. The transaction closed on July 27, 2022, at which time the Corporation paid A$70 ($62.3 million) in cash net of A$0.5 million ($0.4 million) paid as a deposit with the vendor and issued 2.1 million Karora shares to satisfy the A$10 million share portion, which shares will be subject to a customary hold period under applicable securities laws and other contractual restrictions. The Corporation incurred $2.1 million of costs related to the acquisition as at June 30, 2022.

On July 14, 2022, the Corporation closed an arrangement to refinance its Bridge Loan with a lower-cost senior secured $80 million Credit Agreement with Macquarie Bank Limited ("Macquarie"). The Credit Agreement provides for a $40 Million term loan and a $40 million revolving credit facility, both bearing an interest rate of Canadian Dealer Offered Rate +4.5% per annum on the drawn principal and standby fee of 1.5% per annum on the undrawn revolving credit facility. The term of the Credit Agreement is to June 28, 2024 with an option for annual renewal thereafter. The proceeds of the Credit Agreement were used to refinance the Corporation's existing $30 million Bridge facility and will be used for general working capital purposes.

On July 15, 2022, the Corporation received approval of the TSX for a normal course issuer bid (the "Bid") to purchase up to no more than 8,492,971 of the Corporation's issued and outstanding common shares. Purchases under the Bid may commence on July 20, 2022. The Bid will expire no later than July 19, 2023. Purchases of common shares will be made through the facilities of the TSX in accordance with its rules. Purchases may also be made through alternative Canadian trading systems. The Corporation has not made any purchases of its common shares during the past twelve months.

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 June 30, 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**").

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 June 30, 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 June 30, 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,		Six months ended,	
For the periods ended June 30,	**2022**	2021	**2022**	2021
Production and processing costs	$47,193	$35,860	$95,302	$71,937
Royalty expense: Government of Western Australia	1,853	1,700	3,450	3,088
Royalty expense: Other	2,333	2,656	4,370	5,023
By-product credits	(415)	(1,294)	(2,867)	(3,550)
Adjustment [1]	(7,100)	(6,290)	(12,773)	(13,066)
Operating costs (C$)	$43,864	$32,632	$87,482	$63,432
General and administrative expense – Australia [2,3]	1,908	2,762	4,140	3,883
Sustaining capital expenditures	406	1,791	1,018	3,799
All-in sustaining costs (C$)	$46,178	$37,185	92,640	$71,114
Average exchange rate (C$1 – US$1)	0.78	0.81	0.78	0.80
Operating costs (US$)	**$34,355**	**$26,569**	**$68,802**	**$50,898**
All-in sustaining costs (US$)	**$36,168**	**$30,276**	**$72,860**	**$57,076**
Operating costs (A$)	**$48,128**	**$34,502**	**$95,663**	**$65,989**
All-in sustaining costs (A$)	**$50,668**	**$39,316**	**$101,300**	**$74,001**
Ounces of gold sold	30,398	30,412	56,685	55,959
Cash operating costs per ounce sold (US$)	**$1,130**	**$874**	**$1,214**	**$910**
All-in sustaining cost per ounce sold (US$)	**$1,190**	**$996**	**$1,285**	**$1,020**
Cash operating costs per ounce sold (A$)	**$1,583**	**$1,134**	**$1,688**	**$1,179**
All-in sustaining cost per ounce sold (A$)	**$1,667**	**$1,293**	**$1,787**	**$1,322**

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 June 30,	Three months ended, **2022**	2021	Six months ended, **2022**	2021
Production and processing costs	$24,475	$19,677	$47,214	$40,147
Royalty expense: Government of Western	1,218	1,288	2,226	2,309
Royalty expense: Other	2,317	2,545	4,208	4,628
By-product credits	(393)	(1,274)	(2,813)	(3,508)
Operating costs ($)	$27,617	$22,236	$50,835	$43,576
Average exchange rate (C$1 – US$1)	0.78	0.81	0.78	0.81
Operating costs (US$)	**$21,630**	**$18,105**	**$39,966**	**$34,961**
Operating costs (A$)	**$30,302**	**$23,510**	**$55,604**	**$45,326**
Ounces of gold sold	19,140	22,991	35,268	41,745
Cash operating costs per ounce sold (US$)	**$1,130**	**$787**	**$1,133**	**$837**
Cash operating costs per ounce sold (A$)	**$1,583**	**$1,023**	**$1,577**	**$1,086**

HIGGINSVILLE MINE

For the periods ended June 30,	Three months ended, **2022**	2021	Six months ended, **2022**	2021
Production and processing costs	$22,718	$16,183	$48,088	$31,790
Royalty expense: Government of Western Australia	635	412	1,224	779
Royalty expense: Other	16	111	162	395
By-product credits	(22)	(20)	(54)	(41)
Adjustment[1]	(7,100)	(6,290)	(12,773)	(13,066)
Operating costs ($)	$16,247	$10,396	$36,647	$19,857
Average exchange rate (C$1 – US$1)	0.78	0.81	0.78	0.80
Operating cost (US$)	**$12,725**	**$8,465**	**$28,836**	**$15,926**
Operating cost (A$)	**$17,827**	**$10,992**	**$40,059**	**$20,663**
Ounces of gold sold	11,258	7,421	21,416	14,214
Cash operating costs per ounce sold (US$)	**$1,130**	**$1,141**	**$1,346**	**$1,120**
Cash operating costs per ounce sold (A$)	**$1,584**	**$1,481**	**$1,871**	**$1,454**

1. Negative adjustment for intercompany tolling transactions

QUARTERLY CONSOLIDATED MINING OPERATIONS

For the three months ended,	Jun 30, 2022	Mar 31, 2022	Dec 31, 2021	Sep 30, 2021	Jun 30, 2021
Production and processing costs	$47,193	$48,109	$38,855	$36,149	$35,860
Royalty expense: Government of Western	1,853	1,597	1,780	1,679	1,700
Royalty expense: Other	2,333	2,036	1,876	2,972	2,656
By-product credits	(415)	(2,453)	(1,357)	(2,821)	(1,294)
Adjustment[1]	(7,100)	(5,673)	(6,341)	(5,641)	(6,290)
Operating costs ($)	$43,864	$43,616	$34,813	$32,338	$32,632
General and administration expense – Australia[3]	1,908	2,232	2,503	1,916	2,762
Sustaining capital expenditures	406	611	422	994	1,791
All-in sustaining costs ($)	$46,178	$46,459	$37,738	$35,248	$37,185
Average exchange rate (C$1 – US$1)	0.78	0.79	0.79	0.79	0.81
Operating costs (US$)	**$34,355**	**$34,447**	**$27,623**	**$25,665**	**$26,569**
All-in sustaining costs (US$)	**$36,168**	**$36,693**	**$29,944**	**$27,975**	**$30,276**
Operating costs (A$)	**$48,128**	**$47,534**	**$37,910**	**$34,941**	**$34,502**
All-in sustaining costs (A$)	**$50,668**	**$50,632**	**$41,096**	**$38,085**	**$39,316**
Ounces of gold sold	30,398	26,286	28,734	28,935	30,412
Cash operating costs per ounce sold (US$)	**$1,130**	**$1,310**	**$961**	**$887**	**$874**
All-in sustaining cost per ounce sold (US$)	**$1,190**	**$1,396**	**$1,042**	**$967**	**$996**
Cash operating costs per ounce sold (A$)[2]	**$1,583**	**$1,808**	**$1,319**	**$1,208**	**$1,134**
All-in sustaining cost per ounce sold (A$)[2]	**$1,667**	**$1,926**	**$1,430**	**$1,316**	**$1,293**

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)	Three Months Ended		Six Months Ended	
For the periods ended June 30,	**2022**	2021	**2022**	2021
Net earnings (loss) for the period - as reported	**$(328)**	$5,391	**$(4,037)**	$11,015
Finance expense, net	**1,070**	965	**2,115**	2,046
Income tax expense	**1,381**	4,809	**2,937**	9,521
Depreciation and amortization	**13,689**	7,718	**22,443**	15,001
EBITDA	**15,812**	18,883	**23,458**	37,583
Adjustments:				
Non-cash share-based payments [1]	**(3,836)**	2,308	**1,932**	3,450
Unrealized loss on revaluation of marketable securities [2]	**881**	857	**1,527**	497
Other expense, net [2]	**249**	-	**228**	15
Loss (gain) on derivatives [2]	**(827)**	2,914	**288**	54
Foreign exchange loss [3]	**9,142**	4,519	**6,191**	9,092
Sustainability initiatives [4]	**1,181**	-	**1,181**	-
Adjusted EBITDA	**$22,602**	$29,481	**$34,805**	$50,691
Weighted average number of common shares - basic	**157,838,797**	146,801,153	**156,149,243**	146,529,214
Adjusted EBITDA per share - basic	**$0.14**	$0.20	**$0.22**	$0.35

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.

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)	Three Months Ended		Six Months Ended	
For the periods ended June 30,	**2022**	2021	**2022**	2021
Net earnings (loss) for the period - as reported	**$(328)**	$5,391	**$(4,037)**	$11,015
Non-cash share-based payments [1]	**(3,836)**	2,308	**1,932**	3,450
Unrealized loss on revaluation of marketable securities [2]	**881**	857	**1,527**	497
Loss (gain) on derivatives [2]	**(827)**	2,914	**288**	54
Foreign exchange loss [3]	**9,142**	4,519	**6,191**	9,092
Sustainability initiatives [4]	**1,181**	-	**1,181**	-
Tax impact of the above adjusting items	**(1,551)**	(1,719)	**(1,300)**	(1,751)
Adjusted earnings (loss)	**$4,662**	$14,270	**$5,782**	$22,357
Weighted average number of common shares - basic	**157,838,797**	146,801,153	**156,149,243**	146,529,214
Adjusted earnings (loss) per share - basic	**$0.03**	$0.10	**$0.04**	$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.
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.

(in thousands of dollars)	**Jun 30, 2022**	Dec 31, 2021	Dec 31, 2020
Current assets	**$154,375**	$135,426	$109,857
less: Current liabilities	**78,748**	70,979	53,022
Working Capital	**$75,627**	$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.