

ESG REPORT 2022

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MESSAGE FROM THE CHAIRMAN AND CEO

It is my pleasure to present Karora's 2022 ESG Report, which describes our performance on our environmental, social, and governance ("ESG") priorities. Building on the strong foundations established through our inaugural report released last year, this 2022 report demonstrates our continued commitment to transparency and accountability to our investors and other stakeholders by detailing our progress on key ESG priorities. We remain committed to enhancing our approach in line with market expectations as they continue to evolve.

Embedding ESG at Karora

In 2021, Karora developed a comprehensive ESG strategy that provides a framework for our ESG approach. In 2022, guided by our ESG strategy, we diligently worked to enhance ESG integration into governance processes and risk management systems at Karora. We developed a company-wide Cultural Heritage Policy and Cultural Heritage Management Plan, Stakeholder Engagement Policy, and Potable Water Management Policy. To ensure that we monitor our continuously evolving ESG risk exposure, we also began to develop a new ESG risk register that will incorporate all ESG risks identified as part of our most recent ESG materiality assessment.

The Net Zero Transition

Climate change remains a key pillar of our ESG strategy, as our industry and operations continue to face headwinds in the progression of the low carbon transition. Driven by our goal to be a leader amongst our junior gold mining peers, we are proud to announce our initial climate change target to reduce our absolute Scope 1 and Scope 2 greenhouse gas ("GHG") emissions by 20% by 2030, compared to a 2024 forecasted business-as-usual baseline. As a critical first step to achieving this target, over the last year, we completed a comprehensive analysis of our Higginsville operations to evaluate a range of cleaner energy power generation options. The outcome of this work has resulted in the negotiation and execution of a long-term Power Purchase Agreement with a third party, including the addition of supporting infrastructure, for lower-carbon and cost-effective power at our Higginsville operations. This is a big first step for Karora as we begin our emissions reduction journey and continue to evaluate other potential reduction options across our asset base. As additional reduction options are evaluated and potentially deployed, we intend to continue to increase our emissions reduction target ambitions. Concurrently, as an interim measure and complement to our internal emissions reduction strategy, Karora has compensated for its 2022 Scope 1 and 2 GHG emissions through the purchase and retirement of a 95,000 CO2e tonne portfolio of verified carbon offsets. As part of this initiative, we have continued our commitment towards the Mount Sandy Conservation Project in Australia, as part of the EcoAustralia program.

Responsible Growth

We continue to execute our growth plan to increase our annual gold production to a range of 170,000 to 195,000 ounces and reduce costs. As part of this plan, we closed the acquisition of the Lakewood Mill gold processing facility located near Kalgoorlie, Western Australia. The addition of the Lakewood Mill increases our current nominal processing capacity and significantly de-risks our growth plan. We acknowledge the expanded ESG impacts that come with continued growth and are committed to taking the necessary steps to ensure that we advance our vision to become the next sustainable high-quality mid-tier producer. We are grateful to our investors, team members, and other key stakeholders for their support and their roles in driving the progress reflected in this report. We remain committed to continually improving our disclosure of decision-useful ESG and climate-related information in line with leading ESG reporting standards and frameworks as our approach evolves. We are motivated by the challenge that the net-zero transition presents to our industry, and we believe Karora is exceptionally well-positioned to capitalize on the associated market opportunities in the years ahead.



Paul Andre Huet Chairman and Chief Executive Officer

ABOUT THIS REPORT

The ESG Report ("the report") outlines ESG topics identified as important to Karora and its investors and stakeholders, in addition to our approaches, performance, and achievements related to our ESG priorities.

The report covers our ESG performance for the reporting period of January 1, 2022 to December 31, 2022. All facts and figures are as of December 31, 2022, unless stated otherwise. Data presented in this report includes data for the consolidated company, with the exception of our Lakewood Mill operations. Karora closed the acquisition of the Lakewood Mill gold processing facility on July 27, 2022. In line with corporate ESG reporting best practice, work is underway to ensure we are able to provide full-year ESG performance data for the Lakewood Mill operations beginning in 2023.

Any further data limitations are explicitly noted where relevant and where information is available. Where data is not reported, we have explained why it is not relevant to Karora or noted if we intend to report it in the future. While we have tailored this report to meet the needs of many of our stakeholder groups, our primary focus is on investors, analysts, employees, and Traditional Owners interested in our ESG policies, practices, and performance.

Financial data is stated in Canadian dollars ("CAD"), unless otherwise noted. ESG metrics disclosed within this report are reported according to select metrics from the Sustainability Accounting Standards Board ("SASB")'s Metals & Mining Sustainability Accounting Standard. The report also includes our climate-related disclosure informed by the recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD recommendations"). Additional Information and Relevant Policies and Disclosures:

→ ESG Strategy

- → Corporate Social Responsibility Policy
- → Diversity and Inclusion Policy
- → Environmental Policy
- → Health and Safety Policy
- → Management Information Circular (2023)
- → Code of Business Conduct and Ethics
- → Whistleblower Policy
- → Tailings Storage Facility Policy
- → Stakeholder Engagement Policy
- → Cultural Heritage Policy
- → Potable Water Management Policy

ABOUT KARORA RESOURCES

Karora Resources Inc. ("Karora") (TSX: KRR) is a multi-asset mineral resource company focused primarily on the acquisition, exploration, evaluation, and development of precious metal properties.

With tenements spanning over 1900km² across Western Australia, Karora is focused on growth through sustainable organic production and further accretive acquisitions of precious metal/mineral operations. Karora is executing its growth plan to reduce costs and increase expected annual gold production to approximately 170,000 to 195,000 ounces by 2024 at its integrated Beta Hunt Gold Mine (either "Beta Hunt" or "BHO"), Higginsville Gold Operations (either "Higginsville" or "HGO"), and Spargos Gold Mine ("Spargos") in Western Australia.





Acknowledgement of Country

Karora acknowledges and pays respect to the Traditional Owners upon whose lands our operations in Australia are situated. The Ngadju People have been determined to hold native title over certain of these lands. Over other areas, the Marlinyu Ghoorlie native title claim has been registered. We engage with these Indigenous groups in the operation of our business and value their insights. We acknowledge their physical, spiritual, and cultural connections to the lands on which we are privileged to operate.

KARORA'S VISION, MISSION, AND VALUES

At Karora, our Vision, Mission, and Values directly reinforce our approach to ESG, demonstrating our commitment to operating in an environmentally responsible manner, protecting the health and safety of our employees and contractors, and improving the prospects of all our stakeholders, including the communities in which we operate.

- **Vision** To be a sustainable and responsible gold mining company that evolves into a mid-tier producer through the exploration, acquisition, and development of a high-quality portfolio of precious metal assets.
- **Mission** To be a strong and supportive partner in our communities, to our employees, shareholders, and business partners by consistently creating sustainable value through the safe and responsible exploration, development, and operation of our mining assets.

We work safely.

Values

We never compromise the health and safety of our employees, contractors, or the people in the communities in which we operate.

We treat people with dignity and respect.

We receive everyone's contributions with genuine interest and give all ideas a fair hearing. Our actions and communications foster people's sense of value and worth.

We respect the environment.

We continually adopt available best practices and advance new technologies where appropriate to manage our environmental footprint and operate sustainably.

We hold ourselves accountable to deliver on our commitments.

We are transparent in our communications, clearly define our plans for the future, and report progress against these plans. We are accountable for our actions within the workplace and in our interactions with our stakeholders.

We create lasting prosperity in the communities where we operate.

We generate business, training, and employment opportunities in the communities in which we operate to create sustainable community benefits. We actively engage with community members to foster communication, strengthen relationships, build understanding, and, wherever possible, to align our interests.

We generate value from our assets.

We provide superior returns to our shareholders and benefits to our stakeholders by continually seeking out the best employees, technologies, and business partners. Our talented employees work diligently to maximize value for our stakeholders.

WHERE WE OPERATE

Karora's primary gold-producing operations are its 100% interests in the Beta Hunt Mine, the Higginsville Gold Operations, and the Lakewood Mill, located in Western Australia approximately 60 kilometres from Kalgoorlie along the prolific Norseman-Wiluna Greenstone Belt.



Beta Hunt Mine

The Beta Hunt Mine, located approximately 600km from Perth in Kambalda, Western Australia, is a deposit with a strategic advantage, hosting both gold and nickel resources in adjacent discrete mineralized zones. The Beta Hunt Mine is owner-operated using conventional underground mining methods. Gold processing is conducted through the Higginsville and Lakewood processing plants.

Higginsville Gold Operations

Owned and operated by Karora since June 2019, HGO is located approximately 75km south of the Beta Hunt Mine. The operation includes a 1.6 million tonne per annum ("Mtpa") processing plant, fed by material from Beta Hunt, the Higginsville mining operations, and the Spargos Gold mine, which was brought into production in late 2021.

Lakewood Mill

In July 2022, Karora acquired a second gold processing facility, the Lakewood Mill, located near Kalgoorlie, Western Australia, approximately 60km from the Beta Hunt Mine. The addition of Lakewood increases Karora's nominal processing capacity to approximately 2.6 Mtpa (1.6 Mtpa at Higginsville and ~1.0 Mtpa at Lakewood) and significantly de-risks our growth plan to increase gold production.

Karora - Key Operating Figures a Glance (2022):

Gold Production (oz): 133,887¹

Gold Sales (oz): 132,047

All-in Sustaining Costs: US\$1,171

Total Workforce:² 522

¹This figure considers gold recovered from Higginsville and the recently acquired Lakewood Gold Mill. Gold production linked to ESG performance (e.g., intensity metrics by troy ounce of gold produced) throughout this report solely considers gold recovered from Higginsville, unless otherwise stated. In line with corporate ESG reporting best practice, work is underway to ensure we are able to provide full-year performance data for the Lakewood Mill operations beginning in 2023. ² Includes full-time and part-time employees and contractors. Does not include Lakewood Mill operations beginning in 2023.

2022 PERFORMANCE HIGHLIGHTS

Key Corporate and ESG Highlights for 2022:



Record Production

Record annual consolidated gold production of 133,887 ounces from Beta Hunt and Higginsville mines in Western Australia.³ Gold sales were also a record, totaling 132,047 ounces in 2022 [SASB EM-MM-000.A].



Acquired Lakewood Gold Mill

Closed the acquisition of the Lakewood Mill gold processing facility located near Kalgoorlie, Western Australia, increasing our nominal processing capacity to approximately 2.6 Mtpa and significantly de-risking the growth plan to increase gold production.



Scope 1 and 2 Emissions Compensation

Compensated for our Scope 1 and 2 GHG emissions for the second straight year through the purchase and retirement of a 95,000 tonne portfolio of verified carbon offset credits.⁴



Emissions Reduction Target & Plan

Established an initial target to decrease our absolute Scope 1 and Scope 2 GHG emissions by 20% by 2030, compared to a 2024 forecasted business-as-usual baseline. Based on the technical analysis completed in 2022, we have identified an initial plan towards achieving this target, which focuses on conversion to cleaner energy sources at Higginsville.



ESG Risk Register

Began to develop a new ESG risk register that will enhance Karora's ability to identify, manage, and assess ESG risks company-wide. The ESG risk register will include all material ESG risks identified in our materiality assessment.

Analyst Corner

SASB EM-MM-000.A

OUR APPROACH TO ESG

At Karora, ESG factors are directly linked with our core strategic objectives. The way that we manage ESG factors helps determine the success of our business. ESG factors can have significant impacts on our operations, employees, contractors, suppliers, local communities, and ultimately, the long-term value of our company. Our Vision, Mission, and Values directly enforce our approach and commitment to ESG. Originally developed in 2021, our ESG approach defines our overall strategy and priorities through to 2023. We will continue to refine our approach over time to adapt to changing market conditions and accommodate any future growth or diversification of the company.

Our ESG Commitment

We support the objectives of the Paris Agreement and the Glasgow Climate Pact and recognize the critical role of the global mining sector in providing the metals necessary for the transition to low carbon energy. The management of ESG factors is in strong alignment with our overall commitment to safe and responsible mining, to strong governance, and to enhancing the role of the minerals and metals sector to support global sustainable development.

We believe that transparency and accountability to our investors and other stakeholders are important. We are committed to adhering to market-leading, investor-preferred ESG disclosure approaches. To this end, we have adopted leading ESG reporting frameworks – the SASB Standards and the TCFD recommendations – for our annual ESG and climate change reporting.

Our ESG Pillars

Karora's ESG strategy is a foundational element in executing our multi-year growth plan. It embodies our vision, mission, and values as an organization, alongside our drive to be an ESG leader. Through this lens, we recognize the need to embed ESG into the way we think, operate, and do business. Our approach to ESG is underpinned by a framework that is composed of five key pillars: Governance; Strategy; Risk Management; Metrics and Targets; and Reporting and Disclosure. Our approach to ESG is guided by the commitments embedded within each of these pillars and is formalized through our <u>ESG Strategy</u>.

The following pillars align with the strategic ESG factors that were identified as having the potential to impact the future of our company and that are of most importance to our investors and other stakeholders, as determined by a formal <u>ESG materiality assessment</u>. To support these foundational pillars, we expect all employees, officers, Board members, and, to the extent feasible, consultants, contractors, and representatives of Karora, to be committed to our objective to be an ESG leader by upholding our ESG commitments.

(Continued on p. 10)

OUR APPROACH TO ESG

Our ESG Pillars

Governance

- ESG is a key priority for the Board of Directors and senior management and is embedded into our corporate culture and strategic decisionmaking.
- We will continue to maintain strong governance structures which incorporate ESG factors, including Board oversight of ESG factors, Board expertise, and ongoing education on ESG.
- We will seek opportunities to enhance our structure for senior management accountabilities on ESG, including improved consideration of ESG objectives into senior management's performance.
- We will maintain regular reporting on ESG factors from senior management to the Board.

2 Strategy

- We are committed to identifying ESG risks and opportunities with the potential to impact company value and strategic objectives over the short-, medium-, and long-term on an ongoing basis, as our exposure evolves over time.
- We will ensure sufficient allocation of budget required to maintain regulatory compliance on ESG factors.

 We will strive to capture ESG opportunities, including evaluating and implementing new technologies to improve our ESG performance.

3 Risk Management

- We will annually review our ESG materiality assessment to ensure that key ESG factors are monitored on an ongoing basis, and that ESG factors are identified, assessed, and prioritized.
- We will identify opportunities to enhance the integration of material ESG risks into our Enterprise Risk Management ("ERM") processes, and identify actions necessary to mitigate ESG risks.

4 Metrics and Targets

 We set an objective to become one of the world's first net zero junior gold mining companies. As a first step towards achieving this commitment, we have established an interim target to reduce our absolute Scope 1 and 2 GHG emissions by 20% by 2030, compared to a 2024 forecasted business-asusual baseline. Our initial focus is on Scope 1 and 2 emissions reduction opportunities at our operations, with Scope 3 emissions reductions to be considered over time.

- We commit to annually publishing a GHG emissions inventory and reporting our progress toward our Scope 1 and 2 2030 emissions reduction target. We will quantify and report on Scope 3 using a phased approach over time.
- We will set additional and increasingly ambitious ESG-related targets as we improve our ESG data collection and reporting processes.

Reporting and Disclosure

- We will report on our ESG performance in alignment with SASB's Metals & Mining Standard.
- We will report on our climate change performance in alignment with the TCFD recommendations using a phased approach, ensuring that our climate-related disclosure meets or exceeds criteria set out by forthcoming climate-related disclosure regulations.
- We will enhance our incorporation of ESG-related disclosure into regulatory filings, including a discussion of the financial materiality of ESG-related factors on the organization.
- We will strive to continually improve our disclosure of decision-useful ESG- and climate-related information over time.



Karora has developed a comprehensive ESG strategy that identified material ESG factors, alongside measures to enhance ESG integration into our governance processes and risk management systems. We have also established a set of metrics and targets for internal monitoring and external reporting. For more detail on our commitment to ESG, as well as our ESG pillars, see <u>Our Approach to ESG</u>.

ESG Materiality Assessment [TCFD: Strategy (a); TCFD: Risk Management (a)]

In 2021, Karora completed an ESG materiality assessment that forms the foundation of our ESG strategy. In advance of the publication of this report, we reviewed and refreshed our ESG materiality assessment to ensure that the assessment of the potential impacts of ESG factors on Karora's value is current and reflects the rapidly evolving ESG landscape. As part of this exercise, we have identified "Tailings Storage Facilities Management" and "ESG Governance" as stand-alone ESG factors.⁵ Capturing Tailings Storage Facilities Management as a stand-alone ESG factor reflects investors' sustained focus on the issue and better aligns Karora with SASB's revised Metals & Mining Sustainability Accounting Standard. We have additionally identified ESG Governance as a key priority, in recognition of the importance of maintaining robust governance structures to manage our material ESG factors and implement our ESG strategy.

The ESG materiality assessment identified and prioritized the ESG factors with the greatest potential to materially impact company value and our ability to achieve our strategic objectives over the short-, medium-, and long-term. Our process for conducting this assessment is shown in the figure below. To identify potentially relevant ESG factors, we:

- → conducted a benchmarking of ESG practices relative to industry peers;
- → conducted a review of key investors' ESG priorities;
- → referenced key ESG frameworks, including the SASB Metals & Mining Sustainability Accounting Standard, SASB's Climate Risk Technical Bulletin, and the TCFD recommendations;
- referenced the Mining Association of Canada's Towards Sustainable Mining protocols and frameworks; and
- → referenced the methodologies of ESG research and ratings providers.

ESG STRATEGY (Continued)

We also reviewed additional sources including industry regulations, trends, initiatives, and relevant ESG guidance, including proposed regulations. We then assessed the potential impact to the business and the likelihood of each ESG factor emerging over the short- (0 - 1 years), medium- (1 - 5 years), and long-term (greater than 5 years).

We assessed the ESG factors using the impact and likelihood criteria informed by existing risk management processes to ensure that the ESG factors are assessed consistently and proportionately to other risks. In assessing the ESG factors identified, we used a materiality threshold aligned with the U.S. and Canadian securities law materiality definitions as well as the International Financial Reporting Standards ("IFRS") materiality definition. Finally, the results of the ESG materiality assessment were validated by Karora's senior management team and Board of Directors.

Karora will annually review and update the ESG materiality assessment as needed to accommodate the dynamic nature of materiality, changing market conditions, and any future growth or diversification of the company.



Analyst Corner

- TCFD: Strategy (a)
- TCFD: Risk Management (a)

ESG Materiality Assessment Results

The ESG factors identified as material in our ESG materiality assessment are depicted in the matrix below.

All material ESG factors identified are addressed in this report – categorized by Environment, Social, and Governance. Further details on the ESG factors identified, including their relevance to Karora and our approach, performance, and existing and planned risk mitigation activities, are available in the <u>ESG Priorities</u> section of this report. Key performance indicators ("KPIs") for all ESG factors identified are included in the respective sections of this report. KPIs are also consolidated in the <u>ESG Performance Metrics</u> section.



RISK MANAGEMENT

The Board of Directors has overall responsibility for the establishment and oversight of Karora's risk management programs. Our risk management framework is designed to facilitate the identification, assessment, management, and mitigation of the risks we face as a gold mining company, including risks associated with climate change and other social and environmental risks.

Managing ESG risks is a key part of how we create sustainable value and is a strategic priority for Karora. We recognize the need to comprehensively integrate Karora's material ESG risks into our risk management processes to realize our ambition of becoming an ESG leader. To this end, in 2022, Karora began to develop an ESG risk register that will incorporate all ESG factors identified as material in our ESG materiality assessment. It will incorporate criteria consistent with that of our existing risk registers. The ESG risk register will identify contributing factors and causes of Karora's exposure, potential consequences, existing controls to manage the risk, as well as owners for individual ESG risks. Once completed, Karora will seek to formally implement the risk register across operations. As part of this effort, our Environmental Management Systems Manual ("EMSM") for Beta Hunt and Higginsville will be reviewed to ensure alignment with ESG risk ratings and mitigation strategies. Karora will also develop an EMSM for our new Lakewood facility to ensure alignment with our ESG principles and commitments. We will provide updates on progress in future disclosures.



METRICS AND TARGETS

We strive to continuously improve our data collection, monitoring, and disclosure as our ESG strategy progresses to provide decision-useful information to our investors. In this report, we provide a set of KPIs for each ESG factor identified in our ESG materiality assessment. ESG data is consolidated in the <u>ESG Performance Metrics</u> section. The <u>SASB Index</u> summarizes our performance on select ESG metrics from the SASB Metals & Mining Sustainability Accounting Standard. The <u>TCFD Index</u> summarizes our climate-related disclosure informed by the TCFD recommendations.

ESG data presented in this report includes data for the consolidated company, with the exception of our Lakewood Mill operations. Karora closed the acquisition of the Lakewood Mill gold processing facility on July 27, 2022. In line with corporate ESG reporting best practice, work is underway to ensure we are able to provide full-year ESG performance data for the Lakewood Mill operations beginning in 2023. Data methodologies and limitations are explicitly noted where relevant and where information is available. Where data is not reported, we have explained why it is not relevant to Karora or noted if we intend to report it in the future.

Our Net-Zero Ambition

Emissions Reduction Target and Plan

In 2021, we announced our ambition to become one of the world's first net-zero junior gold mining companies. Building on this ambition, we have established an interim target to reduce our absolute Scope 1 and Scope 2 GHG emissions by 20% by 2030, compared to a 2024 forecasted business-as-usual baseline. Based on a detailed emissions reduction analysis conducted, we have identified an initial plan to achieve this target, which focuses on the conversion to cleaner energy sources at Higginsville. For more information on our target and emissions reduction plan, see <u>Climate-related Target</u>.

Scope 1 and 2 GHG Emissions

For the second straight year, Karora has continued to compensate for Scope 1 and Scope 2 GHG emissions through the purchase and retirement of a 95,000 tonne portfolio of verified carbon offset credits. The credit retirements form a part of Karora's ongoing carbon emissions reduction and concurrent compensation offset strategy.

We intend to reduce and compensate for Scope 1 and 2 GHG emissions through to our target year of 2030 using a combination of emissions reductions initiatives and carbon offsets. Moving forward, we will prioritize internal reduction opportunities as they become viable in achieving our 2030 reduction target, with offsets playing a more limited and supplemental role.

Our goal is to continuously improve our performance and approach on the ESG factors that have the most potential to impact company value.

We provide progress on our 2022 ESG targets in Table 1 below. For additional details on steps undertaken to achieve these goals, see their respective sections within this report. Karora's set of ESG targets implemented for 2023 are provided in Table 2. We remain committed to annually disclosing our progress on these commitments and setting more ambitious goals as we improve the integration of ESG into our core business processes.

Table 1: 2022 ESG Target Progress Update [TCFD: Metrics & Targets (c)]

2022 ESG Targets	Status	Summary of Progress	
Waste and Hazardous Materials Management			
Maintain zero significant incidents associated with hazardous materials and waste management.	ACHIEVED	 There were no significant incidents associated with hazardous materials and waste management in 2022. 	
Enhance waste and hazardous materials management policies and procedures.	ACHIEVED	 Completed a baseline study at Beta Hunt and Higginsville that analyzed waste streams and waste disposal costs and identified recycling opportunities. 	
		• Updated our waste management plans based on the findings of the baseline study and recommendations from specialist mine site recycling contractors.	
Rights of Indigenous Peoples			
Enhance engagement processes and due diligence practices with respect to Indigenous rights.	ACHIEVED	 Developed a Cultural Heritage Policy that provides a framework to ensure that Karora recognises the important role culture and heritage have in the communities in which we operate. 	
		• Developed a Cultural Heritage Management Plan to implement the commitments outlined in our Cultural Heritage Policy. It outlines practices to ensure Aboriginal heritage sites within Karora's tenement areas are identified, protected, and managed pursuant to the Aboriginal Heritage Act 1972 (WA) and our stakeholder agreements.	

Table 1: 2022 ESG Target Progress Update (Continued)

2022 ESG Targets	Status	Summary of Progress
Rights of Indigenous Peoples		
Expand opportunities for training and development for Indigenous workforce.	ACHIEVED	• As part of programming facilitated by the Forestry Production Commission designed to support skills development and employment for the Ngadju People, Karora conducted mock interviews and reviewed resumes to support entry into the industry.
Enhance cultural awareness for our workforce through training and leadership.	ACHIEVED	 Members of Karora's senior leadership team and one Board member received cultural awareness training provided by the Ngadju Native Title Aboriginal Corporation ("NNTAC").⁷
Water Management		
Enhance water management policies and procedures, including establishing a policy to manage potable water.	ACHIEVED	 Developed a Potable Water Management Policy that provides a statement of principles and framework to help guide Karora's activities with respect to potable water management. Initiated the development of a business case for water recycling at wash-down bays and tertiary treatment of wastewater for the gold elution circuit. Initiated a project to establish a permanent pipeline from Spargos to Beta Hunt to enhance potable water supply.
Community Relations		
Enhance processes to manage risks and opportunities associated with community rights and interests.	ACHIEVED	 Developed a Stakeholder Engagement Policy that provides a framework to ensure that Karora builds and maintains positive relationships with the communities in which we operate. To support gainful employment and benefit for Traditional Owners, Karora has been engaging with key community stakeholders to selectively harvest trees for commercial production from sites that are being cleared for council or mining purposes. Trees have now been marked at Mousehollow for clearing to allow the timber harvest trial to proceed.

Table 1: 2022 ESG Target Progress Update (Continued)

2022 ESG Targets	Status	Summary of Progress	
Workforce Health and Safety			
Maintain zero fatalities.	ACHIEVED	There were zero fatalities in 2022.	
Strive to achieve a company-wide total record- able injury frequency rate ("TRIFR") of zero.	ON TRACK	• Achieved a TRIFR of 3.0, a 60% reduction relative to 2021.	
Biodiversity Impacts and Reclamation			
Enhance environmental management policies and practices for active sites.	ACHIEVED	 Reviewed and updated our Environmental Policy and EMSM. As part of the EMSM update, we completed a review of environmental sensitive receptors, risk assessments, and mitigation strategies. Investigated new drone sensors and their use to monitor rehabilitation performance for waste dumps. Completed a performance review of legacy rehabilitation at Higginsville, which identified corrective actions to maintain and improve the biodiversity of legacy landforms. Completed topsoil and growth media inventory balance for Higginsville and Spargos. 	
Greenhouse Gas Emissions and Climate Change			
Complete the technical studies required to develop a transition plan to reduce our emissions and set emissions reduction targets, with an initial focus on interim targets.	ACHIEVED	• We completed a comprehensive analysis of emissions reduction opportunities across our operations both on surface and underground to determine our emissions reduction target and our initial plan to achieve it.	
Determine interim emissions reduction targets to be announced in 2023.	ACHIEVED	• Established a target to reduce our absolute Scope 1 and Scope 2 GHG emissions by 20% by 2030, compared to a 2024 forecasted business-as-usual baseline.	

Table 2: 2023 ESG Targets [TCFD: Metrics & Targets (c)]

ESG Factor	Status ⁸	2023 ESG Targets and Commitments	
Waste and Hazardous Materials Management	RENEWED	• Maintain zero significant incidents associated with hazardous materials and waste management.	
	RENEWED	Enhance waste and hazardous materials management policies and procedures.	
Tailings Storage Facilities Management	NEW	• Bring Karora into closer alignment with the Global Industry Standard on Tailings Management ("GISTM") by completing a gap assessment of our current policies and practices.	
ESG Governance	NEW	Enhance Board expertise on ESG through ongoing education.	
	NEW	Undertake a comprehensive update of our ESG materiality assessment.	
	NEW	 Improve alignment between executive and senior management short-term incentive programs and ESG priorities and commitments. 	
	NEW	Explore third-party verification of ESG metrics and performance.	
Rights of Indigenous Peoples	RENEWED	Enhance engagement processes and due diligence practices with respect to Indigenous rights.	
	RENEWED	Expand opportunities for training and development for Indigenous workforce.	
	RENEWED	Enhance cultural awareness for our workforce through training and leadership.	
Water Management	NEW	Implement key projects to enhance water management.	

Table 2: 2023 ESG Targets (Continued)

ESG Factor	Status	2023 ESG Targets and Commitments	
Community Relations	RENEWED	Enhance processes to manage risks and opportunities associated with community rights and interests.	
Workforce Health and Safety	RENEWED	Maintain zero fatalities.	
	RENEWED	• Strive to achieve a company-wide total recordable injury frequency rate ("TRIFR") of zero.	
Biodiversity Impacts and Reclamation	RENEWED	Enhance environmental management policies and practices for active sites.	
Greenhouse Gas Emissions and Climate Change	NEW	• Progress on the implementation of initiatives outlined in our 2030 emissions reduction plan to support the achievement of our target (20% absolute Scope 1 and 2 emissions reduction, compared to our forecasted 2024 business-as-usual baseline).	

Analyst Corner

• TCFD: Metrics and Targets (c)

ESG PRIORITIES

In 2021, Karora completed an <u>ESG materiality assessment</u> that identified and prioritized ESG factors with the greatest potential to materially impact company value and our ability to achieve our strategic objectives.

In advance of the publication of this report, we reviewed and refreshed our ESG materiality assessment to ensure that the assessment of the potential impacts of ESG factors on Karora's value is current and reflects the rapidly evolving ESG landscape.

These ESG factors are identified as ESG priorities for Karora and are addressed in this section of the report – categorized by Environment, Social, and Governance. As topics of strategic importance to Karora, we provide an overview of our approach, performance, and existing and planned risk mitigation activities associated with each ESG priority.

The ESG priorities discussed in the Environment, Social, and Governance sections are ordered by potential materiality over the short-, medium-, and long-term, with the highest priority ESG issues listed at the top of each section.

Karora has set targets around the highest priority ESG issues. Our new 2023 targets, as well as progress on 2022 targets, are highlighted throughout this section.

Our ESG Priorities:

Governance | Pages 22-28

Environment | Pages 29-62

Social | Pages 63-80

GOVERNANCE

A transparent culture of corporate governance and ethical behaviour in decision-making is fundamental to the way we do business. We are committed to implementing high standards of corporate governance and reporting, and to conducting our business in ways that are ethical, transparent, and accountable to our investors and other stakeholders. This includes the way we oversee and manage ESG factors. We consider good corporate governance to be central to the effective and efficient operation of our business and have identified Anti-Corruption and Transparency and ESG Governance as ESG priorities.

2022 Highlights

- Developed new ESG-related policies to enhance oversight and accountability:
- → Potable Water Management Policy (see <u>Water Management</u>)
- → Cultural Heritage Policy (see <u>Rights of Indigenous Peoples</u>)
- → Stakeholder Engagement Policy (see Community Relations)
- Began to develop a new ESG risk register that will include all of Karora's material ESG factors to enable oversight of the company's evolving ESG exposures (see <u>Risk Management</u>)

ESG GOVERNANCE

Board Oversight of ESG

Karora's Board of Directors oversees the company's ESG program and all related sustainability matters. During its quarterly meetings, the Board reviews the status of Karora's various ESG initiatives, considers related recommendations, and provides input as to the overall direction of the program. Board members have strategic ESG expertise and skills related to Karora's material ESG factors, including health and safety, environment and permitting, and sustainability. In 2022, Board members received education on ESG-related topics, including diversity, equity, and inclusion in mining and climate change. To maintain a high level of awareness of current and emerging ESG factors, Board members will continue to receive regular, recurring education on ESG-related topics.

Management Accountability for ESG

The Board is supported in its responsibility for oversight of Karora's ESG program by the Senior Vice President ("SVP"), Technical Services and Sustainability. The SVP, Technical Services and Sustainability has the highest level of management accountability for ESG and is responsible for identifying, assessing, and managing Karora's ESG risks and opportunities. The SVP, Technical Services and Sustainability reports to the Board on ESG and sustainability issues on a quarterly basis and works closely with Karora's Chairman and CEO on ESG-related matters. As a topic of high priority for Karora, the Chairman and CEO is actively involved in the development and implementation of Karora's ESG strategy.



KARORA'S APPROACH TO BOARD AND MANAGEMENT DIVERSITY

- Karora's <u>Diversity and Inclusion Policy</u> defines our approach to diversity on the Board and in senior management. Formalized through this policy, Karora has committed to having women make up at least 30% of the Board. To continue to improve our diversity practices, we will actively seek women candidates during the director identification and selection process by reviewing information sources that profile women who are currently on or have an interest in serving on public Canadian boards and also by identifying qualified women in the mining industry.
- We believe that decision-making is enhanced through diversity and that diversity provides a competitive advantage. In the context of an effective Board of Directors, diversity includes expression of thought, business experience, skill sets, and capabilities. Diversity also means valuing an individual's race, colour, gender, age, religious belief, ethnicity, cultural background, economic circumstance, human capacity, and sexual orientation. Taken together, these diverse skills and backgrounds help to create a business environment that encourages a range of perspectives and fosters excellence in the creation of shareholder value.
- Karora supports and encourages diversity at all levels. We are also committed to ensuring that succession and talent management processes provide the necessary learning and training opportunities to develop the skills and experience necessary for employees to be considered for advancement to more senior roles, including the senior management team and the Board.





ESG-RELATED POLICIES

Policy Name	Description of Policy	Date of Board Approval or Last Update
<u>Code of Business</u> Conduct and Ethics	 Outlines the principles to which our employees, officers, and Board members are expected to adhere in the conduct of the organization's business. Sets forth principles regarding individual and peer responsibilities, as well as responsibilities to other employees, the public, and other stakeholders. 	Nov 3, 2022
<u>Corporate Social</u> <u>Responsibility Policy</u>	 Provides a framework to ensure our actions promote the development of the communities in which we operate. Sets forth our commitment to implementing responsible and sustainable business practices, especially with respect to our operations, to improve the prospects of all stakeholders including local communities (which includes affected Indigenous Communities). 	Mar 11, 2022
Environmental Policy	 Provides a statement of principles and a framework to help guide our activities in an environmentally responsible manner, ensuring compliance with all applicable environmental regulations and commitments. 	May 6, 2022
Health and Safety Policy	 Defines our commitment to the safety and health of our employees. Provides a framework for measuring the safety performance of our activities and ensuring Karora and its employees and contractors comply with all applicable occupational health and safety laws, regulations, and commitments. 	Mar 17, 2021
<u>Diversity and Inclusion</u> <u>Policy</u>	• Defines our policy with respect to diversity on the Board and in senior management positions at Karora.	Mar 11, 2022
<u>Whistleblower Policy</u>	 Governs the receipt, retention, and treatment of complaints received by Karora regarding accounting, internal accounting controls, auditing matters or potential violations of law, and any other questionable or unwanted behaviour for which the individual employee feels compelled to lodge the complaint in an anonymous manner. 	Nov 3, 2022
Clawback Policy	• Provides for the recoupment of all or a portion of certain incentive compensation paid to current and/or former executive officers and members of management in certain circumstances when Karora has been required to issue restated financial results.	Mar 11, 2022

ESG-RELATED POLICIES

Policy Name	Description of Policy	Date of Board Approval or Last Update
<u>Tailings Storage Facility</u> <u>Policy</u>	• Defines the governance and protocols to reduce the risk of catastrophic failure of tailings storage facilities across our business.	Jul 31, 2023
<u>Stakeholder</u> Engagement Policy	• Provides a framework to ensure that Karora builds and maintains positive relationships with the communities in which we operate, including governments, partners, stakeholders, and others impacted by our activities.	Apr 19, 2023
<u>Cultural Heritage Policy</u>	• Provides a framework to ensure that Karora recognizes the important role that culture and heritage have in the communities in which we operate.	Apr 19, 2023
<u>Potable Water</u> <u>Management Policy</u>	• Provides a statement of principles and a framework to help guide Karora's activities with respect to potable water management.	Apr 19, 2023

ESG & EXECUTIVE COMPENSATION

To facilitate the integration of ESG into our business and to ensure that we are accountable for advancing our ESG strategy, we include ESG-related goals in the structure of short-term incentives awarded to executive officers. For 2023, we have implemented a corporate objective (15% weighting) linked to completion of the 2023 ESG targets outlined in this report. For further detail on our 2023 ESG targets, see Table 2 in <u>Metrics and Targets</u>. As a priority for Karora, we have set new 2023 targets related to ESG Governance, summarized below.

2023 ESG Targets					
NEW	Enhance Board expertise on ESG through ongoing education.				
NEW	Undertake a comprehensive update of our ESG materiality assessment.				
NEW	Improve alignment between executive and senior management short-term incentive programs and ESG priorities and commitments.				
NEW	Explore third-party verification of ESG metrics and performance.				

Anti-Corruption and Transparency

Why is this Important for Karora? Karora's head office is located in Canada, while all of our mining operations are located in Australia. Both countries have a very low ranking for corruption risk on Transparency International's Corruption Perceptions Index [SASB EM-MM-510a.2].⁹

Karora is subject to laws that impose penalties on individuals and companies for bribery and corruption, including the Canadian Corruption of Foreign Public Officials Act ("CFPOA") and the U.S. Foreign Corrupt Practices Act, as well as similar laws in Australia. We are also subject to the Canadian Extractive Sector Transparency Measures Act ("ESTMA"), which requires us to disclose our payments to governments. As a Canadian company listed on the Toronto Stock Exchange, we must also comply with strict stock market requirements designed to protect investors and market integrity.

Our Approach [SASB EM-MM-510a.1]

We conduct our business with a view of promoting a culture of ethical business conduct in compliance with all applicable regulatory requirements. Our approach to Anti-Corruption and Transparency is guided by the following policies:

Code of Business Conduct and Ethics

Our Code of Business Conduct and Ethics ("the Code") is approved by the Board of Directors and outlines the principles to which our employees, officers, and Board members are expected to adhere in the conduct of our business. The Code sets forth principles regarding individual and peer responsibilities, as well as responsibilities to other employees, the public, and other stakeholders.

All employees, officers, and Board members are required to certify compliance with the company's Code of Business Conduct and Ethics, which among other things covers illegal and or unethical business practices, fair dealing, conflicts of interest, bribery, and corruption. The company also has in place various controls and procedures to help identify and mitigate the risk of any such activity.

Whistleblower Policy

Our Whistleblower Policy governs the receipt, retention, and treatment of complaints received by Karora regarding accounting, internal accounting controls, auditing matters or potential violations of law, and any other questionable or unwanted behaviour for which the individual employee feels compelled to lodge the complaint in an anonymous manner and without retaliation to the Chair of the Audit Committee. The Policy is approved by the Audit Committee of the Board and was developed to ensure the confidential, anonymous submission by Karora's employees of material concern regarding accounting or auditing matters, internal control matters, or potential violations of law.

Analyst Corner

- SASB EM-MM-510a.1
- SASB EM-MM-510a.2

ENVIRONMENT

Karora is committed to operating in a safe and environmentally sustainable manner across all our operations, projects, and office locations. Included in our ESG priorities are Tailings Storage Facilities Management, Waste and Hazardous Materials Management, Water Management, Greenhouse Gas Emissions and Climate Change, Biodiversity Impacts and Reclamation, Energy Management, and Air Quality.

Overarching Approach to Environmental ESG Factors [SASB EM-MM-160a.1]

Karora's overarching approach to environmental matters is guided by our Environmental Policy and Environmental Management Systems Manual, alongside several other management plans that are related to specific environmental ESG priorities.¹⁰

Environmental Policy

Our **Environmental Policy** is approved by the Board of Directors and provides a statement of principles and a framework to help guide our activities in an environmentally responsible manner. This Policy is applicable to Karora's and its subsidiaries' workforce which includes senior management, officers, employees, contractors, and Board members across all our operational mines, exploration sites, closure properties, and joint ventures where Karora has control.

Environmental Management Systems Manual

The Environmental Management Systems Manual aims to provide an overview of all the potential environmental risks that Karora is exposed to, as well as the operational controls and mitigation activities to avoid environmental harm. These activities are undertaken by Karora during feasibility, operations, decommissioning, and eventually site closure. The manual also aims to increase awareness of the potential environmental risks and subsequent impacts of our mining operations, and to ensure operations are compliant with relevant approvals, licenses, permits, and regulations.

Karora completed a review of our Environmental Management Systems Manual in 2022, which included a review of environmental sensitive receptors, risk assessments, and mitigation strategies. The review was conducted to ensure that approval, permit, and license conditions or commitments are adequately captured in the Environmental Management Systems Manual and related risk assessments. The review compared current operations with those documented at our sites to ensure alignment and that adequate controls are in place.

Environmental Training and Development

Training and developing environmental awareness within Karora's workforce is undertaken in various forms including inductions, presentations, meetings, memos, and site notices. Some recent examples include:

- online environmental awareness induction;
- phasing out of single-use plastics and other environmental concerns (general awareness training);
- single-use coffee cups phased out from use at Higginsville mine;
- presentations provided to team members on:
 - → recommended practices to reduce waste;
 - → water management and regulatory reporting requirements; and
 - → Karora's internal clearing procedures and the associated permit/license requirements on clearing land for mine development;
- field interactions with operators to discuss the environmental considerations for operational tasks they complete; and
- memos and follow-on meetings held to outline the appropriate method of dust suppression when using hypersaline water.

2022 Highlights:

- → Established a target to reduce our absolute Scope 1 and 2 GHG emissions by 20% by 2030, compared to a 2024 forecasted business-as-usual baseline. We have identified an initial plan to achieve this target, which focuses on conversion to cleaner energy sources.
- → Compensated for Scope 1 and 2 GHG emissions for the second year straight in 2022 through the purchase and retirement of a 95,000 tonne portfolio of verified carbon offset credits with a continued focus, in addition to other projects, on the EcoAustralia credits (Biodiversity + Verified Carbon Credits) - Mount Sandy Conservation Project in Australia.



Analyst Corner SASB EM-MM-160a.1

Tailings Storage Facilities Management

Why is this Important for Karora? Mining operations can generate large volumes of tailings, which are often stored on-site in tailings storage facilities ("TSFs"). A catastrophic failure of a TSF (e.g., a dam failure) can release significant volumes of waste, including materials that are potentially harmful to the environment, resulting in significant impacts on ecosystems and local communities. An effective approach to TSF management avoids lost revenues related to halted operations, remediation costs, fines and penalties, as well as adverse reputational impacts and erosion of social license to operate.

Higginsville houses a conventional gold "carbon-in-leach" processing facility that includes several approved tailings deposition and TSFs. The operation and closure of Karora's TSFs are strictly controlled by government regulation, codes of practice, and relevant guidelines, as well as our own internal standards, procurement policies, and contractor management processes, enhancing priority for this issue.

Our Approach [SASB EM-MM-150a.10; SASB EM-MM-540a.2] Our approach to TSF management is guided by our Tailings Storage Facility Policy.

Tailings Storage Facility Policy

Through our <u>Tailings Storage Facility Policy</u>, we define the governance and protocols to reduce the risk of catastrophic failure of Karora's TSFs. Our Managing Director has the overall responsibility for ensuring processes are in place to minimize the risk of catastrophic failure of TSFs across the company. This Policy applies to all Karora employees and contractors involved in the design, construction, operation, amendment, monitoring, and closure of TSFs. As provided in the Policy, periodic TSF reviews align with Karora's Tailings Management Standard framework,¹¹ covering the following elements of TSF design, construction, and operational management:

- accountability, responsibility, and competency;
- design, planning, and resourcing;
- risk management;
- management of change and cumulative impact assessment;
- emergency preparedness; and
- review and assurance.

In accordance with our Tailings Management Standard framework, Karora completes regular inspections on each of our facilities, together with an annual audit and management review which is carried out using an independent consultant engineer and lodged with our mining regulator to demonstrate our compliance with all conditions. We have formalized our commitment to enhancing our approach to this ESG issue by establishing an ESG target to bring Karora into closer alignment with the <u>Global</u> <u>Industry Standard on Tailings Management</u> ("GISTM"). As part of this target, we commit to completing a gap assessment of our current policies and practices against requirements set out by GISTM. We will provide updates on our progress in future disclosure.

2023 ESG Target

NEW Bring Karora into closer alignment with GISTM by completing a gap assessment of our current policies and practices.

Overview of Karora's TSFs

Karora currently deposits tailings into its above-ground paddock-style facility, which is made up of four cells called TSF-1, TSF-2, TSF-3, and TSF-4 (collectively referred to as TSF1-4). Paddock-style facilities are mostly utilized in arid environments and consist of dams with walls constructed from compacted earthen material, slurry waste, and water. Karora has gained approval for a series of lifts (two completed, four planned) that will extend the life of this facility. The second lift combined TSF-2, TSF-3, and TSF-4 into one "supercell" known as TSF2-4. TSF-1 is full and will no longer be used moving forward. Karora also maintains three in-pit facilities, called the Aphrodite in-pit, Fairplay East in-pit, and Vine in-pit, which are old mining voids below ground that were successfully mined of all ore and then used for the deposition of tailings. Aphrodite and Fairplay in-pit facilities are full with tailings consolidation in preparation for rehabilitation. Tailings are not currently being directed to the Vine in-pit facility.

Shortly after acquiring Higginsville in June 2019, Karora engaged independent geotechnical engineering consultants to run a series of assessments on TSF1-4's stability, seepage, liquefaction, water balance, and dam break scenarios (both sunny day and worst cases), in addition to electromagnetic and hydrogeological studies for the historic groundwater mounding issues first identified in 2012. These studies and the structural assessment provided an understanding of previous groundwater mounding and determined the most effective method for future drawdown of the groundwater mound and protection against environmental impacts using best practices.

In late 2020, Karora commenced a number of remediation actions across the facility which included the installation of a seepage recovery network that included 13 production bores (February to May 2021) that have been effective at lowering the groundwater mound around the facility. Four new compliance monitoring bores were also installed to monitor water quality around TSF2-4. Karora is very proud of the remediation work carried out on TSF1-4 and has been commended by the regulators and our risk engineers on the process and results.

Groundwater Recovery & Seepage Management Plan ("GRSMP")

The GRSMP was developed to manage potential impacts due to seepage from the Higginsville TSF2-4. It describes the process for seepage monitoring and recovery surrounding TSF2-4. The plan contains a Trigger Action Response Plan ("TARP") which sets out the required actions to be undertaken in the event any trigger levels are reached or exceeded due to seepage from the TSF. The management plan aims to reduce the impacts of groundwater mounding due to seepage around TSF2-4, provide documentation of current practices to maximize the recovery of seepage, and avoid potential impacts on native vegetation.

As noted above, Karora undertook electromagnetic and hydrogeological studies to determine the cause for the historic groundwater mounding issues around TSF2-4 first identified in 2012. The GRSMP identified that a series of bores drilled into the bedrock would be the most effective method to reduce the groundwater mound around the facility. In February 2021, Karora commissioned a new Seepage Recovery Network for TSF2-4. Since the Seepage Recovery Network was commissioned, the groundwater mound around the facility has diminished in size (with up to a 47.5% reduction in water level compared with pre-existing levels in some compliance bores). The seepage recovered equates to 6 – 8% of the total water used by the processing plant.

For further information on our broader approach to water management, see <u>Water Management</u>.





Our Performance

We provide transparency on our number of tailings impoundments, broken down by the U.S. Mine Safety and Health Administration ("MSHA") hazard potential classification. Of our several approved TSFs, TSF1–4 was identified as having a low hazard potential, using the criteria outlined in SASB's Metals & Mining Sustainability Accounting Standard.¹² Any breach of TSF1–4 is not expected to result in catastrophic failure of the facility, where there is no expected loss of life, disruption to important utilities, or significant environmental damage. Inundation of the surrounding environment would be limited to close proximity of the facility and would not be considered as significant environmental areas have been identified in proximity to TSF1–4. The TSF facilities are remote and not located within populated rural communities where loss of life or dwellings would be expected. Karora's three in-pit TSFs (i.e., Aphrodite in-pit, Fairplay in-pit, and Vine in-pit) are below ground and are thereby not rated under the MSHA as having a hazard potential classification. None of Karora's TSFs have been identified as having high or significant hazard potential [SASB EM-MM-150a.3].

We align this report with SASB's 2018 Metals & Mining Sustainability Accounting Standard. In future reporting, we will seek greater alignment with SASB's updated Metals & Mining Sustainability Accounting Standard as part of our commitment to provide decision-useful data to our investors and other stakeholders. Work is underway to enhance disclosure on the following SASB metrics:

- TSF inventory table [SASB EM-MM-540a.1]
- Summary of tailings management systems and governance structures used to monitor and maintain the stability of TSFs [SASB EM-MM-540a.2]
- Approach to development of Emergency Preparedness and Response Plans ("EPRPs") for TSFs [SASB EM-MM-540a.3]

For our disclosure on tailings produced, see <u>Waste and Hazardous Materials Management</u>.

Analyst Corner

- SASB EM-MM-150a.3 (2018)
- SASB EM-MM-150a.10 (2021)
- SASB EM-MM-540a.2 (2021)

¹² TSF1-4 (composed of TSF1 [full] and the TSF2-4 "supercell") is a singular landform, comprised of individual cells with common boundaries.

Waste and Hazardous Materials Management

Why is this Important for Karora? Mining operations can generate large volumes of waste which may present a significant threat to their environment and communities if not properly managed. By employing effective waste and hazardous materials management practices, we can lower operational and compliance costs, facilitate permitting, safeguard our reputation, and avoid fines, penalties, and litigation. Karora generates tailings, waste rock, and non-mineral waste as part of our operations at Beta Hunt and Higginsville.

Our Approach [SASB EM-MM-150a.10]

Karora addresses risks related to waste and hazardous materials management using the various plans and processes, summarized below. We recognize that tailings are one of the most significant waste streams generated by the mining process. For more detail on Karora's approach to tailings storage facilities management, see <u>Tailing Storage Facilities Management</u>.

Waste Management Plan

Developed purposely for each of Karora's operating sites, the Waste Management Plan describes the waste management hierarchy to reduce, reuse, recycle, recover, and dispose of materials used at each operation. This plan aims to:

- ensure compliance with relevant approvals, licenses, laws, and regulations;
- minimize waste through effective planning and the efficient use of resources;
- maximize reuse and recycling of waste;

- minimize industrial and putrescible disposal to landfills;
- ensure safe handling, storage, and disposal practices to prevent environmental pollution;
- develop efficient and operationally integrated closure and rehabilitation programs that limit delays and costs; and
- promote environmental awareness amongst Karora's workforce.

In 2022, Karora completed a baseline study of Beta Hunt and Higginsville that analyzed waste streams produced by employees, which identified numerous recycling opportunities for Karora to pursue and enhanced our understanding of waste disposal costs (see Assessment of Employee-Generated Waste case study below). Our Waste Management Plans and relevant training programs were updated to reflect the findings of the baseline study, additionally informed by specialist mine site recycling contractors. Updated management plans have been uploaded to Karora's intranet and INX, our integrated workplace health, safety, and environmental quality management system.

A cost and benefit analysis for implementing recycling programs at Karora will be conducted, building on the findings of the waste assessment. We will review the Waste Management Plans at the Lakewood Mill and have also begun developing annual training packages to enhance waste management focus for specific departments and activities to promote targeted waste management awareness and commitment.



Assessment of Employee-Generated Waste

Overview

In 2022, Karora engaged a third party to complete an assessment of employee-generated waste at the Higginsville, Spargos, and Beta Hunt mines. Given the remote location of Karora's mine sites, there is limited opportunity locally to recycle or reuse valuable waste. The waste assessment was completed to gain an understanding of the major waste streams and volumes generated at each mine and cost information to determine alternative disposal or recycling opportunities.



Results

The results of the waste assessment are summarized in the figure below. The largest waste stream at all sites was organic, comprising mainly of food waste. Beta Hunt had a much lower proportion of organic food waste and a much larger proportion of general domestic waste (e.g., recyclable containers) relative to Higginsville and Spargos, which can be attributed to two key factors. The proportion of residential employees is much larger at Beta Hunt, relative to Higginsville and Spargos where the workforce is predominantly fly-in/fly-out ("FIFO"). Workers at Beta Hunt are also generally required to prepare their own lunch and meals during the day.

Waste stream categories, by site



Waste Reduction Opportunities

The assessment identified opportunities for waste reduction initiatives across our sites. For example, Higginsville implemented a "Containers for Change" initiative driven by the Higginsville Social Club that seeks to collect recyclable containers to raise funds for social and community initiatives.

Operation-specific Potentially Acid Forming ("PAF") Management Plans¹³

The PAF Management Plans describe our strategy and processes to avoid the generation of acid from the oxidation of potentially acid-forming materials. For additional information on Karora and acid rock drainage ("ARD"), see <u>Biodiversity Impacts and Reclamation</u>.

Our Performance¹⁴

All gold processing for the Beta Hunt and Higginsville mines is conducted at the Higginsville processing plant, which produces tailings waste. The recently acquired Lakewood Mill will also produce tailings waste and will be captured in future disclosures. The Beta Hunt and Higginsville mines do not produce any significant additional waste resulting from mineral processing [SASB EM-MM-150a.2], other than tailings produced at the Higginsville processing plant. In 2022, tailings generated increased by 4.3% proportional to the increased percentage of milled tonnes fed through the processing plant. Waste rock generation at Higginsville decreased by 47% during 2022 largely due to the maturation of the Spargos open pit, resulting in less overburden, as well as an improvement in the strip ratio of ore to waste. As pit depth increases, the proportion of waste removed to access ore generally decreases. This was evident at Hidden Secret and Spargos, where the open-cut pits have now been completed.

In 2020, 2021, and 2022 Karora did not experience spills or incidents that have resulted in environmental harm greater than normal operations [SASB EM-MM-150a.9].¹⁵

Table 3: Total weight of tailings waste, percentage recycled [SASB EM-MM-150a.1/SASB EM-MM-150a.5]

Parameter	2020	2021	2022
Higginsville			
Tailings generated (Tonne)	1,325,146	1,440,679	1,503,108
Percentage tailings diverted from disposal for recycling (%)	0	0	0



¹³ PAF may also be referred to as Potentially Acid Generating ("PAG").

¹⁴We have aligned metrics with those included in the 2018 SASB Metals & Mining Sustainability Accounting Standard, and select metrics from the updated December 2021 version, where data is available. For further detail, see Tailings Storage Facilities Management. ¹⁵Karora defines "significant incidents" as those that have the "potential for environmental harm."
Table 4: Total weight of waste rock generated [SASB EM-MM-150a.6]

Site	2020	2021	2022
Beta Hunt	163,620	153,045	367,335
Higginsville	5,366,911	8,332,244	4,423,984
Total	5,530,531	8,485,289	4,791,319





The tracking of non-mineral and hazardous waste is carried out at each of Karora's sites for the purpose of monitoring compliance with licenses and regulations. Further work was undertaken during 2022 (e.g., assessment of employee-generated waste) to continue to build up the waste data being tracked in a more comprehensive form to be able to report the total weight of non-mineral waste generated [SASB EM-MM-150a.4], total hazardous waste generated [SASB EM-MM-150a.7], and total hazardous waste recycled [SASB EM-MM-150a.8] under the SASB guidelines for 2023. The accuracy for a number of data points is not yet sufficient for measurements to support reporting requirements under the SASB guidelines and therefore have not been included in this report.

As a priority for Karora, we have set targets related to this ESG factor.

Our 2023 targets, as well as progress on 2022 targets, are summarized below.

2022 Status Update

Status	Target	Summary of Progress
ACHIEVED	Maintain zero significant incidents associated with hazardous materials and waste management.	There were no significant incidents associated with hazardous materials and waste management in 2022.
ACHIEVED	Enhance waste and hazardous materials management policies and procedures.	Completed a baseline study at Beta Hunt and Higginsville that analyzed waste streams and waste disposal costs and identified recycling opportunities.
		Updated our waste management plans based on the findings of the baseline study and recommendations from specialist mine site recycling contractors.

2023 ESG Targets

RENEWED	Maintain zero significant incidents associated with
	hazardous materials and waste management.

RENEWED Enhance waste and hazardous materials management policies and procedures.

Analyst Corner

- SASB EM-MM-150a.1 (2018)
- SASB EM-MM-150a.2 (2018)
- SASB EM-MM-150a.5 (2021)
- SASB EM-MM-150a.6 (2021)
- SASB EM-MM-150a.9 (2021)
- SASB EM-MM-150a.10 (2021)

Water Management

Why is this Important for Karora? Our mining operations depend on reliable access to, and the responsible stewardship of water. Effective water management practices can reduce costs, liabilities, and lost revenues due to curtailment or suspension of operations. While we do not operate in locations with extremely high baseline water stress, all (100%) of Karora operations withdraw and consume fresh water from areas with high baseline water stress [SASB EM-MM-140a.1].¹⁶ Karora is subject to regulation related to water management, increasing the importance of this issue for our business.

Our Approach

Karora employs various initiatives and strategies related to water management. We have a continuing water monitoring program at HGO to change or replace old flow meters, with the goal to improve monitoring and data accuracy. Flow tubes have also been installed with real-time monitoring for water use within a processing circuit that utilizes water from several sources and transfer/holding points/locations. Our GRSMP allows us to manage the potential impacts due to seepage from the HGO TSF2-4 (see Waste and Hazardous Materials Management).

In 2022, Karora initiated assessments to investigate the costs and benefits of implementing a water recycling system for wash-down bays and tertiary treatment for wastewater in the gold elution circuit. The benefit of implementing these initiatives is a large reduction in the use of potable water at mine sites that will significantly reduce costs and contribute to the sustainable management of Western Australia's fresh water resources. The intended outcome of these assessments is to develop a

business case that will be used to inform project feasibility and scoping. Potable water at Beta Hunt is currently supplemented by mine dewater from Spargos. In 2022, Karora also initiated a project to establish a permanent pipeline from Spargos to Beta Hunt, aligned with the principles outlined in our new Potable Water Management Policy.

Potable Water Management Policy

Our Potable Water Management Policy provides a statement of principles and framework to help guide our activities with respect to potable water management. The purpose of the Policy is to ensure the protection and responsible use of potable water resources and to ensure potable water quality does not pose a risk to the health of employees and contractors. This Policy is applicable to Karora's and its subsidiaries' workforce which includes senior management, officers, employees, contractors, and Board members across all our operational mines, exploration sites, closure properties, and joint ventures where Karora has control.

Through this Policy, we commit to:

- supply the workforce with high quality potable water;
- ensure appropriate treatment of raw water resources (not applicable where potable water is sourced from a supplier) and safe storage of potable water from a supplier for distribution and use;
- prevent the contamination of raw water resources and treated potable water;
- label potable water distribution infrastructure;
- maintain potable water infrastructure to ensure no leaks occur; and
- reduce the use of potable water and recycling treated wastewater where possible.



Our Performance

Our fresh water withdrawal and consumption at Beta Hunt trended upwards in 2022 relative to 2021, increasing by 75%.¹⁷ Due to the high salinity of groundwater at Beta Hunt, the ventilation system requires washing to prevent salt buildup within the shafts that restricts airflow. There was a disruption to the potable water supply in late 2021 that caused a buildup of salts in the ventilation system that was flushed in 2022. In combination with an increase in labour force and production rates and the development of the second portal, Beta Hunt required larger quantities of fresh water in 2022.

We provide transparency on the number of incidents of non-compliance associated with Australian water quantity and/or quality permits, standards, and regulations (see Table 8). In 2022, we had no reportable incidents or non-compliances related to water quality permits, standards, or regulations [SASB EM-MM-140a.2] as a result of training and greater awareness of general operational requirements. The two reportable incidents at HGO in 2020 were related to potable water and wastewater quality and did not result in any environmental impacts or harm. The two reportable incidents at Beta Hunt in 2021 were administrative breaches with monitoring conditions for mine dewater with no environmental impacts greater than normal operating conditions. The incidents in 2020 or 2021 were not considered to have residual environmental impacts greater than normal operating conditions.

As a priority for Karora, we have set targets related to this ESG factor. Our 2023 targets, as well as progress on 2022 targets, are summarized below.

Status **Summary of Progress** Target ACHIEVED Enhance water management **Developed a Potable Water** policies and procedures, including Management Policy that provides establishing a policy to manage a statement of principles and potable water. framework to help guide Karora's activities with respect to potable water management. Initiated the development of a business case for water recycling at wash-down bays and tertiary treatment of wastewater for the gold elution circuit. Initiated a project to establish a permanent pipeline from Spargos to Beta Hunt to enhance potable water supply. 2023 ESG Target NEW Implement key projects to enhance

water management.

2022 Status Update

Table 5: Total water withdrawn and consumed, by site

[SASB EM-MM-140a.1; TCFD Metrics and Targets (a]¹⁸

Parameter	2020	2021	2022
Beta Hunt			
Total fresh water withdrawal (ML)	52	44	77
Total fresh water consumption (ML)	52	44	77
Higginsville			
Total fresh water withdrawal (ML)	85	87	87
Total fresh water consumption (ML)	85	87	87

Fresh Water Withdrawal and Consumption



Table 6: Water consumption intensity

[TCFD: Metrics and Targets (a)]

Parameter	2020	2021	2022
Total water consumption (kL) ¹⁹	1,370,000	1,049,000	1,036,161
Total fresh water consumption (kL)	136,400	131,300	164,180
Total other water consumption (kL)	1,233,000	918,080	871,981
Ore processed (Tonne)	1,325,146	1,440,679	1,503,108
Gold produced (Troy oz)	99,249	112,815	111,083
Intensity (kL/Tonne) ²⁰ – total water consumed	1.03	0.728	0.689
Intensity (kL/Troy oz) – total water consumed	13.8	9.3	9.33



¹⁸ There is no discharge of fresh water, therefore fresh water consumption is equal to fresh water withdrawn.
 ²⁹ Water consumption is calculated as water withdrawn minus water discharged.
 ²⁰ Refers to Tonne of ore processed. Not to be confused with tonnes of ore mined, ore moved, or material moved.

Table 7: Total water withdrawal, discharge, and consumption, by type

Parameter	2020	2021	2022
Beta Hunt			
Total fresh water withdrawal (ML)	51.5	44.2	77.3
Total other water withdrawal (ML)	227	174	196
Total fresh water consumption (ML)	51.5	44.2	77.3
Total other water consumption (ML)	0	0	54.9
Total fresh water discharge (ML)	0	0	0
Total other water discharge (ML)	227	174	196
Higginsville			
Total fresh water withdrawal (ML)	84.9	87.1	86.9
Total other water withdrawal (ML)	3,367	4,193	2,703
Total fresh water consumption (ML)	84.9	87.1	86.9
Total other water consumption (ML)	1,233	918	817
Total fresh water discharge (ML)	0	0	0
Total other water discharge (ML)	2,134	3,275	1,831

Table 8: Number of incidents of non-compliance with water quality permits, standards, and regulations [SASB EM-MM-140a.2]

Site	Incidents of Non-Compliance		
	2020	2021	2022
Beta Hunt	0	2	0
Higginsville	2	0	0



Total Water Consumption Intensity (kL/Tonne)

1.1

0

Total Water Consumption Intensity (kL/Troy oz)



Analyst Corner

SASB EM-MM-140a.1 •

SASB EM-MM-140a.2 .

TCFD: Metrics and Targets (a) .

Greenhouse Gas Emissions and Climate Change

Why is this Important for Karora? Climate change is a systemic, global risk that could have significant impacts on our operations as a mining company. As supporters of the objectives of the Paris Agreement and the Glasgow Climate Pact, we recognize the critical role of the mining sector in providing the metals necessary for the transition to a low carbon global economy. We are committed to mitigating climate-related risks and taking action to ensure that we are well-positioned to capture related opportunities.

We recognize that transition and physical climate-related risks have the potential to impact our business. Countries have made commitments to reduce GHG emissions under the Paris Agreement, including Australia which has committed to achieving net zero emissions by 2050 and reducing its GHG emissions by 43% below 2005 levels by 2030. Climate-related regulations, including increased regulation of GHG emissions, can materially increase operational costs and capital expenditures. We are aware of emergent climate-related disclosure requirements globally (e.g., IFRS S1 [General Requirements for Disclosure for Sustainability-related Financial Information] and IFRS S2 [Climate-related Disclosures]) and in Canada (e.g., Proposed National Instrument 51-107 Disclosure of Climate-related Matters) and are subject to existing climate-related regulations related to disclosure, including Australia's National Greenhouse and Energy Reporting ("NGER") Act 2007.²¹ Under this framework, Karora annually develops and submits reports to provide transparency on our GHG emissions and energy use. Additionally, climate-related physical risks, both acute and chronic, can materially impact Karora through damage to our facilities and infrastructure, reduced revenue and higher costs from negative impacts on our

workforce, and increased insurance premiums.

Our Approach [SASB EM-MM-110a.2]

Climate Change Governance

[TCFD: Governance (a); TCFD: Governance (b)]

Karora's approach to ESG governance is described in detail in the <u>ESG Governance</u> section. Karora's Board of Directors oversees the company's ESG program, including climate-related risks and opportunities. During its quarterly meetings, the Board reviews the status of Karora's various climate-related initiatives, considers related recommendations, and provides input as to the overall direction of Karora's climate change strategy.

The Board is supported in its responsibility for oversight of Karora's climate change strategy by the SVP, Technical Services and Sustainability. The SVP, Technical Services and Sustainability has the highest level of management accountability for climate change and is responsible for identifying, assessing, and managing Karora's climate-related risks and opportunities. The SVP, Technical Services and Sustainability reports to the Board on climate-related risks and opportunities on a quarterly basis and works closely with Karora's Chairman and CEO on matters related to climate change. As a topic of high priority for Karora, the Chairman and CEO is actively involved in the development and implementation of Karora's climate change strategy, including our 2030 emissions reduction target and emissions reduction plan.

Climate Strategy [TCFD: Strategy (a); TCFD: Strategy (b)]

Climate change is a key strategic priority for Karora. We believe that the integration of climate change factors into our corporate strategy will support our long-term success as a gold mining company. Karora's approach to GHG emissions and climate change is guided by the TCFD recommendations. This section of the report outlines our approach to addressing the climate-related risks and opportunities that we have identified over the short-, medium-, and long-term, as well as our strategies and plans to mitigate risks and capture new opportunities. For further discussion on our climate-related risk management processes and governance structures, see <u>Our Approach to ESG</u>.

²¹ The National Greenhouse and Energy Reporting Act ("NGER") was legislated by the Australian Government in 2007. The act requires companies to estimate their greenhouse gas emissions and report their energy production and energy consumption as well as other specified information. The data reported in the "NGER" scheme are used to inform government policy, inform the public, help meet Australia's international reporting obligation and assist Commonwealth, state, and territory government programmes and activities.

Our Net-Zero Ambition and 2030 Emissions Reduction Strategy

Not only are we already preparing to do our part in the transition to a low carbon economy, but we are actively setting the stage to be a sector leader in the junior gold mining space. In 2021, we announced our ambition to become one of the world's first net-zero junior gold mining companies. Building on this commitment, we are proud to announce our interim target to reduce our absolute Scope 1 and Scope 2 emissions by 20% by 2030, compared to a 2024 forecasted business-as-usual baseline, as well as our initial plan to achieve it. For further detail, see <u>Climate-related Target</u>.

As a complement to our longer-term emissions reduction strategy and net-zero ambition, we have also continued to compensate for Scope 1 and 2 GHG emissions for the second year straight and implemented annual targets to indicate our key focus areas in the year ahead. We intend to reduce and compensate for Scope 1 and 2 GHG emissions through to our target year of 2030 using a combination of emissions reductions initiatives and carbon offsets. Moving forward, we will prioritize internal reduction opportunities as they become viable in achieving our 2030 reduction target, with offsets playing a more limited and supplemental role.

In line with a phased approach to TCFD implementation, over time we will:

- consider the applicability of climate-related scenario analysis (including a 2°C or lower scenario) as a tool to support our decision-making and strategic planning;
- undertake efforts to better understand the role that Scope 3 emissions play in our overall emissions profile, and quantify and report on them using a phased approach; and
- consider target-setting for additional climate-related metrics beyond emissions.

2022 Status Update

baseline).

Status	Target	Summary of Progress
ACHIEVED	Complete the technical studies required to develop a transition plan to reduce our emissions and set emissions reduction targets, with an initial focus on interim targets.	We completed a comprehensive analysis of emissions reduction opportunities across our operations both on surface and underground to determine our emissions reduction target and our initial plan to achieve it.
ACHIEVED	Determine interim emissions reduction targets to be announced in 2023.	Established an interim target to reduce our absolute Scope 1 and Scope 2 GHG emissions by 20% by 2030, compared to a 2024 forecasted business-as-usual baseline.
2023 ESG Ta	rget	
NEW	Progress on the implementation of initiatives outlined in our 2030 emissions reduction plan to support the achievement of our target (20% absolute Scope 1 and 2 emissions reduction, compared to our	

Karora's Carbon Offsetting Projects

In 2022, Karora compensated for Scope 1 and Scope 2 GHG emissions for the second straight year through the purchase and retirement of a 95,000 tonne portfolio of verified carbon offset credits via Invert Inc. Our selection of offsets was driven by a thorough analysis of carbon reduction and removal quality and credibility as well as the social impact expected from the variety of offset projects selected. We have maintained our geographical community-focused approach leading to further investment in Australian carbon reduction projects, among others, including the Mount Sandy project. Through this project, we achieve two important outcomes by offsetting Karora's Scope 1 and 2 emissions as well as ensuring the protection of Australia's unique biodiversity.

Karora continues to monitor ongoing developments within the voluntary carbon markets, including the guidance set out in the Voluntary Carbon Markets Integrity Initiative's Claims Code of Practice published earlier this year. We will continue to refine our approach to carbon offsetting as best practices evolve over time.

The Mount Sandy Conservation Project

The Mount Sandy Conservation project in Australia involves the protection of a 200-hectare strategic habitat with the replanting of over 30 species of native vegetation including tree cover. The project area is managed through close collaboration with the traditional land owners and custodians of Coorong County, the local Ngarrindjeri people. Native plant species for revegetation are supplied by the local nursery at Raukkan Aboriginal Community located 50km northwest of the project site.

The project involves the issuance of <u>EcoAustralia</u> credits. EcoAustralia is a stapled product that blends carbon credits with biodiversity protection. Each EcoAustralia credit consists of one Australian Biodiversity Unit, equal to $1.5m^2$ of government-accredited, permanently protected Australian vegetation, and 1 tonne of CO2e of avoided emissions. The project aligns with various UN Sustainable Development Goals ("SDGs") including SDG 8: Decent Work and Economic Growth, SDG 13: Climate Action, SDG 15: Life on Land, and SDG 17: Partnerships for the Goals.





Climate Change Factor	Time Horizon	Description of Potential Impact	Initiatives to Mitigate Risk/Capture Opportunity
Climate-related Risks			
Policy and Legal		 Increasing policy and regulatory efforts aimed at reducing GHG emissions (e.g., carbon pricing mechanisms) can impact Karora through increased compliance and operational costs and capital expenditures. Increasing regulatory disclosure requirements for Karora as a Canadian public company. Increased costs and/or reduced demands for products resulting from fines and judgments. 	In pursuit of our net-zero ambition, we have established a target to reduce our absolute Scope 1 and Scope 2 GHG emissions by 20% by 2030, compared to a 2024 forecasted business-as-usual baseline. Based on the emissions reduction analysis completed in 2022, we have also identified an initial plan to achieve this target, which focuses on conversion to cleaner energy sources For further detail on our emissions reduction target and plan, see <u>Climate- related Target</u> . We proactively monitor the changing policy and legal landscape to understand the potential implications for our business. Changing climate- related policy and regulatory requirements will be included in our ESG risk register. We issue this report based on the TCFD recommendations to provide decisio useful information to our investors and to stay proactive for future climate- related disclosure requirements. We will continue to update our disclosure to comply with evolving climate- related disclosure requirements as required, including the Canadian Securities Administrators' Proposed National Instrument 51-107 Disclosure of Climate-related Matters and the IFRS's forthcoming disclosure requirements (i) IFRS S1 General Requirements for Disclosure for Sustainability-related Financial Information and (ii) IFRS S2 Climate-related Disclosures. Increasing stringency of climate-related disclosure requirements will be included in our ESG risk register.
Acute Physical ²²	() () ()	 Potential for increased operating costs (e.g., maintenance) and lost revenue (due to operational shutdowns) in response to extreme weather events that are increasingly frequent and severe. Potential for asset impacts or impacts to useful life of long-term assets. 	Karora began to develop a company-wide ESG risk register in 2022 that will incorporate all of the ESG factors identified as material in our ESG materiality assessment, including acute physical risks. We remain committee to continuously adapting and improving our ERM processes to ensure that the evolving and longer-term nature of physical climate-related risks is adequately captured.

Table 9: Climate-related risks and	opportunities [TC	FD: Strategy (a); TCFD	: Strategy (b)]

Short-Term (0 to 1 years) Medium-Term (1 to 5 years) Long-Term (5+ years)			
Climate Change Factor	Time Horizon	Description of Potential Impact	Initiatives to Mitigate Risk/Capture Opportunity
Reputational	() ()	 Potential for negative public perception of high-emitting industries' contribution to climate change and/or lack of action in addressing climate change. Increasing expectations of investors for decision-useful disclosure on climate-related risks and opportunities, and strategies for addressing them. Potential for increased costs required to enhance stakeholder engagement. 	We recognize that climate change and GHG emissions have emerged as a top priority for our investors and other stakeholders. In response, in 2021, we announced our ambition to become one of the world's first net-zero junior gold mining companies. In 2022, we progressed toward this ambition by establishing a 2030 emissions reduction goal and strategy. To complement our emissions reduction strategy, we also continued to compensate for our Scope 1 and 2 GHG emissions for the second straight year through the purchase and retirement of carbon credits. Increasing pressure from stakeholders on climate-related matters will be included in our ESG risk register.
Chronic Physical ²³	() ()	 Potential for assets in high-risk areas to experience increased costs, disruptions, and shutdowns due to longer-term climate impacts, including heatwaves and water stress. Potential for increased capital expenditures to repair damage from climate-related impacts and/or construct new infrastructure to address resource shortages. 	As noted above, Karora began to develop a company-wide ESG risk register in 2022 that will incorporate all of the ESG factors identified as material in our ESG materiality assessment, including chronic physical risks. We remain committed to continuously adapting and improving our ERM processes to ensure that the evolving and longer-term nature of physical climate-related risks is adequately captured.
Technology	() ()	 Potential for enhanced operating and capital expenditures to adopt and deploy new technologies and processes (e.g., electrification, battery storage, renewable energy). Potential for decreased market competitiveness if technology adoption lags relative to peers. 	In 2022, we completed an emissions reduction analysis of a variety of renewable and hybrid power solutions at Higginsville as a key input into establishing our 2030 emissions reduction target and plan. For further detail, see <u>Climate-related Target</u> .
Market	١	 Potential for increased operational expenses and production costs due to changing prices of raw materials (e.g., energy, fuel, water). Increasing focus of capital markets participants on climate-related market risks, with potential to impact access to and cost of capital and long-term value. 	We have developed a 2030 emissions reduction target and strategy in order to mitigate the potential for cost inflation and changing prices of operational inputs, among other factors. See discussion under Reputational for a discussion of mitigation activities undertaken.

Table 9: Climate-related risks and opportunities [TCFD: Strategy (a); TCFD: Strategy (b)]

Short-Term (0 to 1	years)	Medium-Term (1 to 5 years) Long-Term (5+ years)	
Climate Change Factor	Time Horizon	Description of Potential Impact	Initiatives to Mitigate Risk/Capture Opportunity
Climate-related Opportunit	ies		
Resource Efficiency	(*) (*) (*)	 Potential to reduce operational costs through efficiencies in the use of key resources (e.g., energy, water), translating to higher returns and increased free cash flow. Potential for reputational benefit by using fewer resources and decreasing carbon footprint. 	While our initial 2030 emissions reduction plan is focused on conversion to cleaner energy sources, we continue to assess cost-effective and viable opportunities to lower our GHG emissions through efficiency gains and potential future technology-based solutions. We will provide updates on further emissions reduction plans and strategies in future disclosure.
Energy Source	(*) (*) (*)	 Potential for reduced operational and/or compliance costs by using lower- emissions energy sources and sensitivity to changes in the cost of carbon. Potential for reduced exposure to future fossil fuel price increases. Potential for reputational benefit by using lower-emission sources of energy. 	Based on the technical analysis completed in 2022, we have developed an initial 2030 emissions reduction plan that focuses on conversion to cleaner energy sources. As a critical first-step, we have begun exploring options for cleaner energy sources for our operations and have negotiated and executed a long-term Power Purchase Agreement with a third party which will provide lower emissions energy to Higginsville. For further detail, see <u>Climate-related</u> <u>Target</u> .
Resilience	() ()	 Minimize the potential for operational disruptions and operating and capital expenditures due to extreme weather events, changing weather patterns, and longer-term climate shifts. 	We recognize the importance of increasing our resilience to physical climate- related impacts, alongside employing mitigative measures. The development of our ESG risk register is a critical first step to minimizing the potential impacts of climate-related physical risks. We are currently assessing additional opportunities to enhance the resilience of our operations to changing weather patterns and longer-term climate-related impacts and will provide detail in future disclosure.
Products and Services	١	 Potential for enhanced market share and revenues by supplying the increasing demand for low-emissions metals that support the transition to a low carbon economy. 	Through our net-zero ambition and 2030 emissions reduction target and strategy, we demonstrate our commitment to being a leader amongst our peers in addressing climate change. In doing so, we are positioning ourselves to be a preferred source of low-emissions gold, to both support the transition to and succeed in a low carbon global economy.
Market	١	 Potential for enhanced access to capital and opportunities through innovative sustainable financing mechanisms (e.g., green and/or sustainability bonds) or collaboration with governments, development banks, small-scale local entrepreneurs, and community groups. 	We have and will continue to consider opportunities and new financing arrangements as the market matures, including sustainability-linked financing, green bonds, or other similarly incentivized structures.

Climate-related Risk Management

[TCFD: Risk Management (a); TCFD: Risk Management (b); TCFD: Risk Management (c)]

Karora's risk management programs are described in detail in the <u>Risk Management</u> section. Material climate-related risks, as informed by our <u>ESG materiality assessment</u>, are integrated into Karora's overall risk management process, and are identified, assessed, and managed alongside all other company-wide risks through Karora's risk management processes. As described in Table 9 above, several climate-related transition and physical risks will be included as risks in our ESG risk register. We continue to work to enhance and adapt our risk management approach to ensure that the complex and evolving nature of climate-related risks and opportunities are fully considered in our risk management approach.

Our Performance

Climate-related Metrics and Targets

[TCFD: Metrics and Targets (a); TCFD: Metrics and Targets (b); TCFD: Metrics and Targets (c)]

Climate-related Metrics

Establishing climate-related metrics and targets is a foundational aspect of our climate change strategy. As a leading practice, we provide climate-related metrics that are aligned with the TCFD's cross-industry, climate-related metrics categories (see Table 10). We will seek to provide information on additional climate-related metrics to ensure that we can effectively track the performance of our climate change strategy and disclose decision-useful data to our investors and other stakeholders over time.

We track our Scope 1 and Scope 2 GHG emissions and GHG emissions intensity. While Scope 1 GHG emissions remained at consistent levels relative to 2021, Scope 2 GHG emissions increased by 15% in 2022, largely due to increased power demands at Beta Hunt as operational activities increase in line with Karora's growth plan to increase production at Beta Hunt. Scope 1 and Scope 2 GHG emissions are broken down by operation in Table 11. None (0%) of Karora's Scope 1 GHG emissions are currently directly covered under emissions limiting regulations [SASB EM-MM-110a.1].²⁴

We provide two variations of GHG emissions intensity, one measured as emissions per tonne of ore processed (t CO2e/Tonne), and the other measured as emissions per troy

ounce of gold produced (t CO2e/Troy oz). Emissions intensity per tonne of ore processed remained consistent with 2021 levels. Emissions intensity per troy ounce of gold produced increased by 5%. In 2022, purchased electricity increased at Beta Hunt with expansion activities for the growth plan and an increase in the average haulage distance for ore supplied to the Higginsville mill with the closure of the Baloo and Hidden Secret open-cut pits. The larger haulage distance from Beta Hunt and Spargos contributed to the higher emissions intensity. We anticipate that intensity metrics will stabilise once the Beta Hunt growth plan has been fully executed. Higginsville will also develop the Pioneer open-cut pit. While initial development activities may increase emissions, the reduction in haulage distance will reduce emissions for ore supplied to the Higginsville mill.

Additional detail on Karora's GHG emissions intensity can be found in Table 12. Gold production occurs at both Beta Hunt and Higginsville, while ore processing occurs at Higginsville. Ore processing also occurs at the Lakewood Mill, which will be included in future disclosures after a full operational calendar year. Karora has been gathering data for reporting purposes since its acquisition in July 2022. All standards, methodologies, and assumptions used for energy consumption calculations are prepared in accordance with the NGER Act of Australia. For more information on Karora's energy and water management performance, see <u>Water Management</u> and <u>Energy Management</u>.



TCFD Metric Category	Climate Change Factor	Climate-related Metric	2020	2021	2022
GHG Emissions	Policy and Legal Risks	Absolute Scope 1 GHG emissions (t CO2e)	54,141	68,165	68,684
		Absolute Scope 2 GHG emissions (t CO2e)	18,350	18,781	21,639
		Scope 1 and 2 GHG emissions intensity (t CO2e/Troy oz)	0.73	0.77	0.81
		Scope 1 and 2 GHG emissions intensity (t CO2e/Tonne)	0.06	0.06	0.06
		Percentage of gross global Scope 1 GHG emissions covered under emission-limiting regulations (%)	0	0	0
Climate-related Opportunities	Resource Efficiency Opportunities	Total energy consumed (GJ)	1,013,584	1,217,204	1,282,932
		Gross energy intensity (GJ/Tonne)	0.765	0.84	0.85
		Gross energy intensity (GJ/Troy oz)	10.21	10.79	11.55
		Total fresh water withdrawn (ML)	136	131	164
		Total fresh water consumed (ML)	136	131	164
		Total water consumption intensity (kL/Tonne)	1.03	0.728	0.689
		Total water consumption intensity (kL/Troy oz)	13.8	9.3	9.33
		Fresh water consumption intensity (kL/Tonne)	0.103	0.0911	0.109

Table 10: Summary of climate-related metrics [SASB EM-MM-110a.1; SASB EM-MM-130a.1; SASB EM-MM-140a.1; TCFD: Metrics and Targets (a); TCFD: Metrics and Targets (b)]²⁵

TCFD Metric Category	Climate Change Factor	Climate-related Metric		2021	2022
		Fresh water consumption intensity (kL/Troy oz)	1.37	1.16	1.48
		Other water consumption intensity (kL/Tonne)	0.930	0.637	0.580
		Other water consumption intensity (kL/Troy oz)	12.4	8.14	7.85
	Energy Source Opportunities	Percentage of energy consumed from grid electricity (%)	10.4	8.8	10.7
		Percentage of energy consumed that is renewable (%)	0	0	0
Physical Risks	Chronic Physical Risks	Percentage of fresh water withdrawn in regions with High Baseline Water Stress (%)	100	100	100
		Percentage of fresh water withdrawn in regions with Extremely High Baseline Water Stress (%)	0	0	0
		Percentage of fresh water consumed in regions with High Baseline Water Stress (%)	100	100	100
		Percentage of fresh water consumed in regions with Extremely High Baseline Water Stress (%)	0	0	0

Table 10: Summary of climate-related metrics [SASB EM-MM-110a.1; SASB EM-MM-130a.1; SASB EM-MM-140a.1; TCFD: Metrics and Targets (a); TCFD: Metrics and Targets (b)]

Table 11: Gross global Scope 1 and 2 GHG emissions

[SASB EM-MM-110a.1; TCFD: Metrics and Targets (b)]

Site	2020	2021	2022
Scope 1 (t CO2e)			
Corporate office (North America)	21	21	18
Higginsville	43,536	57,814	52,254
Beta Hunt	10,585	10,329	16,412
Total Scope 1	54,141	68,165	68,684
Scope 2 (t CO2e)			
Corporate office (Australia)	17	60	73
Corporate office (North America)	4	3	3
Beta Hunt	18,330	18,718	21,562
Total Scope 2 (t CO2e)	18,350	18,781	21,639
Total Scope 1 and 2 (t CO2e)	72,492	86,946	90,322



Scope 1 and 2 GHG Emissions

Table 12: GHG emissions intensity

[TCFD Metrics and Targets (b)]

Parameter	2020	2021	2022
Scope 1 and 2 (t CO2e)	72,492	86,946	90,322
Gold produced (Troy oz)	99,249	112,815	111,083
Ore processed (Tonne)	1,325,146	1,440,679	1,503,108
Intensity (t CO2e/Troy oz)	0.73	0.77	0.81
Intensity (t CO2e/Tonne)	0.06	0.06	0.06

Climate-related Target

We are pleased to announce our target to reduce our absolute Scope 1 and Scope 2 GHG emissions by 20% by 2030, compared to a 2024 forecasted business-as-usual baseline.

A Forecasted Business-as-Usual Baseline

We have selected to measure our emissions performance against a forecasted business-as-usual ("BAU") trajectory. We believe this approach best captures our unique position to be one of the only junior operators executing a significant growth plan while simultaneously committing to emissions reductions.

We acknowledge that in lieu of explicit guidelines for the mining sector, establishing a target against a future BAU forecasted baseline is a relatively unique approach. However, we believe that setting targets while actively growing our business, versus delaying action until growth is achieved, reflects our continued ambition as a sector leader: a growing junior gold producer concurrently focused on emissions reductions.

Emissions Forecasting

Karora's BAU scenario forecasts the company's Scope 1 and 2 emissions assuming no decarbonisation initiatives are undertaken by Karora. The BAU forecast accounts for changes in energy consumption due to Karora's ongoing growth plan. If no mitigation measures were to be adopted, we would expect Karora's overall GHG emissions to rise significantly to a range of 140,000 to 150,000 tCO2e per annum as we execute our growth plan to increase expected annual gold production to approximately 170,000 to 195,000 ounces by 2024.²⁶

Road to 2030: Emissions Reduction Plan

Our target is supported by a clear and credible pathway that is the result of extensive foundational work conducted over the past two years to review and analyze baseline data, forecast future data, and identify actionable emissions reduction opportunities. As part of this effort, we also completed a power plant emissions study at Higginsville that compared numerous power supply options. Based on the outcomes of this work, we have set out an initial emissions reduction plan through to 2030, which focuses on conversion to cleaner energy sources at Higginsville.

A Forecasted Baseline

Karora's current growth plan is expected to be complete by 2024. As such, our target features 2024 as a starting point from which discrete, opportunity-based mitigations are measured against a scenario in which we do not make strategic decisions or support investments in the implementation of initiatives to reduce GHG emissions.

Our Target in Terms of Reductions Relative to a 2022 Baseline

Our 2030 emissions reduction target of 20% by 2030, compared to a 2024 forecasted business-as-usual baseline equates to a ~20% increase against 2022 baseline emissions, due to the continued planned operational growth in 2023 and 2024, but a ~19% reduction in carbon intensity per gold ounce (unit) produced.

Updating our Target

Once we've reached our expanded production scenario in 2024, we will update our emissions reduction target and re-baseline as necessary to reflect actual, audited 2024 emissions. We will further review and update our target as needed to accommodate evolving best practices and any future growth or diversification of the company.

Analyst Corner

- SASB EM-MM-110a.1
- SASB EM-MM-130a.1
- SASBEM-MM-140a.1
- TCFD: Governance (a)
- TCFD: Governance (b)
- TCFD: Strategy (a)
- TCFD: Strategy (b)

- TCFD: Risk Management (a)
- TCFD: Risk Management (b)
- TCFD: Risk Management (c)
- TCFD: Metrics and Targets (a)
- TCFD: Metrics and Targets (b)
- TCFD: Metrics and Targets (c)

²⁶ The figures for 2022 baseline emissions and 2024 forecasted business-as-usual emissions modelled in our analysis includes initial emissions estimates at our recently acquired Lakewood Gold Mill. Emissions data provided throughout this report exclude Lakewood Gold Mill emissions data. We will refine our emissions reduction target and plan as needed as updated emissions data, including that from the Lakewood Gold Mill, is collected.

CLEANER POWER AT HIGGINSVILLE

 Clean power solutions are identified as the strongest opportunity for Karora to achieve emissions reductions through 2030, being both cost-effective and viable. Having identified this opportunity, we negotiated and executed a long-term Power Purchase Agreement with a third party to supply Higginsville with a cost-effective, lower-emissions energy source, which includes the development and commissioning of the transmission works required to connect Higginsville to the third party's energy network.

 Once implemented, we anticipate that the long-term Power Purchase Agreement will reduce Karora's emissions profile by a range of 11-13% by 2030 (compared to the BAU case), or ~40% progress towards achieving our current 20% 2030 emissions reduction target.

FUTURE OPPORTUNITIES

 We recognize that we will need to implement additional initiatives to achieve the additional emissions reductions required. We will continue to evaluate technology- and efficiency-based solutions as they become available and viable to reduce our emissions. We have identified several potential opportunities to bridge this gap, including supplemental renewable power and fuel switching, both of which require further analysis. We will provide updates on further emissions reduction strategies in future disclosures, as relevant.





Biodiversity Impacts and Reclamation

Why is this Important for Karora? The development, operation, closure, and remediation of mines can have a range of impacts on biodiversity, such as landscape alterations, vegetation removal, and impacts on wildlife habitats.

Effective management of biodiversity impacts and reclamation enables mining companies to avoid or minimise potentially significant environmental impacts and avoid or reduce potentially significant regulatory penalties, compliance costs, financial and legal liabilities, lost revenue and higher costs from delayed production, and adverse impacts associated with reputational harm.

While Karora does not have proved or probable reserves (0%) within 5km of protected sites or in areas of endangered species habitat [SASB EM-MM-160a.3],²⁷ we remain subject to extensive federal, provincial, and local laws and regulations governing environmental protection, including the Environmental Protection Act 1986 (Australia). Our operations are also subject to regulations related to reclamation, such as the Mining Rehabilitation Fund Act 2012 (Australia), enhancing the importance of this issue for our business.

Mineral waste produced at our mine sites has the potential to result in acid rock drainage ("ARD") at 100% of our mine sites. ARD is acidic water formed because of mining activities, and it can have harmful effects on humans, animals, and plants. We are committed to minimizing the impacts of ARD in the environments in which we operate and actively mitigate ARD at all (100%) of our mine sites [SASB EM-MM-160a.2].²⁸ We are committed to ensuring all statutory requirements are met for the long-term sustainability of the environment where we explore and develop our mines.

Our Approach [SASB EM-MM-160a.1]

Complementary to our Environmental Policy and Environmental Management Systems Manual (see Environment), we have established environmental management plans at our active sites to ensure our operations are compliant with relevant approvals, licenses, permits, and regulations. These supplementary environmental management plans are often associated with strict regulatory oversight and are site or activity driven, aiming to provide additional focus on environmental values and risks at each site.

Operation-specific Potentially Acid Forming ("PAF") Management Plans

The PAF Management Plans describe the strategy and processes that our operations must follow during mining, waste disposal, and waste dump construction to avoid the generation of acid from the oxidation of potentially acid-forming materials. They describe the mitigation measures to prevent ARD. Karora has PAF Management Plans for operating areas where they are required (Baloo, Spargos). All other operations have a very low risk, based on geochemical characterisations.

The PAF Management Plans aim to describe the potential environmental risks, operational controls, and mitigation activities to avoid ARD and the associated environmental impacts. The plans also flow into a waste dump construction management plan that documents the management of non-acid forming waste for the encapsulation of potentially acid-forming waste. The PAF Management Plans are reviewed annually or as required due to a change in mine operations.



Brockway Timber Reserve Conservation Management Plan

The Brockway Timber Reserve Conservation Management Plan aims to address the specific environmental risks associated with exploration activities within the Brockway Timber Reserve. This plan is relevant to our Mt. Henry mining operations at Higginsville, which is currently on care and maintenance as we evaluate the future mining potential of this operation.

Key activities in 2022 related to this ESG factor:

- Investigated the use of new drone sensors for providing a cost-effective and enhanced approach to monitoring rehabilitation performance. The feasibility of their use is currently being assessed by Karora.
- Completed a topsoil and growth media inventory balance for Higginsville and Spargos. Topsoil is a critical resource for the successful rehabilitation of mine disturbance, as establishing native vegetation becomes difficult in arid ecosystems without a useful growth medium. The results of the inventory balance will be used to inform necessary actions to enable the successful rehabilitation of Karora's mines.
- Completed a performance review of legacy rehabilitation initiatives at Higginsville to identify corrective actions to
 maintain and improve the biodiversity of legacy landforms at Higginsville. The information will be used to develop
 a rehabilitation plan to address legacy issues and will be implemented over a number of years. The information will
 also be integrated into the next revision of the Higginsville Mine Closure Plan.







Review of Legacy Landform Performance

The Higginsville mine consists of over 30 hard rock and oxide or palaeochannel waste dumps that were previously rehabilitated during different eras of mining. Over time, some of these legacy landforms have developed large erosion gullies that require remedial works to stabilise and contain sedimentation and prevent adverse biodiversity impacts. Although these waste dumps were not constructed by Karora, liability for the rehabilitation performance remains with the company as the tenement holder.

In 2022, Karora engaged a third party to conduct a review of the waste dumps designed to capture their performance and determine actions to improve rehabilitation outcomes and reduce potential impacts on biodiversity from mining within the region. The findings from this review will be used to prepare a rehabilitation plan to fulfil commitments made in the Higginsville Mine Closure Plan.

Waste dump construction standards will also be issued for Karora and documented in waste dump construction procedures and mining contracts. These standards will ensure a minimum level of performance for all future rehabilitation at Higginsville, which will enhance environmental management practices for the protection of surrounding flora and fauna biodiversity.

As a priority for Karora, we have set target related to this ESG factor. Our 2023 target, as well as progress on 2022 target, are summarized below. Our carbon offsetting projects also contribute to our approach to this issue. For more detail, see <u>Greenhouse Gas</u> <u>Emissions and Climate Change</u>.



A Review of the performance of legacy waste dumps at Higginsville

2022 Status Update			
Status	Target	Summary of Progress	
ACHIEVED	Enhance environmental management policies and practices for active sites.	Reviewed and updated our Environmental Policy and EMSM. As part of the EMSM update, we completed a review of environmental sensitive receptors, risk assessments, and mitigation strategies.	
		Investigated new drone sensors and their use to monitor rehabilitation performance for waste dumps.	
		Completed a performance review of legacy rehabilitation at Higginsville, which identified corrective actions to maintain and improve the biodiversity of legacy landforms.	
		Completed topsoil and growth media inventory balance for Higginsville and Spargos.	
2023 ESG Tar	get		
RENEWED	Enhance environmental management policies and practices for active sites.		

Analyst Corner

- SASB EM-MM-160a.1
- SASB EM-MM-160a.2
- SASB EM-MM-160a.3





Energy Management

Why is this Important for Karora? Mining production can be energy-intensive and can contribute to the creation of Scope 1 GHG emissions through on-site combustion and Scope 2 emissions through electricity consumed from the grid. In addition to minimizing our emissions profile, improving energy management practices can reduce operating costs and avoid lost revenue and cost impacts from disruption in our energy supply.

The gas-fired electricity used at our Beta Hunt operations is supplied through our industry neighbor. At Higginsville, electricity is currently generated on-site using diesel-powered generation with eight primary units. As noted in <u>Greenhouse Gas Emissions and Climate Change</u> above, our operations are subject to regulations related to energy management, and we develop and submit reports for Australia's NGER to estimate our GHG emissions and energy use.

Our Approach

Our initial 2030 emissions reduction plan focuses on the conversion to cleaner energy sources at our Higginsville operations, given the size and viability of the opportunity. As part of foundational work conducted to establish our emissions reduction target, we assessed emissions reduction opportunities and alternative methods of power for the Higginsville mill. The use of cleaner power at Higginsville was identified as Karora's most significant opportunity to reduce emissions, with the potential to reduce our emissions by 11-13% by 2030 (compared to the BAU case), or ~40% progress towards achieving our current 20% 2030 emissions reduction target.

Power Purchase Agreement

As a key first-step in actioning our 2030 emissions reduction plan, we negotiated and executed a long-term Power Purchase Agreement with a third party to supply Higginsville with a cost-effective, lower-emissions energy source, which includes the development and commissioning of the transmission works required to connect Higginsville to the third party's energy network. For further detail on our 2030 emissions reduction plan, see Climate-related Target.

Our Performance

In 2022, total energy consumption across Karora's operations increased by 5.4%. This was largely because of increased electricity purchases at Beta Hunt. Accordingly, the percentage of energy consumption that was purchased from the grid increased from 8.8% to 10.7%. This was due to an increase in activity at Beta Hunt in line with Karora's growth plan, with the development of the second portal and resource extensional drilling.

Gross and net energy intensity by troy ounce of gold produced increased by 7.0% and 5.4%, respectively. Alongside the increase in electricity purchases in 2022, there was also an increase in the haulage distance for ore supplied to Higginsville with the closure of the Baloo and Hidden Secret open-cut pits. The primary ore sources were from Beta Hunt and Spargos which increased haulage distance, which in turn increased diesel consumption. Expansion activities at Beta Hunt, in line with Karora's growth plan, also contributed to the increase in energy intensity. We anticipate that intensity metrics will stabilise once the Beta Hunt growth plan has been fully executed. Higginsville will also develop the Pioneer open-cut pit. While initial development activities may increase energy consumption, the reduction in haulage distance will eventually reduce energy consumption for ore supplied to the Higginsville mill.

Although Karora does not currently consume renewable energy [SASB EM-MM-130a.1], we are exploring potential use cases as part of our emissions reduction strategy. A detailed summary of Karora's energy consumption and intensity can be found in Table 14.

Table 13: Total energy consumed, percentage grid electricity, percentage renewable [SASB EM-MM-130a.1; TCFD: Metrics and Targets (a)]

Parameter	2020	2021	2022
Total gross energy consumption within the organization (GJ)	1,013,584	1,217,204	1,282,932
Energy produced (GJ)	128,284	128,139	153,241
Net energy consumed (GJ)	885,300	1,089,065	1,129,691
Percentage grid electricity of total gross energy consumed (%)	10.4	8.8	10.7
Percentage renewable energy of total gross energy consumed (%)	0.0	0.0	0.0

Table 14: Gross energy breakdown (GJ) and energy intensity

[TCFD: Metrics and Targets (a)]

Parameter	2020	2021	2022
Gross energy consumed	1,013,584	1,217,204	1,282,932
Net energy consumed	885,300	1,089,065	1,129,691
Energy produced	128,234	128,139	153,241
Ore processed (Tonne)	1,325,146	1,440,679	1,503,108
Gold produced (Troy oz)	99,249	112,815	111,083
Gross energy intensity (GJ/Tonne)	0.765	0.84	0.85
Net energy intensity (GJ/Tonne)	0.67	0.76	0.75
Gross energy intensity (GJ/Troy oz)	10.21	10.79	11.55
Net energy intensity (GJ/Troy oz)	8.92	9.65	10.17

Analyst Corner

• SASB EM-MM-130a.1

Air Quality

Why is this Important for Karora? Mining operations can produce large amounts of non-GHG air emissions, including hazardous air pollutants, criteria air pollutants, and volatile organic compounds, that can have significant, localized impacts on human health and the environment. Effective management of our air quality impacts can reduce or avoid compliance costs, fines, and penalties, facilitate permitting, and adverse reputational impacts. Our operations are subject to air quality regulations, including Australia's National Environment Protection Measures.

Our Approach

To monitor and provide transparency on our air quality performance and maintain regulatory compliance, we develop reports annually in accordance with Australia's National Pollutant Inventory ("NPI").²⁹

Our Performance

We provide a summary of Karora's pollutant air emissions in Table 15. Karora's air emissions by operation are provided in Table 16. In 2022, several categories of Karora's pollutant air emissions trended upwards. Carbon monoxide emissions increased by 13.2% due to higher generator use (Aquarius and Two Boys) at Higginsville and an overall increase in activity (e.g., haul trucks, blasting) at Beta Hunt. Particulate matter emissions increased by 18.9% due to higher dust emissions from waste rock dumps at Higginsville and an overall increase in transportation at Beta Hunt. Lead and mercury emissions increased proportionally to particulate matter emissions, as the exposed areas that may lead to dust increased with a larger Run-of-Mine pad at Beta Hunt and growing waste dumps at Higginsville. The overall emissions of lead and mercury are considered to be low in comparison to mining facilities in Western Australia. Our emissions of total volatile organic compounds decreased by 8.4% due to reduced diesel combustion from field generators, surface drills, pumps, and excavators at Higginsville associated with reduced mining activity at Baloo and Hidden Secret, reflected in total waste rock moved. All standards, methodologies, and assumptions used for estimating emissions of pollutants are prepared in accordance with the Australian NPI Manuals and Documentation.

Table 15: Summary of pollutant air emissions (Tonne) [SASB EM-MM-120a.1]

Parameter	2020	2021	2022
Carbon monoxide ("CO")	227	288	326
Oxides of nitrogen ("NOx")	564	682	676
Sulphur dioxide ("SO2")	0.301	0.373	0.376
Particulate matter <10um	402	509	605
Lead	0.00958	0.0115	0.0139
Mercury	0.0000989	0.000124	0.000157
Total volatile organic compounds ("TVOC")	33.4	41.5	38.0

²⁹ The National Pollutant Inventory ("NPI") is a pollutant release and transfer register, established by the Australian government via the National Environment Protection Measures ("NEPM") legislation in 1998. The goal of the NPI is to ensure the community has access to information about the emission and transfer of toxic substances that may affect them locally in accordance with the principle of "community right to know."

Table 16: Pollutant air emissions by operation (kg) [SASB EM-MM-120a.1]

		2020			2021			2022	
Parameter	Beta Hunt	Higginsville	Total	Beta Hunt	Higginsville	Total	Beta Hunt	Higginsville	Total
Carbon monoxide ("CO")	31,690	195,131	226,821	34,388	253,847	288,235	59,480	266,675	326,155
Oxides of nitrogen ("NOx")	46,412	517,181	563,593	52,399	629,809	682,208	84,661	591,793	676,454
Sulphur dioxide ("SO2")	43.9	257	301	48.3	325	374	77.6	298	376
Particulate matter <10um	46,650	355,530	402,180	57,627	451,241	508,868	101,758	503,416	605,174
Lead and compounds	1.87	7.72	9.58	2.35	9.20	11.5	3.81	10.1	13.9
Mercury and compounds	0.0246	0.0743	0.0989	0.0314	0.0923	0.124	0.0524	0.105	0.157
Total volatile organic compounds ("TVOC")	3,348	30,013	33,361	3,670	37,811	41,481	6,577	31,385	37,962

Analyst Corner

• SASB EM-MM-120a.1

SOCIAL

At Karora, we recognize that robust processes and practices related to social ESG factors enable us to be a strong and supportive partner to our communities, employees, business partners, and other key stakeholders. Among our ESG priorities are the Rights of Indigenous Peoples, Community Relations, Workforce Health and Safety, Human Capital Management and Labour Relations, and Human Rights and Security.



Overarching Approach to Social ESG Factors

Karora's overarching approach to social matters is guided by our Corporate Social Responsibility Policy, alongside several other company-wide policies and processes that are related to specific social ESG priorities.³⁰

Corporate Social Responsibility Policy

Through our <u>Corporate Social Responsibility Policy</u>, we formalize our commitment to implementing responsible and sustainable business practices. The Policy is approved by the Board of Directors and provides a framework to ensure that Karora's actions promote the development of the communities in which we operate. This Policy is applicable to Karora's and its subsidiaries' workforce which includes senior executives, officers, employees, contractors, and Board members across all our operational mines, exploration sites, closure properties, and joint ventures where Karora has control.

2022 Highlights:

- → Developed a company-wide Stakeholder Engagement Policy, Cultural Heritage Policy, and Cultural Heritage Management Plan
- → Maintained a near miss frequency of zero
- → Total recordable injury frequency rate was reduced by 60%
- → Maintained zero incidents or infringements related to Traditional Owners' heritage
- → Contributed over CAD\$354 million to the Australian economy, with over CAD\$109 million contributed to local communities in Western Australia³¹

Rights of Indigenous Peoples

Why is this Important for Karora? Indigenous Peoples are critical stakeholders for Karora, with all our operations located in or near lands traditionally owned by or under the customary use of Indigenous Peoples ("Traditional Owners").³²

All (100%) of our proved and probable reserves are within 5km of Indigenous land (see Table 17) [SASB EM-MM-210a.2]. Karora's tenements are subject to native title determinations and claims (see Table 18), and we are also party to various agreements with native title holders and claimants. Legislation related to the rights of Indigenous Peoples and to which we are subject includes the *Aboriginal Heritage Act 1972* (WA) (including as amended in 2023), the *Native Title Act 1993* (Cth), and the *Aboriginal and Torres Strait Islander Heritage Protection Act 1984* (Cth).

Karora is committed to developing opportunities that contribute to the economic empowerment, social development, and cultural well-being of our Traditional Owners. As such, we embrace an approach of inclusion and engagement that we believe will promote longer-term positive relationships.

Our Approach [SASB EM-MM-210a.3]

Quality engagement with our Traditional Owners helps us to understand their connection to the lands, environment, and heritage, as well as their social and economic development priorities and the impacts our business has on these. Karora places value on responsible and respectful engagement to build meaningful, transparent, and mutually beneficial relationships with our Traditional Owners. Engagement with Traditional Owners includes:

- consultations with Traditional Owners around operational activities and/or capital projects that impact traditional lands, seeking agreement and arranging documents;
- heritage conservation management and planning;
- inclusion of Indigenous Peoples in our operations through employment opportunities, cultural awareness programs, and involvement in environmental protection;
- undertaking environmental and social impact assessments; and
- partnering with Traditional Owners' businesses to support the sustainable economic development of Indigenous Peoples' communities.

Table 17: Percentage of proved and probable reserves in or near Indigenous land

[SASB EM-MM-210a.2]33

Parameter	2020	2021	2022
Percentage of proved reserves within 5 km of Indigenous land (%)	100	100	100
Percentage of probable reserves within 5 km of Indigenous land (%)	100	100	100
Grade of proved reserves within 5 km of Indigenous land (g/Tonne)	1.34	1.34	1.32
Grade of probable reserves within 5 km of Indigenous land (g/Tonne)	1.97	1.97	1.98

Table 18: Karora tenements subject to native title determinations and claims (2022)³⁴

Ter	ure Covered by M	lative Title Claim	/ Determination	
Traditional Owner Group	# Tenements	% Tenements	Tenure Area (km²)	% Tenure Area
Ngadju ³⁵	242	95.28%	1,648.49	84.69%
Marlinyu Ghoorlie ³⁶	17	6.69%	72.05	3.70%

In 2022, Karora developed a Cultural Heritage Policy that provides a framework to ensure that we recognize the important role of culture and heritage in the communities in which we operate and further integrate the respectful management of cultural heritage and overall sustainability into our community relationships.



A Heritage Survey conducted with Marlinyu Ghoorlie (February 2022)

³³ Beta Hunt announced an update to its proved and probable reserves in 2022 with additional exploration drilling and results modelling, resulting in the updated figures in 2022 relative to 2021 and 2020.

³⁴ Lakewood, Spargos, and sections of Beta Hunt fall on land where Native Title remains undetermined. Karora has undertaken consultation with representative groups and of which Marlinyu Ghoorlie hold an undetermined native title claim. Figures account for double-counting of tenements due to the two Ngadju claims. Thirty-four tenements are pending and not live.

³⁵ Å determination of native title claim to the Ngadju people has been in force since November 21, 2014, with a second determination made on October 23, 2017.

3²⁵ The Marlinyu Ghoorlie people filed an application to the Federal Court on December 22, 2017, which was accepted for registration as a claim on March 28, 2019. No determination has been made as at the publication of this report.

Cultural Heritage Policy

The <u>Cultural Heritage Policy</u> provides a framework to ensure that Karora recognizes the important role that culture and heritage have in the communities in which we operate. The objective of this Policy is to embed the intrinsic value of cultural heritage into our business practices and stakeholder engagement. This Policy is applicable to the entire workforce of Karora and its subsidiaries, including senior executives, financial officers, contractors, and members of its Board. This Policy is applicable to all our operational mines, exploration sites, closure properties, and joint ventures where Karora has operational control.

Through this Policy, we commit to:

- observe and abide by all applicable laws and regulations pertaining to cultural heritage and uphold agreements reached with relevant stakeholders and Traditional Owners;
- ensure that free, prior, and informed consent is foundational in all agreements reached with Traditional Owners;
- protect and respect culture and heritage from the potential impacts of our work;
- recognise the obligations of Traditional Owners to their Lore and culture,³⁷ and
- become trusted partners with the communities with a legacy of respect and sustainability.

Cultural Heritage Management Plan

In 2022, Karora developed a Cultural Heritage Management Plan ("CHMP") to implement our Cultural Heritage Policy. The purpose of the CHMP is to outline practices to ensure Aboriginal heritage sites within Karora's tenement areas are identified, protected, and managed pursuant to applicable laws and the agreements that Karora has with its stakeholders (see Agreement Framework below).

In the event of cultural heritage material and/or human remains being discovered during exploration or construction activities, the CHMP outlines the steps to be followed to ensure that Karora manages its legislative and contractual obligations.

Karora's Aboriginal Heritage Database

Karora developed an internal database of all known Aboriginal heritage sites and surveys completed within our tenements. The database compiles reports held by the Department of Planning, Lands, and Heritage ("DPLH") and internally at Karora and is used to help identify Aboriginal heritage sites from surveyed areas. Information from new survey reports is updated in the database as it becomes available.

Heritage Surveys

Heritage surveys with representatives of Traditional Owners is a critical aspect to determine any cultural significance in areas to be disturbed by mining activities. In 2022, Karora conducted heritage surveys at the operational mine Spargos and the prospective targets Barcelona, Erin, and Rainier. Numerous desktop surveys were also undertaken for Beta Hunt, Higginsville, Lakewood, and Spargos to review existing survey information. While numerous cultural objects (e.g., flaked stone tools) were observed during the surveys, no heritage sites of cultural significance were identified that required protection and could impact planned mining operations. Cultural objects will be collected by the NNTAC prior to any disturbance within those areas. Other areas of heritage significance were also identified outside of the survey boundaries.





Participants of the Barcelona heritage survey

Participants of the Rainier heritage survey

Agreement Framework

Karora has sought to have formal community agreements in place with our Traditional Owners, as an appropriate way of defining the terms by which each party will meet the behavioural expectations of the other and will ensure deliverables are specified and accounted for. Formal agreements in place with Indigenous communities include:

Ngadju People - Mining Agreements

Mining tenure at HGO largely falls within Ngadju People's native title determination area. HGO's mining project areas are subject to three separate mining agreements with the Ngadju people. Some of the key aspects covered by these agreements include:

- setting out a process for the engagement of Traditional Owners on proposed activities;
- heritage protection protocols;
- minimisation of environmental impacts;
- financial contributions, as follows:
- → Ngadju's Education Trust to assist with the costs of providing education and training to local aboriginals;
- → annual administration contributions; and
- → production contributions;
- development of employment, training, and business development opportunities; and
- providing access to lands in conjunction with providing the right to prospect and fossick on these lands.

Ngadju People & Marlinyu Ghoorlie - Heritage Agreements & Proforma

Karora has heritage agreements in place for most of its mining and exploration activities and has agreed to a proforma heritage agreement with both Ngadju and Marlinyu Ghoorlie for all new tenure. These agreements set out the protocols for heritage management and survey.

Karora's Implementation Committee

- Karora and the NNTAC have established an Implementation Committee for the purposes of discussing progress on objectives that are established under the various Mining Agreements. The Committee aims to meet quarterly, providing the opportunity for Karora to engage with Ngadju people regarding our business, operations, and activities.
- Karora has found these meetings to be a great step towards creating transparency in discussions as well as building a space for quality engagement and the exchange of information.

Key Activities in 2022 Related to this ESG Factor:

- As part of Cert III Civil Construction Plant Operations training provided for the Ngadju People by the FPC, Karora conducted mock interviews and reviewed resumes to support entry into the industry. The completion of the certificate provides the necessary skills to operate earthworks machinery and an overview of critical safe working practices.
- With an aim to enhance cultural awareness at the company, members of Karora's senior leadership and one Board member participated in cultural awareness training provided by the NNTAC.



Cert III training graduates at Norseman

As a priority for Karora, we have set targets related to this ESG factor. Our 2023 targets, as well as progress on 2022 targets, are summarized below.

2022 Status U	2022 Status Update			
Status	Target	Summary of Progress		
ACHIEVED	Enhance engagement processes and due diligence practices with respect to Indigenous rights.	Developed a Cultural Heritage Policy that provides a framework to ensure that Karora recognises the important role culture and heritage have in the communities in which we operate.		
		Developed a Cultural Heritage Management Plan to implement the commitments outlined in our Cultural Heritage Policy. It outlines practices to ensure Aboriginal heritage sites within Karora's tenement areas are identified, protected, and managed pursuant to the Aboriginal Heritage Act 1972 (WA) and our stakeholder agreements.		
ACHIEVED	Expand opportunities for training and development for Indigenous workforce.	As part of programming facilitated by the Forestry Production Commission designed to support skills development and employment for the Ngadju People, Karora conducted mock interviews and reviewed resumes to support entry into the industry.		
ACHIEVED	Enhance cultural awareness for our workforce through training and leadership.	Members of Karora's senior leadership team and one Board member received cultural awareness training provided by the NNTAC.		
2023 ESG Tar	gets			
RENEWED	Enhance engagement processes and due diligence practices with respect to Indigenous rights.			
RENEWED	Expand opportunities for training and development for Indigenous workforce.			
RENEWED	Enhance cultural awareness for our workforce through training and leadership.			

Our Performance

Karora is in close contact with our Traditional Owners, and we consult with them on several matters as set out in Table 19. Given the large areas of land under which we operate, we deal with our Traditional Owners in a number of ways, including heritage protocols for new exploration and prospecting licences, working with the negotiation committee for new mining licences, attending meetings held by the Traditional Owners as invited, and general discussion meetings with the aboriginal corporations to provide updates on our activities and discuss administrative matters in accordance with our arrangements. We also post job opportunities on websites aimed at increasing Indigenous employment, feed appropriate job opportunities directly to the NNTAC, conduct heritage surveys with Traditional Owners, run an implementation committee with the NNTAC, and attend events held by our Traditional Owners, as invited.

In 2020, 2021, and 2022, Karora did not experience any incidents or infringements related to Traditional Owners' heritage.

Table 19: Engagements with Karora's Traditional Owners

Liaison	2020	2021	2022
Negotiation Committee	2	-	-
General Liaison Meetings	15	19	61
Meeting of the People	1	-	-
Implementation Committee	-	2	1
Employment Opportunities ³⁸	6	14	72
Events	1	-	-
Heritage Surveys	-	1	6 ³⁹



Analyst Corner

- SASB EM-MM-210a.2
- SASB EM-MM-210a.3

³⁸ An update to data collection methodology for this metric was implemented in 2022. The 2022 figure includes jobs posted by Karora on a third-party Indigenous employment portal. The 2021 and 2020 figures consider job opportunities directly provided to the NNTAC. ³⁹ The 6 heritage surveys in 2022 were completed at the following locations: Rainier (August); Barcelona (July); Erin (July); Spargos Pipeline (March); Spargos Exploration (Zebra Hill and Lady Alison) (March/April); Spargos Haul Road (February).

Community Relations

Why is this Important for Karora? Mining operations can have significant environmental and socio-economic impacts on nearby communities. Mining companies also frequently need support from local communities to be able to obtain permits and leases, and to conduct their activities economically.

Effective community relations management can help to mitigate conflicts, avoid operational disruptions, facilitate permitting, protect Karora's reputation, enable longer-term community cooperation, and foster mutually beneficial partnerships. Our operations are subject to community engagement obligations through regulation, including the provision of benefits for local peoples who are native title holders or registered claimants through the Native Title Act 1993 (see <u>Rights of Indigenous Peoples</u>). We are committed to working in partnership with our communities and the local native title holders in a manner that fosters active participation and mutual respect.

Our Approach [SASB EM-MM-210b.1]

Developed in 2022, our approach to community relations is guided by our Stakeholder Engagement Policy.

Stakeholder Engagement Policy

The <u>Stakeholder Engagement Policy</u> provides a framework to ensure that Karora builds and maintains positive relationships with the communities in which we operate, including governments, partners, stakeholders, and others impacted by our activities. The objective of this Policy is to embed respectful management to build mutually beneficial outcomes into all stakeholder engagement. This Policy is applicable to Karora's and its subsidiaries' workforce which includes senior management, officers, employees, contractors, and Board members across all our operational mines, exploration sites, closure properties, and joint ventures where Karora has control.

Through this Policy, we commit to:

- observe and abide by all applicable laws and regulations, as well as uphold agreements reached with relevant stakeholders;
- engage openly, honestly, and regularly with relevant stakeholders at all stages of our operations, including planning, implementation, and closure;
- request, consider, and where possible, incorporate stakeholder views in decision-making, particularly relating to risk, mine life, and post-mining land use objectives;
- promote and develop local communities and businesses;
- understand the commitment native title groups have to their Lore and heritage;
- recognise the value of traditional ecological knowledge and land management skills held by native title groups;
- report on environmental, social, and governance outcomes in a transparent and timely manner; and
- become trusted partners with the communities with a legacy of respect and sustainability.

Karora strives to be an active member of the community and understands that establishing and maintaining community support is critical to the planning, decision-making, and development of its operations. Karora works hard to understand what is important to our community stakeholders through regular interaction, effective communication, and initiatives with local councils, local commerce and industry, local community groups, and our local workforce. Our local community engagement is strengthened and supported by our community support and investment, which promotes long-term partnerships that empower and sustain the regional communities where we work.

Strong relationships with our communities are good practice, and they reinforce our reputation as an operator of choice. We are focused on actively engaging with, and investing in, our communities and maximizing their involvement in our activities.

Our community work is focused on:

- increasing the opportunity for the employment of local people and engagement of local businesses;
- partnering with organizations on initiatives that create long-term benefits for our community; and
- maintaining quality engagement with Traditional Owners and the local community. For more information on our approach, see <u>Rights of Indigenous Peoples</u>.

Karora believes that as a community member we have a responsibility to create a stable level of economic growth and performance by contributing to long-term value creation and providing sustainable economic value to our stakeholders. Without this strong economic performance, Karora would limit its capacity to provide jobs for the local communities (both directly and indirectly) and generate government revenue (through taxes, royalties, and rents and rates) to fund public services.

Residential Workforce

At Beta Hunt, Karora has a policy of employing locally where possible. This policy has been in place for over ten years, resulting in a large portion of our workforce at Beta Hunt being employed from local communities. This is unique for the region, which otherwise largely operates on a FIFO workforce model. For more information on our workforce from local communities, see <u>Human Capital Management and Labour Relations</u>.



Kambalda Hotel

In late 2020, Karora decided to review the accommodation for our FIFO workforce and elected to support a local family in re-establishing the Kambalda Hotel. In support of the initiative, Karora provided the hotel with a long-term contractual commitment for accommodation to help direct funds into the community. The hotel offers the local community a dining and meeting space for families in the evening. It now also offers local accommodation options for travellers who come through the community. The hotel employs a local workforce and is a key infrastructure item to support the growth of Kambalda.

Bluebush Village Kambalda

The Bluebush Village is a project designed to strengthen the Shire of Coolgardie's economic position through increased investment opportunities in community and tourism initiatives. In December 2022, Karora selected the newly completed village to assist with accommodating our FIFO workforce. We intend to continue supporting the Bluebush Village as our accommodation requirements increase over the next few years. Our goal is to centrally locate as much of our FIFO workforce as possible, while providing economic benefits to our local communities.

Kambalda Airport Co-Op

In 2021, Karora leased the Kambalda Airport from the Shire of Coolgardie with a view to developing a regional airport co-op with local industry. We continue to actively lead the development of a co-operating agreement. In addition to transport support for local industry, the co-op is also looking

at the longer-term goal of supporting the movement of local residents and tourists, which in turn provides an economic and social enabling gateway. Utilisation of the airport will provide the local council with valuable revenue and funding for the co-op to maintain and upgrade the infrastructure. The opening of the airport will also provide tremendous benefits for the community, which includes opening access to health care, education, and economic and travel opportunities.



Shire of Dundas

Karora is a representative on the Economic Development Committee with the Shire of Dundas. We work with the shire to consider and support economic development, providing strategic support where we add value. Through the Economic Development Committee, Karora became involved in progressing an initiative to harvest boutique timbers from areas cleared for mining purposes.

Karora has been engaging with the Shire of Dundas, Goldfields-Esperance Development Commission, FPC, NNTAC, and Traditional Owners on the opportunity to selectively harvest trees for commercial production from sites that are being cleared for council or mining purposes, which presents a favourable environmental outcome and brings together two industries in a complementary way. Through these efforts, timbers that would otherwise be removed for clearing purposes would be pre-selected for harvesting and turned into a value-add product.

This initiative was designed in consultation with Traditional Owners, with the objective of providing a sustainable opportunity for Traditional Owners to gain employment and benefit from their lands, while also overseeing the rehabilitation of these areas. In October 2021, Karora hosted a tour of its clearing sites, which was followed by a "Timber Day" held by FPC in Norseman to demonstrate the use of portable wood mills and the quality of the timber that could be harvested from the local area. The showcase was designed to spark interest within the local community regarding new employment opportunities associated with wood product manufacturing.

In 2022, with the help of local Indigenous workers, the FPC attended Higginsville to record the number of viable trees for harvest in areas of future mining. These areas have now been earmarked for harvesting, aligned with the mine plan. Karora has recently updated the mine plan for Higginsville and identified further suitable areas for the harvest of commercially viable timber. Karora will continue to work with Ngadju, Dundas, and the FPC to maximise the utilisation of timber resources within future mining operations.



Tree marking at the future Mousehollow waste dump



Saw logs produced from local Norseman timber
Youth Focus

Karora continues to partner with Youth Focus, Western Australia's leading youth mental health provider to support its premier event "Ride For Youth." This is the second year Karora has entered a team to ride the 700km from Albany to Perth in support of this worthy cause.

Karora has chosen to get behind Youth Focus, which operates critical mental health frontline and education services for Western Australian youth. Our regional communities are significantly impacted by youth mental health and suicide in ways that are disproportionate to our urban cities, and yet they lack the critical support to overcome these impacts.





Karora Team – Ride for Youth 2022

Youth Focus funds and operates free, face-to-face, and web-based professional counselling services for young people aged 12 to 25 who may be experiencing mental health challenges, delivering these services into our communities. They also run evidence-based mental health programs to schools, workplaces, and communities across Western Australia. These programs cover a wide range of topics designed to assist people in identifying and addressing mental health issues at the earliest opportunity and developing the resilience to cope in the future.

Karora will continue to support these critical services with a view to bolstering support for its local communities.

Saint Barbara's Festival 2022

In December 2022, Karora representatives attended the Saint Barbara's Festival and Miners' Memorial Service held in Kalgoorlie, acknowledging the relationship between the mining industry and the local community of Kalgoorlie-Boulder. The memorial service is held to commemorate those who have lost their lives in the mining industry. A symbolic miner's lamp was lit to signify the beginning of the festival, and wreaths were laid to remember all those who have sadly lost their lives servicing the mining industry over the last century.



Our Performance

Through the payment of taxes, government royalties, rents and rates, workforce wages, and supplier payments, Karora makes a significant financial contribution to local, regional, and national economies. During 2020, 2021, and 2022, we contributed over CAD\$193 million, CAD\$275 million, and CAD\$354 million to the Australian economy, respectively (see Table 20). For more information on our local employment, see <u>Human</u> <u>Capital Management and Labour Relations</u>. For more information on our contribution to COVID-19 efforts, see <u>Workforce Health and Safety</u>.

We did not experience any instances of site shutdowns or project delays due to non-technical factors in 2020, 2021, or 2022 [SASB EM-MM-210b.2].

Table 20: Karora's contribution to the Australian economy

Parameter	2020	2021	2022
Contribution to Australian Economy (\$CAD) ⁴⁰	193,462,247	275,003,271	354,096,167
Contribution to Local Community (\$CAD)41	96,157,094	114,740,744	109,261,893

⁴⁰ Australian contributions include tax, royalties, rents & rates, community contributions, and workforce and supplier payments

41 Local communities are those communities that are within 140km of our Western Australia operations. The contributions include rents & rates, community contributions, and workforce and supplier payments. Figures provided are a subset value of "Contribution to Australian Economy" set out above.

As a priority for Karora, we have set targets related to this ESG factor. Our 2023 target, as well as progress on 2022 target, are summarized below.

2022 Status L	2022 Status Update					
Status	Target	Summary of Progress				
ACHIEVED	Enhance processes to manage risks and opportunities associated with community rights and interests.	Developed a Stakeholder Engagement Policy that provides a framework to ensure that Karora builds and maintains positive relationships with the communities in which we operate. To support gainful employment and benefit for Traditional Owners, Karora has been engaging with key community stakeholders to selectively harvest trees for commercial production from sites that are being cleared for council or mining purposes. Trees have now been marked at Mousehollow for clearing to allow the timber				
2023 ESG Tar	get Enhance processes to manage risks and opportunities associated with community rights and interests					

Analyst Corner

• SASB EM-MM-210b.1

Workforce Health and Safety

Why is this Important for Karora? Mining activities can pose significant risks to workforce health and safety. Effective workforce health and safety practices are fundamental to the protection of our employees and proper functioning of our operations.

A proven track record on health and safety can also improve workforce productivity and help to attract and retain talent, improving operational performance and reducing costs associated with workforce turnover. Our operations are also subject to regulations related to occupational health and safety.

Our Approach

Health and Safety is a key strategic priority across all our operations. Karora's approach to managing matters related to workforce health and safety is guided by our Health and Safety Policy.

Health and Safety Policy

Through our <u>Health and Safety Policy</u>, we define our commitment to the safety and health of our employees and provide a framework for measuring the safety performance of our activities. The Policy is approved by the Board of Directors and ensures that Karora and its employees and contractors are compliant with all applicable health and safety laws, regulations, and commitments.

Karora remains dedicated to the continuous improvement of our health and safety performance and strives to adhere to best practice to improve workforce health and safety.

To this end, our initiatives and key focus areas in 2022 included the following:

• working with industry bodies, including the Chamber of Minerals and Energy and Department of Mines, Industry Regulation and Safety, to align our company to best practice to achieve health and safety compliance in the workplace;

- use of INX an integrated workplace health, safety, and environmental quality management system – to manage health and safety data including the capture of all lead and lag events, incident reporting, investigation actions and outcomes, onboarding compliance, and training records. Karora maintains an online learning management system module that seeks to improve the learning of procedures and other training requirements, with inductions now online;
- fostering a top-down culture that promotes workplace health and safety in the best interests of all workforce personnel through company-wide safety presentations (e.g., Karora's Employee Assistance Program) and regular safety programming;
- updating Karora's Workplace Behaviour Training to prevent sexual harassment;
- introducing and reinforcing our safety toolkit to enhance employees' understanding and awareness of health and safety risks and key processes to mitigate them;
- daily safety meetings to encourage the identification of issues and continual improvement, including incident reporting and investigations;
- improvements in the screening of new workforce personnel;
- strict mine site entry requirements which include enforcement of our drug, alcohol, and temperature testing of site personnel; and
- ongoing workforce safety training and risk management processes and regular review of emergency procedures and processes.

Our Performance

Notwithstanding a significant increase in activities on our sites, Karora continued to maintain zero fatalities and achieved zero near miss rates for employees and contractors during 2022. Overall, our workforce health and safety performance improved in 2022. In the last three years, Karora has applied a robust team-based approach to safety which has resulted in a reduction of risk due to more engagement of all personnel. This is in line with new legislation introduced to Western Australia that harmonizes with the rest of Australia. Restricted work injury frequency rate ("RWIFR") decreased by 62.7% in 2022. Total recordable injury frequency rate ("TRIFR") decreased by 60.0%.

We attribute our improved performance to our enhanced focus on health and safety. We introduced a safety toolkit to enhance employees' understanding and awareness of health and safety risks and introduced a safety scorecard, which tracks key safety performance through a mixture of leading and lagging indicators. We also continue to conduct a number of occupational health and safety training sessions across our sites, which include:

- weekly crisis management and emergency response training to maintain a state of readiness;
- weekly and quarterly safety meetings; and
- training held within the daily pre-start meetings and the daily heads of department meetings.

Induction training is now completed through Karora's newly implemented Learning Management System ("LMS"), which allows employees to review safety requirements before arriving at the site.

Table 21: Karora's workforce health and safety performance [SASB EM-MM-320a.1]⁴²

Parameter	2020	2021	2022
Fatality rate (rate)	0.0	0.0	0.0
Restricted work injury frequency rate ("RWIFR") (rate)	0.0	5.9	2.2
Total recordable injury frequency rate ("TRIFR") (rate)	17.8	7.5	3.0
Near miss frequency rate (employees) (rate)	0.0	0.0	0.0
Near miss frequency rate (contractors) (rate)	2.6	0.0	0.0
Average occupational health and safety training provided to workforce (hours)	71.6	54.0	54.0



Detectives from the WA Police Gold Stealing Detection Unit ("GSDU") conducting a safety presentation

⁴² All rates are presented per 1,000,000 hours worked to align with Australian Standards of reporting. Fatality rate, TRIFR, and RWIFR figures include employees and contractors. Average occupational health and safety training provided to workforce include emergency response training and site meetings (e.g., pre-start meetings, heads of department meetings, safety meetings, and quarterly safety meetings). As such, the data reflects time spent on occupational health and safety and is not limited to training. "Workforce" includes all employees and contractors. Number of part-time employees have been weighted at 50% (i.e., Karora's 18 part-time employees in CY2022 have been weighted at 50% and included as 9 full-time equivalents).

COVID-19 Response

Karora continues to maintain substantial measures to ensure the health and safety of employees, contractors, suppliers, and the communities in which we operate in response to the COVID-19 pandemic. These measures have also been taken to protect the continuity of our business, which in turn flow through to the economic well-being of those same stakeholders. Karora's proactive response to mitigating the risks and impacts of COVID-19 includes:

- implementation of a comprehensive Infectious Disease Management Plan (April 2020);
- establishment of a COVID-19 Crisis Management Team dedicated to managing the impacts of the virus and government actions and regulations on the business and other stakeholders;
- ongoing consultation and participation with various government and industry bodies to maintain best-practice response measures;
- employment of a full-time nurse on site to lead COVID-19 health and hygiene-related activities (e.g., temperature testing, screening, rapid antigen testing, planning);
- moving from commercial flights to a dedicated charter service for the movement of FIFO personnel to and from site to avoid high-risk areas of commercial airports;
- restricting non-essential domestic and intrastate travel;
- creating flexibility in rostering to reduce personnel movements to and from sites when required to reduce exposure; and
- establishing response procedures to deal with confirmed positive and suspected cases and precautionary scenarios.



As a priority for Karora, we have set targets related to this ESG factor. Our 2023 targets, as well as progress on 2022 targets, are summarized below.

2022 Status Update					
Status	Target	Summary of Progress			
ACHIEVED	Maintain zero fatalities.	There were zero fatalities in 2022.			
ON TRACK	Strive to achieve a company- wide TRIFR of zero.	Achieved a TRIFR of 3.0, a 60% reduction relative to 2021.			
2023 ESG Targ	gets				
RENEWED	Maintain zero fatalities.				
RENEWED	Strive to achieve a company- wide TRIFR of zero.				

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SASB EM-MM-320a.1

Human Capital Management and Labour Relations

Why is this Important for Karora? Mining requires skilled labor and professional and technical expertise. Increasingly, companies are facing challenges in recruiting and retaining qualified employees to fill positions at all levels of the organization.

Effective human capital management that recruits, retains, and develops a sufficiently skilled and diverse workforce can enhance performance and productivity, protect the company's reputation, and reduce operating costs in the longer term, resulting in enhanced profitability. Effective management of labour relations and maintaining safe working conditions within mining operations are also critical to business continuity and success. Generally, union membership in gold mining in Australia is relatively low compared to other industries and metals. None (0%) of Karora's employees are covered by collective bargaining agreements, and Karora did not experience work stoppages due to strikes and lockouts in 2020, 2021, or 2022 [SASB EM-MM-310a.1/SASB EM-MM-310a.2]. Nevertheless, the management of labour relations remains an important factor in ensuring that our operations run efficiently.

Our Approach

As part of our overall vision to be a sustainable and responsible gold mining company, we seek to be a strong and supportive partner to our workforce and recognize that a corporate culture, supported by aligned policies and practices, is a key driver to enhanced productivity and performance. Our approach to human capital management and labour relations is guided by the following policies:

- Code of Business Conduct and Ethics (see Anti-Corruption and Transparency)
- <u>Whistleblower Policy</u> (see <u>Anti-Corruption and Transparency</u>)
- Diversity and Inclusion Policy (see Governance)

We are active members in multiple industry bodies – Australian Mines and Metals Association ("AMMA") and The Chambers of Minerals and Energy of Western Australia ("CME") – to ensure that our labour relations and operational practices are consistent with best practice and changing legislation. Our remuneration levels are benchmarked and adjusted annually against our industry peers, and we also conduct an annual anonymous employee survey designed to understand employees' alignment and engagement with the company and its objectives, the results of which are also measured against our industry peers.



Our Performance

Notwithstanding a 6.7% increase in the number of full-time employees, our total workforce decreased marginally by 3.7% in 2022, largely driven by the demobilisation of contractor workers assigned to the Spargos open pits and Beta Hunt's second decline, as this work was completed. While the number of management positions held by women across the company also marginally decreased, we remain committed to growing this number over time. For more on Karora's approach to diversity and inclusion, see <u>Governance</u>.

Our total employee turnover rate increased by 32.6% in 2022 compared to 2021, largely driven by increased demand for labour due to increased regional mining activity and high commodity prices, in combination with COVID travel restrictions. In alignment with our ongoing commitment to bringing economic opportunities to our community, 29% of our total employees were employed from local communities in 2022 (see Table 22).

Table 22: Human capital management metrics [SASB EM-MM-000.B]

Parameter	2020	2021	2022
Employment/engagement by type			
Full-time employees	196	299	319
Part-time employees	12	12	18
Total number of contractors employed	196	231	185
Total Workforce	404	542	522
Employees by region			
Local communities ⁴³	74	95	101
Western Australia	122	198	217
Australia (other)	3	9	9
North America	9	9	10
Total number of employees	208	311	337
Percentage employees from local communities (%)	36	31	29
Additional Metrics			
Percentage of management positions held by women (%) ⁴⁴	3.77	5.56	5.13
Rate of employee turnover (%)	27.4	30.1	39.9

Analyst Corner

- SASB EM-MM-310a.1
- SASB EM-MM-310a.2
- SASB EM-MM-000.B

⁴³ "Local Communities" considers all employees who work on Karora's operational sites in Western Australia who live within 140km radius of their place of employment.
⁴³ "Local Communities" considers all employees who work on Karora's operational sites in Western Australia who live within 140km radius of their place of employment.

Human Rights and Security

Why is this Important for Karora? An effective approach to human rights and security can help to reduce existing and future regulatory risks, protect the company's reputation, and avoid costs related to compensation or settlement payments and write-downs in the value of reserves in disputed areas.

Our Approach [SASB EM-MM-210a.3]

All of our mining operations are located in Australia, which has a strong rule of law and protection of human rights. While Karora has no proved or probable reserves in or near areas of conflict (0%) [SASB EM-MM-210a.1], we are committed to ensuring that Karora conducts our operations responsibly for the benefit of our workforce and the communities in which we operate.

Karora recognizes its responsibility to protect its employees, contractors, fence-line communities, facilities, infrastructure, supplies (including dangerous goods), and the environment. As a producer of high-value and easily portable gold product, there are risks associated with mining gold and the transfer of gold for processing and refining. Karora continually seeks to improve how we manage security risk and works to maintain the safety, security, and human rights of our people. Karora works with government, industry bodies, and security partners to assess security risks and threats to our operations.

During 2020, Karora engaged a Group Security Manager to oversee security at both operational sites and also conducted an external audit to identify gaps in its security measures. A number of measures were implemented from the outcome of that audit, which included enhancements to our employee and contractor history checks, physical site entry barriers, review of access requirements, review of dangerous goods and explosives policies and protocols, and the engagement of privately contracted service providers. In September 2022, Western Australia's Police Gold Stealing Detection Unit ("GSDU") attended Higginsville and Beta Hunt to provide presentations on security issues to our workforce. Personnel were provided information on recent security-related trends within the region, as well as guidance on steps to take if security-related threats are suspected at sites. This ongoing educational program provides the opportunity for Karora to continue building our partnership with regional law enforcement while enhancing the safety and security of our workforce.



Analyst Corner

- SASB EM-MM-210a.1
- SASB EM-MM-210a.3

SASB Index

The Sustainability Accounting Standards Board ("SASB") publishes industry-specific sustainability accounting standards, intended to help companies disclose financially material, decision-useful ESG information to investors cost-effectively and comparably.

We align this report with SASB's 2018 Metals & Mining Sustainability Accounting Standard. Work is underway to enhance disclosure on metrics aligned with the revised Metals & Mining Standard, updated by SASB in December 2021 and subsequently in June 2023. In this report, we provide disclosure on select metrics related to Waste & Hazardous Materials Management and Tailings Storage Facilities Management where data is available from the revised Metals & Mining Standard.⁴⁵ We have explained any deviations from the Standard, where relevant. We will phase out disclosure of legacy Waste & Hazardous Materials Management metrics from the 2018 SASB Metals & Mining Standard as we strengthen alignment with the revised version.

SASB data presented in this report includes data for the consolidated company, with the exception of our Lakewood Mill operations. Karora closed the acquisition of the Lakewood Mill gold processing facility on July 27, 2022. In line with corporate ESG reporting best practice, work is underway to ensure we are able to provide full-year ESG performance data for the Lakewood Mill operations beginning in 2023.

ESG Topic	SASB Code	Accounting Metric	Reference
Activity Metrics	EM-MM-000.A	Production of (1) metal ores and (2) finished metal products.	2022 Performance Highlights (p. 08).
	EM-MM-000.B	Total number of employees, percentage contractors.	Human Capital Management and Labour Relations (p. 79).
GHG Emissions	EM-MM-110a.1	Gross global Scope 1 emissions, percentage covered under emissions-limiting regulations.	Greenhouse Gas Emissions and Climate Change (p. 50).
	EM-MM-110a.2	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets.	Greenhouse Gas Emissions and Climate Change (p. 43).

Metals & Mining Standard⁴⁶

⁴⁵ The updated SASB Metals & Mining Sustainability Accounting Standard (2021 and 2023 versions) includes updated metrics related to Waste & Hazardous Materials Management and Tailings Storage Facilities Management. Karora discloses Waste & Hazardous Materials Management metrics from the 2018 version of the SASB Metals & Mining Sustainability Accounting Standard, as well as the 2021 version (updated by SASB in December 2021). We note that Waste & Hazardous Materials Management and Tailings Storage Facilities Management metrics from the 2021 and 2023 versions of the Standard are identical. Karora's disclosure on updated Waste & Hazardous Materials Management and Tailings Storage Facilities Management metrics from the 2021 and 2023 versions of the Standard are identical. Karora's disclosure on updated Waste & Hazardous Materials Management metrics from the 2021). We note that Waste & Hazardous Materials Management disclosure topic are addressed in Tailings Storage Facilities Management. ***** SASB Metals & Mining Standard (2021). SASB Metals & Mining Standard (2021). SASB Metals & Mining Standard (2023).

ESG Topic	SASB Code	Accounting Metric	Reference
Air Quality	EM-MM-120a.1	Air emissions of the following pollutants: (1) CO, (2) NOx (excluding N2O), (3) SOx, (4) particulate matter (PM10), (5) mercury (Hg), (6) lead (Pb), and (7) volatile organic compounds (VOCs).	<u>Air Quality</u> (p. 61).
Energy Management	EM-MM-130a.1	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable.	Energy Management (p. 60).
Water Management	EM-MM-140a.1	(1) Total fresh water withdrawn, (2) total fresh water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress.	<u>Water Management</u> (p. 39).
	EM-MM-140a.2	Number of incidents of non-compliance associated with water quality permits, standards, and regulations.	<u>Water Management</u> (p. 40).
Waste & Hazardous Materials Management	EM-MM-150a.1	Total weight of tailings waste, percentage recycled.	Waste and Hazardous Materials Management (p. 36).
	EM-MM-150a.2	Total weight of mineral processing waste, percentage recycled.	Omitted. The Beta Hunt and Higginsville mines do not produce any significant additional waste resulting from mineral processing, other than tailings produced at the Higginsville processing plant.
	EM-MM-150a.3	Number of tailings impoundments, broken down by MSHA hazard potential.	<u>Tailings Storage Facilities Management (p. 33).</u>
	EM-MM-150a.4 (2021)	Total weight of non-mineral waste generated.	Omitted. See <u>Waste and Hazardous Materials Management</u> (p. 37) for an explanation.
	EM-MM-150a.5 (2021)	Total weight of tailings produced.	Waste and Hazardous Materials Management (p. 36).
	EM-MM-150a.6 (2021)	Total weight of waste rock generated.	Waste and Hazardous Materials Management (p. 37).
	EM-MM-150a.7 (2021)	Total weight of hazardous waste generated.	Omitted. See <u>Waste and Hazardous Materials Management</u> (p. 37) for an explanation.

ESG Topic	SASB Code	Accounting Metric	Reference
	EM-MM-150a.8 (2021)	Total weight of hazardous waste recycled.	Omitted. See <u>Waste and Hazardous Materials Management</u> (p. 37) for an explanation.
	EM-MM-150a.9 (2021)	Number of significant incidents associated with hazardous materials and waste management.	Waste and Hazardous Materials Management (p. 36).
	EM-MM-150a.10 (2021)	Description of waste and hazardous materials management policies and procedures for active and inactive operations.	<u>Waste and Hazardous Materials Management</u> (p. 34). <u>Tailings Storage Facilities Management (</u> p. 31).
	EM-MM-540a.1 (2021)	Tailings storage facility inventory table: (1) facility name, (2) location, (3) ownership status, (4) operational status, (5) construction method, (6) maximum permitted storage capacity, (7) current amount of tailings stored, (8) consequence classification, (9) date of most recent independent technical review, (10) material findings, (11) mitigation measures, (12) site-specific EPRP.	Omitted. See <u>Tailings Storage Facilities Management (</u> p. 33) for an explanation.
	EM-MM-540a.2 (2021)	Summary of tailings management systems and governance structure used to monitor and maintain the stability of tailings storage facilities.	Tailings Storage Facilities Management (p. 31).
	EM-MM-540a.3 (2021)	Approach to development of Emergency Preparedness and Response Plans (EPRPs) for tailings storage facilities.	Omitted. See <u>Tailings Storage Facilities Management (</u> p. 33) for an explanation.
Biodiversity Impacts	EM-MM-160a.1	Description of environmental management policies and practices for active sites.	Environment (p. 29). Biodiversity Impacts and Reclamation (p. 55).
	EM-MM-160a.2	Percentage of mine sites where acid rock drainage is: (1) predicted to occur, (2) actively mitigated, and (3) under treatment or remediation.	Biodiversity Impacts and Reclamation (p. 55).
	EM-MM-160a.3	Percentage of (1) proved and (2) probable reserves in or near sites with protected conservation status or endangered species habitat.	Biodiversity Impacts and Reclamation (p. 55).

ESG Topic	SASB Code	Accounting Metric	Reference
Security, Human Rights and Rights of Indigenous Peoples	EM-MM-210a.1	Percentage of (1) proved and (2) probable mineral reserves in or near areas of conflict.	Human Rights and Security (p. 80).
	EM-MM-210a.2	Percentage of (1) proved and (2) probable mineral reserves in or near indigenous land.	<u>Rights of Indigenous Peoples</u> (p. 64).
	EM-MM-210a.3	Discussion of engagement processes and due diligence practices with respect to human rights, indigenous rights, and operation in areas of conflict.	<u>Rights of Indigenous Peoples</u> (p. 64). <u>Human Rights and Security</u> (p. 80).
Community Relations	EM-MM-210b.1	Discussion of process to manage risks and opportunities associated with community rights and interests.	<u>Community Relations</u> (p. 70).
	EM-MM-210b.2	Number and duration of non-technical delays.	<u>Community Relations</u> (p. 73).
Labour Relations	EM-MM-310a.1	Percentage of active workforce covered under collective bargaining agreements, broken down by U.S. and foreign employees.	Human Capital Management and Labour Relations (p. 78).
	EM-MM-310a.2	Number and duration of strikes and lockouts.	Human Capital Management and Labour Relations (p. 78).
Workforce Health and Safety	EM-MM-320a.1	(1) MSHA all-incidence rate, (2) fatality rate, (3) near miss frequency rate (NMFR), and (4) average hours of health, safety, and emergency response training for (a) full-time employees and (b) contract employees.	Workforce Health and Safety (p. 76).
Business Ethics & Transparency	EM-MM-510a.1	Description of the management system for prevention of corruption and bribery throughout the value chain.	Anti-Corruption and Transparency (p. 28).
	EM-MM-510a.2	Production in countries that have the 20 lowest rankings in Transparency International's Corruption Perception Index.	Anti-Corruption and Transparency (p. 28).

TCFD Index

The Taskforce on Climate-related Financial Disclosures ("TCFD") developed a framework to help companies and investors disclose decision-useful, forward-looking information on climate-related risks and opportunities.

The following Index sets out how our reporting aligns with the recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD recommendations"). Karora is taking a phased approach to implementing the TCFD recommendations. As the leading investor-preferred framework for climate-related disclosure, we are committed to enhancing alignment with the TCFD recommendations as our approach to climate change progresses over time. Climate-related data presented in this report includes data for the consolidated company, with the exception of our Lakewood Mill operations. Karora closed the acquisition of the Lakewood Mill gold processing facility on July 27, 2022. In line with corporate ESG reporting best practice, work is underway to ensure we are able to provide full-year climate performance data for the Lakewood Mill operations beginning in 2023.

Category	Recommendation	Recommendation Disclosures	Reference
Governance	Disclose the organization's governance around climate- related risks and opportunities.	(a) Describe the Board's oversight of climate-related risks and opportunities. (b) Describe Management's role in assessing and managing climate-related risks and opportunities.	See <u>Climate Change Governance</u> (p. 43). See <u>Climate Change Governance</u> (p. 43).
Strategy	Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material.	(a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	See <u>Climate Strategy</u> (p. 43).
		(b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	See <u>Climate Strategy</u> (p. 43).
		(c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Omitted. Karora is enhancing our climate change approach and will provide detail in future disclosure.

Category	Recommendation	Recommendation Disclosures	Reference
Risk Management	Disclose how the organization identifies, assesses, and manages climate-related risks.	 (a) Describe the organization's processes for identifying and assessing climate-related risks. (b) Describe the organization's processes for managing climate-related risks. (c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management. 	See <u>ESG Strategy</u> (p. 11). See <u>Climate-related Risk Management</u> (p. 49). See <u>Climate-related Risk Management</u> (p. 49). See <u>Climate-related Risk Management</u> (p. 49).
Metrics and Targets	Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	 (a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process. (b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks. (c) Describe the targets used by the organization to manage climate-related risks and 	See <u>Climate-related Metrics</u> (p. 49). See <u>Climate-related Metrics</u> (p. 49). See <u>Metrics and Targets</u> (p. 15).

ESG Performance Metrics

The following table summarizes all ESG data provided in this report. ESG data includes data for the consolidated company, with the exception of our Lakewood Mill operations. Karora closed the acquisition of the Lakewood Mill gold processing facility on July 27, 2022. In line with corporate ESG reporting best practice, work is underway to ensure we are able to provide full-year ESG performance data for the Lakewood Mill operations beginning in 2023. Any further data limitations are explicitly noted where relevant and where information is available.

Indicator ⁴⁷	Reference	Unit	2020	2021	2022
Gold produced		Troy oz	99,249	112,815	111,083
Ore processed		Tonne	1,325,146	1,440,679	1,503,108
ENVIRONMENTAL					
Waste and Hazardous Materials Management					
Total weight of tailings produced ⁴⁸	SASB EM-MM-150a.1/ SASB EM-MM-150a.5	Tonne	1,325,146	1,440,679	1,503,108
Tailings diverted from disposal for recycling		Tonne	0	0	0
Percentage tailings diverted from disposal for recycling	SASB EM-MM-150a.1	%	0	0	0
Total weight of mineral processing waste49	SASB EM-MM-150a.2	Tonne	0	0	0
Mineral processing waste diverted from disposal for recycling		Tonne	0	0	0
Percentage of mineral processing waste diverted from disposal for recycling	SASB EM-MM-150a.2	%	0	0	0

47 Intensity metrics in this table referencing amount of ore processed (i.e., tCO2e/Tonne, kL/Tonne) refer to Tonne of ore processed. Not to be confused with tonnes of ore mined, ore moved, or material moved.

⁴⁸ Gold processing is conducted through the Higginsville processing plant.

⁴⁹ The Beta Hunt and Higginsville mines do not produce any significant additional waste resulting from mineral processing, other than tailings produced at the Higginsville processing plant.

Indicator	Reference	Unit	2020	2021	2022
Number of tailings impoundments, broken down by MSHA hazard	SASB EM-MM-150a.3	Number	1	1	1
potentiat		Hazard Potential	Low	Low	Low
Total weight of waste rock generated	SASB EM-MM-150a.6	Tonne	5,530,531	8,485,289	4,791,319
Beta Hunt		Tonne	163,620	153,045	367,335
Higginsville		Tonne	5,366,911	8,332,244	4,423,984
Number of significant incidents associated with hazardous materials and waste management $^{\mbox{\tiny 50}}$	SASB EM-MM-150a.9	Number	0	0	0
Water Management ⁵¹					
Total fresh water withdrawal ⁵²	SASB EM-MM-140a.1 / TCFD Metrics & Targets (a)	ML	136	131	164
Beta Hunt		ML	51.5	44.2	77.3
Higginsville		ML	84.9	87.1	86.9
Total other water withdrawal		ML	3,594	4,367	2,899
Beta Hunt		ML	227	174	196
Higginsville		ML	3,367	4,193	2,703
Total water withdrawal ⁵³		ML	3,730	4,499	3,063
Beta Hunt		ML	278	219	273
Higginsville		ML	3,452	4,280	2,789

²⁰ Karora defines "significant incidents" as those that have the "potential for environmental harm." ²¹ "Fresh water" is defined as water that has less than 1,000 parts per million (PPM) of dissolved solids (includes potable water supply by the Water Corporation). "Other water" is defined as all other water withdrawn or discharged into the environment (includes water withdrawn from aquifers and water stored in pits). ²² There is no discharge of fresh water, therefore fresh water consumption is equal to fresh water withdrawn. ²³ Includes fresh water and other water.

Indicator	Reference	Unit	2020	2021	2022
Total fresh water consumption	SASB EM-MM-140a.1 /TCFD Metrics & Targets (a)	ML	136	131	164
		kL	136,400	131,300	164,180
Beta Hunt		ML	51.5	44.2	77.3
Higginsville		ML	84.9	87.1	86.9
Total other water consumption		ML	1,233	918	872
		kL	1,233,000	918,080	871,981
Beta Hunt		ML	0	0	54.9
Higginsville		ML	1,233	918	817
Total water consumption ⁵⁴		ML	1,370	1,049	1,036
		kL	1,370,000	1,049,000	1,036,161
Beta Hunt		ML	51.5	44.2	132
Higginsville		ML	1,318	1,005	904
Fresh water withdrawn/consumed in regions with High Baseline Water Stress	SASB EM-MM-140a.1 /TCFD Metrics & Targets (a)	%	100	100	100
Fresh water withdrawn/consumed in regions with Extremely High Baseline Water Stress	SASB EM-MM-140a.1 /TCFD Metrics & Targets (a)	%	0	0	0

Indicator	Reference	Unit	2020	2021	2022
Total water discharge		ML	2,360	3,449	2,027
Total other water discharge		ML	2,360	3,449	2,027
Total fresh water discharge		ML	0	0	0
Total water recycled and reused		ML	460	1,291	674
Total water consumption intensity (ore processed)	TCFD Metrics & Targets (a)	kL/Tonne	1.03	0.728	0.689
Other water consumption intensity (ore processed)	TCFD Metrics & Targets (a)	kL/Tonne	0.930	0.637	0.580
Fresh water consumption intensity (ore processed)	TCFD Metrics & Targets (a)	kL/Tonne	0.103	0.0911	0.109
Total water consumption intensity (gold produced)	TCFD Metrics & Targets (a)	kL/Troy oz	13.8	9.30	9.33
Other water consumption intensity (gold produced)	TCFD Metrics & Targets (a)	kL/Troy oz	12.4	8.14	7.85
Fresh water consumption intensity (gold produced)	TCFD Metrics & Targets (a)	kL/Troy oz	1.37	1.16	1.48
Number of incidents of non-compliance with water quality permits, standards, and regulations	SASB EM-MM-140a.2	Number	2	2	0
Beta Hunt		Number	0	2	0
Higginsville		Number	2	0	0

Indicator	Reference	Unit	2020	2021	2022
Greenhouse Gas Emissions and Climate Change					
Gross global Scope 1 GHG emissions	SASB EM-MM-110a.1/TCFD Metrics & Targets (b)	t CO2e	54,141	68,165	68,684
Corporate office (North America)					
Fuel combustion – gaseous fuels – non-transport		t CO2e	21	21	18
Higginsville		t CO2e	43,536	57,814	52,254
Fuel combustion – liquid fuels – electricity generation		t CO2e	24,129	24,528	29,157
Fuel combustion – liquid fuels – non-transport		t CO2e	16,703	28,212	17,001
Fuel combustion – liquid fuels – oils and greases		t CO2e	45	42	56
Fuel combustion – liquid fuels – transport		t CO2e	2,658	5,032	6,040
Beta Hunt		t CO2e	10,585	10,329	16,412
Fuel combustion – liquid fuels – non-transport		t CO2e	6,363	6,712	10,697
Fuel combustion – liquid fuels – oils and greases		t CO2e	56	70	110
Fuel combustion – liquid fuels – transport		t CO2e	4,164	3,544	5,602
Industrial processes – emission of sulphur hexafluoride		t CO2e	3	3	3
Percentage of Scope 1 emissions under emissions- limiting regulations ⁵⁵	SASB EM-MM-110a.1 /TCFD Metrics & Targets (a)	%	0	0	0
Gross global Scope 2 GHG emissions	TCFD Metrics & Targets (b)	t CO2e	18,350	18,781	21,639

⁵⁵ In Australia, the major emissions limiting scheme is the Safeguard Mechanism which only applies to Australia's largest emitters with a threshold of more than 100,000 t CO2e. While the emissions-limiting regulation is intended to directly limit or reduce emissions in Australia, Karora is not required to report under this mechanism given that our facility-level emissions are significantly below the threshold.

Indicator	Reference	Unit	2020	2021	2022
Corporate office (Australia)		t CO2e	17	60	73
Beta Hunt		t CO2e	18,330	18,718	21,562
Corporate office (North America)		t CO2e	4	3	3
Gross global Scope 1 and 2 GHG emissions	TCFD Metrics & Targets (b)	t CO2e	72,492	86,946	90,322
Scope 1 and 2 GHG emissions intensity (gold produced)	TCFD Metrics & Targets (b)	t CO2e/Troy oz	0.73	0.77	0.81
Scope 1 and 2 GHG emissions intensity (ore processed)	TCFD Metrics & Targets (b)	t CO2e/Tonne	0.06	0.06	0.06
Biodiversity Impacts and Reclamation ⁵⁶					
Percentage of mine sites where acid rock drainage is predicted to occur	SASB EM-MM-160a.2	%	100	100	100
Percentage of mine sites where acid rock drainage is actively mitigated	SASB EM-MM-160a.2	%	100	100	100
Percentage of mine sites acid rock where drainage is under treatment or remediation	SASB EM-MM-160a.2	%	0	0	0
Percentage of proved reserves in or near sites with protected conservation status or endangered species	SASB EM-MM-160a.3	%	0	0	0
Percentage of probable reserves in or near sites with protected conservation status or endangered species	SASB EM-MM-160a.3	%	0	0	0
Grade of proved reserves within 5 km of protected sites or endangered species habitat		g/Tonne	0	0	0
Grade of probable reserves within 5 km of protected sites or endangered species habitat		g/Tonne	0	0	0

Indicator	Reference	Unit	2020	2021	2022
Energy Management					
Total energy consumed	SASB EM-MM-130a.1/TCFD Metrics & Targets (a)	GJ	1,013,584	1,217,204	1,282,932
Beta Hunt					
Diesel combusted		GJ	149,685	145,946	231,938
Electricity purchased		GJ	104,743	106,958	136,184
Grease used as lubricant		GJ	634	807	910
Lubricating oil used		GJ	3,870	4,849	7,686
Non-lubricant fluid oils		GJ	2,483	2,638	2,910
Higginsville					
Diesel combusted		GJ	613,650	817,397	738,470
Electricity consumption		GJ	127,731	128,139	153,241
Grease used as lubricant		GJ	396	473	687
Liquified petroleum gas ("LPG") combusted		GJ	6,612	6,201	5,593
Lubricating oils used		GJ	3,144	2,906	3,866
Non-lubricant fluid oils		GJ	0	16	567
Corporate office (Australia) (electricity purchased)		GJ	87	318	388

Indicator	Reference	Unit	2020	2021	2022
Corporate office (North America)					
Electricity purchased		GJ	148	140	140
Pipeline natural gas combusted		GJ	400	416	353
Energy produced		GJ	128,284	128,139	153,241
Net energy consumed		GJ	885,300	1,089,065	1,129,691
Percentage grid electricity of total gross energy consumed	SASB EM-MM-130a.1 /TCFD Metrics & Targets (a)	%	10.4	8.8	10.7
Percentage renewable energy of total gross energy consumed	SASB EM-MM-130a.1/TCFD Metrics & Targets (a)	%	0	0	0
Gross energy intensity (ore processed)	TCFD Metrics & Targets (a)	GJ/Tonne	0.765	0.84	0.85
Net energy intensity (ore processed)	TCFD Metrics & Targets (a)	GJ/Tonne	0.67	0.76	0.75
Gross energy intensity (gold produced)	TCFD Metrics & Targets (a)	GJ/Troy oz	10.21	10.79	11.55
Net energy intensity (gold produced)	TCFD Metrics & Targets (a)	GJ/Troy oz	8.92	9.65	10.17
<u>Air Quality</u>					
Carbon monoxide ("CO") emissions	SASB EM-MM-120a.1	Tonne	227	288	326
		kg	226,821	288,235	326,155
Beta Hunt		kg	31,690	34,388	59,480
Higginsville		kg	195,131	253,847	266,675

Indicator	Reference	Unit	2020	2021	2022
Oxides of nitrogen ("NOx") emissions	SASB EM-MM-120a.1	Tonne	564	682	676
		kg	563,593	682,208	676,454
Beta Hunt		kg	46,412	52,399	84,661
Higginsville		kg	517,181	629,809	591,793
Sulphur dioxide ("SO2") emissions	SASB EM-MM-120a.1	Tonne	0.301	0.373	0.376
		kg	301	374	376
Beta Hunt		kg	43.9	48.3	77.6
Higginsville		kg	257	325	298
Particulate matter <10um emissions	SASB EM-MM-120a.1	Tonne	402	509	605
		kg	402,180	508,868	605,174
Beta Hunt		kg	46,650	57,627	101,758
Higginsville		kg	355,530	451,241	503,416
Lead emissions	SASB EM-MM-120a.1	Tonne	0.00958	0.0115	0.0139
		kg	9.58	11.5	13.9
Beta Hunt		kg	1.87	2.35	3.81
Higginsville		kg	7.72	9.20	10.1

Indicator	Reference	Unit	2020	2021	2022
Mercury emissions	SASB EM-MM-120a.1	Tonne	0.0000989	0.000124	0.000157
		kg	0.0989	0.124	0.157
Beta Hunt		kg	0.0246	0.0314	0.0524
Higginsville		kg	0.0743	0.0923	0.105
Total volatile organic compounds ("TVOC") emissions	SASB EM-MM-120a.1	Tonne	33.4	41.5	38.0
		kg	33,361	41,481	37,962
Beta Hunt		kg	3,348	3,670	6,577
Higginsville		kg	30,013	37,811	31,385
SOCIAL					
Rights of Indigenous Peoples ⁵⁷					
Percentage of proved reserves in or near Indigenous land	SASB EM-MM-210a.2	%	100	100	100
Percentage of probable reserves in or near Indigenous land	SASB EM-MM-210a.2	%	100	100	100
Grade of proved reserves within 5 km of Indigenous land		g/Tonne	1.34	1.34	1.32
Grade of probable reserves within 5 km of Indigenous land		g/Tonne	1.97	1.97	1.98

Indicator	Reference	Unit	2020	2021	2022
Karora's tenements subject to native title determinations and claims ⁵⁸					
Ngadju ⁵⁹		Number	-	237	242
		%	-	91.15	95.28
		Tenure Area (km²)	-	1,913	1,648.49
		% Tenure Area	-	97.01	84.69
Marlinyu Ghoorlie ⁶⁰		Number	-	4	17
		%	-	1.54	6.69
		Tenure Area (km²)	-	38	72.05
		% Tenure Area	-	1.91	3.70
Engagement with Karora's Traditional Owners					
Negotiation Committee		Number	2	-	-
General liaison meetings		Number	15	19	61
Meeting of the people		Number	1	-	-
Implementation Committee		Number	-	2	1
Employment opportunities ⁶¹		Number	6	14	72

⁵³ Lakewood, Spargos, and sections of Beta Hunt fall on land where Native Title remains undetermined. Karora has undertaken consultation with representative groups and of which Marlinyu Ghoorlie hold an undetermined native title claim. Figures account for double-counting of tenements due to the two Ngadju claims. As at the publication of this report, thirty-four tenements are pending and not live.

⁵⁹ A determination of native title claim to the Ngadju people has been in force since November 21, 2014, with a second determination made on October 23, 2017.

100 The Marlinyu Ghoorlie people filed an application to the Federal Court on December 22, 2017, which was accepted for registration as a claim on March 28, 2019. No determination has been made as at the publication of this report.

⁶¹ An update to data collection methodology for this metric was implemented in 2022. The 2022 figure includes jobs posted by Karora on a third-party Indigenous employment portal. The 2021 and 2020 figures consider job opportunities directly provided to the NNTAC.

Indicator	Reference	Unit	2020	2021	2022
Events		Number	1	-	-
Heritage surveys			-	1	6 ⁶²
Community Relations					
Number of non-technical delays	SASB EM-MM-210b.2	Number	0	0	0
Duration of non-technical delays	SASB EM-MM-210b.2	Days	0	0	0
Contribution to Australian economy ⁶³		\$CAD	193,462,247	275,003,271	354,096,167
Contribution to local community ⁶⁴		\$CAD	96,157,094	114,740,744	109,261,893
Workforce Health and Safety ⁶⁵					
Fatality rate	SASB EM-MM-320a.1	Rate	0.0	0.0	0.0
Restricted work injury frequency rate ("RWIFR")	SASB EM-MM-320a.1	Rate	0.0	5.9	2.2
Total recordable injury frequency rate ("TRIFR")	SASB EM-MM-320a.1	Rate	17.8	7.5	3.0
Near miss frequency rate (employees)	SASB EM-MM-320a.1	Rate	0.0	0.0	0.0
Near miss frequency rate (contractors)	SASB EM-MM-320a.1	Rate	2.6	0.0	0.0
Average occupational health and safety training provided to workforce	SASB EM-MM-320a.1	Hours	71.6	54.0	54.0

⁶² The 6 heritage surveys in 2022 were completed at the following locations: Rainier (August); Barcelona (July); Erin (July); Spargos Pipeline (March); Spargos Exploration (Zebra Hill and Lady Alison) (March/April); Spargos Haul Road (February).

⁶³ Australian contributions include tax, royalties, rents and rates, community contributions, and workforce and supplier payments.

⁶⁴ Local communities are those communities that are within 140km of our Western Australia operations. The contributions include rents and rates, community contributions, and workforce and supplier payments. Figures provided are a subset value of "Contribution to Australian Economy" set out above. ⁶⁵ All rates are presented per 1,000,000 hours worked to align with Australian Standards of reporting. Fatality rate, TRIFR, and RWIFR figures include employees and contractors. Average occupational health and safety training provided to workforce include emergency response training and site meetings (e.g., pre-start meetings, heads of department meetings, safety meetings, and quarterly safety meetings). As such, the data reflects time spent on occupational health and safety and is not limited to training. "Workforce" includes all employees and contractors. Number of part-time employees have been weighted at 50% (i.e., Karora's 18 part-time employees and contractors).

Indicator	Reference	Unit	2020	2021	2022				
Human Capital Management and Labour Relations									
Employment/engagement by type									
Full-time employees		Number	196	299	319				
Part-time employees		Number	12	12	18				
Total number of contractors employed		Number	196	231	185				
Total workforce		Number	404	542	522				
Employees by region									
Local communities ⁶⁶		Number	74	95	101				
Western Australia		Number	122	198	217				
Australia (other)		Number	3	9	9				
North America		Number	9	9	10				
Total number of employees		Number	208	311	337				
Percentage employees from local communities		%	36	31	29				
Percentage of management positions held by women ⁶⁷		%	3.77	5.56	5.13				
Rate of employee turnover		%	27.4	30.1	39.9				
Percentage of active workforce covered under collective bargaining agreements	SASB EM-MM-310a.1	%	0	0	0				

⁶⁶ As above, "local communities" considers all employees who work on Karora's operational sites in Western Australia who live within 140km radius of their place of employment. ⁶⁷ Includes Australian and North American employees. "Management" includes executives, senior management, heads of department, and front-line leaders and/or supervisors.

Indicator	Reference	Unit	2020	2021	2022
Number and duration of strikes and lockouts	SASB EM-MM-310a.2	Number, Days	0	0	0
Human Rights and Security					
Percentage of proved reserves in or near areas of conflict	SASB EM-MM-210a.1	%	0	0	0
Percentage of probable reserves in or near areas of conflict	SASB EM-MM-210a.1	%	0	0	0
Grade of proved reserves within 5 km of areas of conflict		g/Tonne	0	0	0
Grade of probable reserves within 5 km of areas of conflict		g/Tonne	0	0	0
GOVERNANCE					
Anti-Corruption and Transparency					
Production in countries that have the 20 lowest rankings in Transparency International's Corruption Perception Index	SASB EM-MM-510a.2	Tonne	0	0	0

Forward Looking Statements

This report contains "forward looking information" and "forward looking statements" within the meaning of applicable securities laws (collectively referred to as "forward looking statements"). Forward-looking statements relate to future events or the Company's future performance. All statements other than statements of historical fact are forward looking statements. Often, but not always, forward looking statements can be identified by the use of words such as "guidance", "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. Forward looking statements in this report may include, but are not limited to:

- Karora's vision, mission, and values,
- Karora's ESG commitment, ESG framework including governance; strategy; risk management; metrics and targets; and reporting and disclosure,
- Karora ESG priorities including its ESG plans and objectives (including its 2023 ESG targets) for waste and hazardous materials management, water management, rights of Indigenous Peoples, community relations, work force health and safety, GHG emissions, biodiversity impacts and reclamation, climate change, energy management, anti-corruption, air quality, human capital management and labour relations, human rights and security and its net zero targets,
- guidance for production, all-in sustaining cost and capital expenditures,
- available financing sources,
- the ability to realize upon any mineralization in a manner that is economic,
- the ability to complete any proposed exploration activities and the results of such activities,
- the future financial or operating performance of the Company and its mines and projects,
- the future price of metals,

- the supply and demand for gold and other metals,
- the estimate of the quantity and quality of mineral resources and mineral reserves,
- costs of production, capital, operating and exploration expenditures,
- the successful integration of acquisitions,
- costs and timing of the development of planned production at the Company's operating mines,
- the ability of the Company to obtain and retain all government approvals, permits and third-party consents in connection with the Company's development activities,
- the Company's ability to raise funding privately or on a public market in the future,
- government regulation of mining operations,
- environmental risks,
- reclamation expenses,
- title disputes or claims, and
- the Company's business prospects and opportunities.

Forward looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Karora to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others:

- health risks including outbreaks of communicable diseases, such as the novel coronavirus pandemic, and any impact of such outbreaks on operations and the economy in general,
- the actual results of current mining operations and development activities,
- the uncertainties involved in interpreting drill results and other geological data,
- the speculative nature of mineral exploration and development, and the inherent risks involved therein,
- operating and/or project delays or interruptions and funding needs, including increases in operating and capital costs,
- the global economic climate,
- changes in national, provincial, state, and local government legislation,
- political or economic developments in jurisdictions in which the Company does business or may carry on business in the future,
- fluctuations in currency markets,
- environmental and social governance,
- community and non-governmental actions,
- future prices of metals,
- availability of alternative nickel sources or substitutions,
- actual results of reclamation activities,
- conclusions of economic evaluations,
- changes in mine or project parameters as plans continue to be refined,
- the future cost of capital to the Company,
- possible variations of ore or mineralized material grade or recovery rates,
- failure of plant, equipment or processes to operate as anticipated,
- environmental risks and risks related to climate change,

- 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,
- the possibility of project cost overruns or unanticipated costs and expenses,

as well as those factors discussed in the section entitled "Risk Factors" in Karora's annual information form dated March 31, 2023 for the year ended December 31, 2022. Such forward looking statements are also based on a number of material factors and assumptions, including:

- the supply and demand for gold and nickel and the level and volatility of future gold and nickel prices,
- operating and capital costs,
- availability of financing,
- permitting, development and operations consistent with Karora's expectations,
- foreign exchange rates,
- Karora's ability to attract and retain skilled staff,
- prices and availability of equipment,
- that contracted parties provide goods and/or services on the agreed timeframes, and
- that no unusual geological or technical problems occur.

Although Karora has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. **Accordingly, readers should not place undue reliance on forward looking statements.** Forward-looking statements contained in this report are made as of the date of this Report or the date specified in such statements, whether as a result of new information, future events or results or otherwise, except as required by applicable securities laws. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements.



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