MANAGEMENT'S DISCUSSION AND ANALYSIS

Three and Nine Months Ended September 30, 2020 and 2019
(in thousands of Canadian dollars)

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following is Management's Discussion and Analysis ("**MD&A**") of the financial condition and results of the operations of Karora Resources Inc. and its subsidiaries ("**Karora**", "**Karora Resources**", or the "**Corporation**") and constitutes management's review of the factors that affected the Corporation's financial and operating performance for the three and nine months ended September 30, 2020 and 2019. This MD&A should be read in conjunction with the Corporation's unaudited condensed interim consolidated financial statements and related notes for the three and nine months ended September 30, 2020 and 2019, which are prepared in accordance with International Financial Reporting Standards ("**IFRS**") as applicable to the presentation of interim financial statements including International Accounting Standard ("**IAS**") 34, *Interim Financial Reporting*. The unaudited condensed interim consolidated financial statements should also be read in conjunction with the audited consolidated financial statements and the related notes for the year ended December 31, 2019, together with the notes thereto which have also been prepared in accordance with IFRS. This MD&A contains certain forward-looking statements and reference should be made to the cautionary language at the end of this MD&A.

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

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

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

Dollar amounts are reported in Canadian dollars, unless otherwise noted. Information contained herein is presented as at November 10, 2020 unless otherwise indicated.

The technical and scientific information contained in this MD&A related to Beta Hunt Mine ("**Beta Hunt**"), Higginsville Gold Operations ("**HGO**") and the Spargos Reward Project ("**Spargos**" or "**Spargos Reward**") has been reviewed and approved by Steve Devlin, Group Geologist, Karora Resources Inc., and a qualified person for the purposes of National Instrument 43-101 – *Standards of Disclosure for Mineral Projects.*

1. DESCRIPTION OF BUSINESS

Karora is a multi-asset mineral resource company. The Corporation's main assets are its 100% interests in the Beta Hunt, HGO and Spargos, all of which are located in Western Australia. Beta Hunt, HGO and Spargos are held through Karora Resources Pty Ltd, a 100% owned subsidiary of Karora.

Beta Hunt is a gold producing operation with nickel by-product credits and has historically delivered a number of high-grade coarse gold discoveries, including the Father's Day Vein discovery ("**Father's Day Vein**") announced in September 2018.

Karora acquired the HGO operations on June 10, 2019, which included a 1.4 million tonnes per annum ("**Mtpa**") gold treatment plant, a large historical resource inventory, substantial portfolio of gold tenements and a series of open pits,

two of which are currently being mined (Baloo and Fairplay North open pits) and a solid pipeline of potential open pit and underground operations.

In August 2020 the Corporation acquired Spargos which has the potential to be an additional high-grade gold feed source for the HGO treatment plant.

With the integration of the Beta Hunt and Higginsville Operations substantially complete, Karora is now focused on growing the business through sustainable organic production growth and further accretive acquisitions of properties and/or precious metals companies.

In anticipation of and in response to the global COVID-19 pandemic, the Corporation's protocols and contingency plans have mitigated impacts of the pandemic. All of the Corporation's mines continued production during the three and nine-month periods ended September 30, 2020, as the Corporation's ongoing response to the COVID-19 pandemic continued to maintain the safety of its workforce and host communities while mitigating operational impacts.

Further information regarding each of these projects, and the related developments in respect of each, is provided under section 3, Operational Overview, Project Updates and New Developments.

2. EXECUTIVE SUMMARY

A condensed summary of the Corporation's performance for the three and nine months ended September 30, 2020 and 2019 is shown below.

(in thousands of dollars except per share amounts)	Three months ended,		Nine months ended,	
For the periods ended September 30,	**2020**	2019	**2020**	2019
Revenue	**$59,405**	$43,092	**$169,787**	$71,204
Production and processing costs	**28,032**	26,670	**81,093**	47,212
Earnings (loss) before income taxes [1]	**50,208**	(1,557)	**68,334**	(17,482)
Net earnings (loss) [1]	**34,867**	(1,378)	**45,224**	(17,407)
Net earnings (loss) per share - basic	**0.24**	(0.01)	**0.33**	(0.15)
Net earnings (loss) per share - diluted	**0.24**	(0.01)	**0.32**	(0.15)
Adjusted EBITDA [2,3]	**23,097**	4,021	**55,901**	(2,758)
Adjusted EBITDA per share - basic [2,3]	**0.16**	0.03	**0.41**	(0.02)
Cash flow provided by (used in) operating activities	**20,827**	2,072	**54,125**	(5,942)
Cash investment in property, plant and equipment and mineral property interests	**(32,333)**	(4,221)	**(50,558)**	(17,615)

1. For 2020, Earnings (loss) before income tax include an impairment reversal of $36.1 million and net earnings include an after tax impairment reversal of $25.3 million.
2. Non-IFRS: the definition and reconciliation of these measures are included in the Non-IFRS Measures section 14 of this MD&A.
3. Earnings before interest, taxes, depreciation and amortization ("**EBITDA**").

For the periods ended September 30,	Three months ended, 2020	2019	Nine months ended, 2020	2019
Gold Operations (Consolidated)				
Tonnes milled (000s)	**354**	296	**994**	435
Recoveries	**92%**	92%	**92%**	92%
Gold milled, grade (g/t Au)	**2.36**	2.76	**2.49**	2.90
Gold produced (ounces)	**24,717**	24,216	**73,612**	37,403
Gold sold (ounces)	**22,912**	22,010	**70,723**	36,867
Average realized price (US $/oz sold)	**$1,905**	$1,339	**1,665**	$1,308
Cash operating costs (US $/oz sold)[1]	**$972**	$1,032	**$957**	$1,062
All-in sustaining cost (AISC) (US $/oz sold)[1]	**$1,044**	$1,159	**$1,071**	$1,173
Gold (Beta Hunt Mine)[1]				
Tonnes milled (000s)	**191**	210	**563**	342
Gold milled, grade (g/t Au)	**2.75**	2.93	**2.95**	3.07
Gold produced(ounces)	**15,525**	18,460	**49,514**	31,352
Gold sold (ounces)	**14,502**	16,593	**47,603**	31,155
Cash operating cost (US $/oz sold)[1]	**$1,035**	$1,148	**$985**	$1,065
Gold (HGO Mine)				
Tonnes milled (000s)	**163**	86	**413**	93
Gold milled grade (g/t Au)	**1.91**	2.34	**1.88**	2.27
Gold produced (ounces)	**9,192**	5,756	**24,098**	6,051
Gold sold (ounces)	**8,410**	5,417	**23,120**	5,712
Cash operating cost (US $/oz sold)[1]	**$863**	$678	**$901**	$1,048

1. Non-IFRS: the definition and reconciliation of these measures are included in the Non-IFRS Measures section 14 of this MD&A.

Recent Highlights

- Third quarter 2020 consolidated gold production was 24,717 ounces. During the first nine months of 2020 gold production was 73,612 ounces, or 80% of the mid-point of annual cost guidance of 90,000 to 95,000 ounces, which is maintained (assuming no significant interruption in operations as a result of the COVID-19 virus).
- Record low third quarter 2020 consolidated all-in-sustaining-costs ("**AISC**")[1] of US$1,044 per ounce which continues to trend lower despite unfavourable foreign exchange impacts (see Non-IFRS measures). Karora maintains its 2020 cost guidance of US$1,050-US$1,200 per ounce and continues to target AISC costs of approximately US$1,000 per ounce by the end of 2020.
- Net earnings of $34.9 million, or $0.24 per share for the third quarter of 2020, up $25.1 million from $9.8 million in the second quarter of 2020.
- Record adjusted earnings before interest, taxes, depreciation and amortization ("**EBITDA**")[1] was $23.1 million or $0.16 per share for the third quarter of 2020, up $5.8 million from $17.3 million in the second quarter of 2020.
- Significantly strengthened cash position and balance sheet: Karora ended the third quarter of 2020 with a strong cash position of $67.3 million, an improvement of $17.1 million from June 30, 2020, and working capital was flat at $43.7 million.
- In the third quarter of 2020 the Corporation's Beta Hunt mine reversed an impairment on its mineral property of $36.1 million based on an impairment assessment conducted in the third quarter of 2020. The after tax amount was $25.3 million which is based on the Australian tax rate of 30%. The initial impairment was recognised in the fourth quarter of 2017.
- New high grade gold discoveries (Larkin Gold Zone, new Footwall Zone in Western Flanks North) and first new nickel discovery in 13 years (30C Nickel Trough) at the Beta Hunt Mine. Both discoveries are in close proximity to existing mine infrastructure.
- New coarse gold occurrence: On November 2, 2020, Karora announced that underground development at the Beta Hunt Mine intersected an estimated 2,000 ounces of coarse gold. The coarse gold was found in the same

geological environment as previously announced coarse gold occurrences and proximal to the 2018 Father's Day Vein discovery.

- Increased Exploration Budget: As a result of drilling success year to date and the multiple high quality exploration targets at both Western Australian operations, the 2020 exploration budget has been increased by approximately 50% to A$15 million from the previous A$9.5-A$10 million budget, with the majority to be spent on HGO drill targets.
- Spargos Reward acquisition completed on August 7, 2020: Spargos Reward is a high-grade open pit gold project in Western Australia that is expected to begin generating positive cash flow for Karora in 2021.
- Royalty reductions at Beta Hunt: An agreement with Maverix Metals Inc. to reduce the Beta Hunt gold royalty by 2.75% (from 7.5% to 4.75%) effective July 1, 2020 was completed on September 3, 2020. During the second quarter of 2020 the Corporation eliminated the Morgan Stanley Capital Group Inc. ("**Morgan Stanley**") NSR ("**Net smelter royalty**") gold royalty on the Higginsville properties. The 110,000 ounce participation payment arrangement with Morgan Stanley will remain in place.
- On November 9, 2020, Karora completed a re-purchase of the 3% gross gold royalty held by Ramelius Resources Limited in respect of the Spargos Reward Gold Project (acquired by Karora in August 2020) via payment of A$3 million, satisfied with A$2 million in cash and 264,187 Karora Shares.
- Sale of remaining interest in Dumont Nickel Project: On July 27, 2020, Karora closed the sale of its 28% interest in the Dumont Nickel Project for proceeds of up to $47.6 million. Karora immediately received $10.7 million in cash, consisting of $7.4 million from Waterton for its interest and a $3.3 million refund of Karora's share of the cash held within the Dumont Joint Venture. Karora also has the right to receive a portion of future proceeds of any future Dumont sale or other monetization event. On a sale or other monetization event, the Corporation will be entitled to receive 15% of the net proceeds from the transaction (net of certain agreed costs and deductions) up to a maximum of an additional US$ 30 million.
- Effective July 31, 2020, the Corporation completed a consolidation of its outstanding common shares on the basis of one (1) post-consolidation common share for every four point five (4.5) pre-consolidation common shares (the "Consolidation"). The exercise price and the number of common shares issuable under any of the Corporation's outstanding share-based securities such as warrants, stock options and restricted share units, as applicable, have been proportionately adjusted.

During the third quarter, Karora continued the trend of strong operational performance since the acquisition of the HGO mill and mines in June 2019. Gold production for the third quarter 2020 delivered another consistent quarter with 24,717 ounces produced. AISC[1] of US$1,044 per ounce sold was a record low for the Corporation reflecting the hard work by operations and management to continue to attack costs despite unfavourable movements in foreign exchange environment.

The Corporation remains confident it will achieve full year 2020 guidance targets for production and costs, despite the temporary measures put in place to mitigate the risks associated with COVID-19 pandemic and the highly competitive market for mining talent and services in Western Australia. The Corporation is continuing its proactive approach to operational preparedness across all sites and maintaining a strong safety and environmental focus. Actions taken to date include the decision to maintain a higher level of Run of mine ("**ROM**") stockpiles, rigorous testing of all personnel entering and departing the mine site, maintaining a higher level of stocks and key consumables, the use of charter flights and the services of a full time experienced nurse.

Karora is maintaining its consolidated 2020 production and cost guidance for its Australian operations (Beta Hunt and HGO) of 90,000 to 95,000 ounces of gold at an average AISC[1] of US$1,050 to US$1,200 per ounce. Karora continues to target an AISC cost of approximately US$1,000 per ounce by the end of 2020.

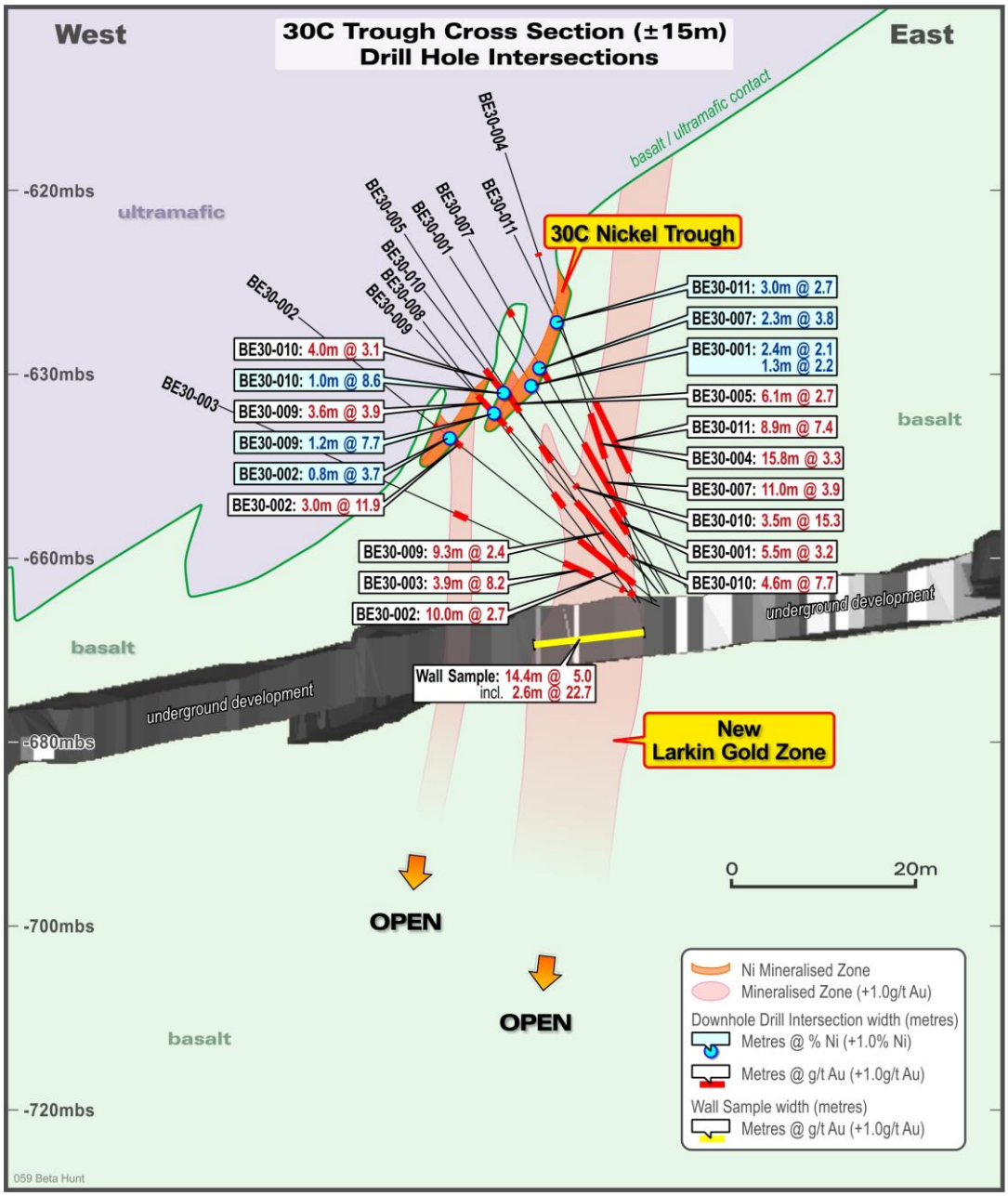
1. Non-IFRS: the definition and reconciliation of these measures are included in the Non-IFRS Measures section 14 of this MD&A.

Recent Exploration Successes at Beta Hunt

During the third quarter Beta Hunt drilling was focused on gold and nickel targets north and south of the Alpha Island Fault. The drilling resulted in new high-grade gold and nickel discoveries, including the Larkin Gold Zone a new footwall zone in an extension to the Western Flanks North as well as the 30C Nickel Trough.

The Larkin Gold Zone and 30C Nickel Trough discoveries announced on September 10, 2020 (see Figure 1), were the result of a reinterpretation of data by the site geology team. The new Larkin Gold Zone ("Larkin") is located within 10 metres of the 30C Nickel Trough (see Figure 1) while both of these discoveries are located south of the Alpha Island Fault, which has been interpreted as the southern offset of the Western Flanks shear zone. The Larkin Gold Zone and 30C Nickel Trough can be accessed from existing nearby historical underground development.

Figure 1: Larkin Zone & 30C Nickel Trough: Cross section looking northwest showing drilling results and interpreted +1g/t gold and +1% nickel mineralization

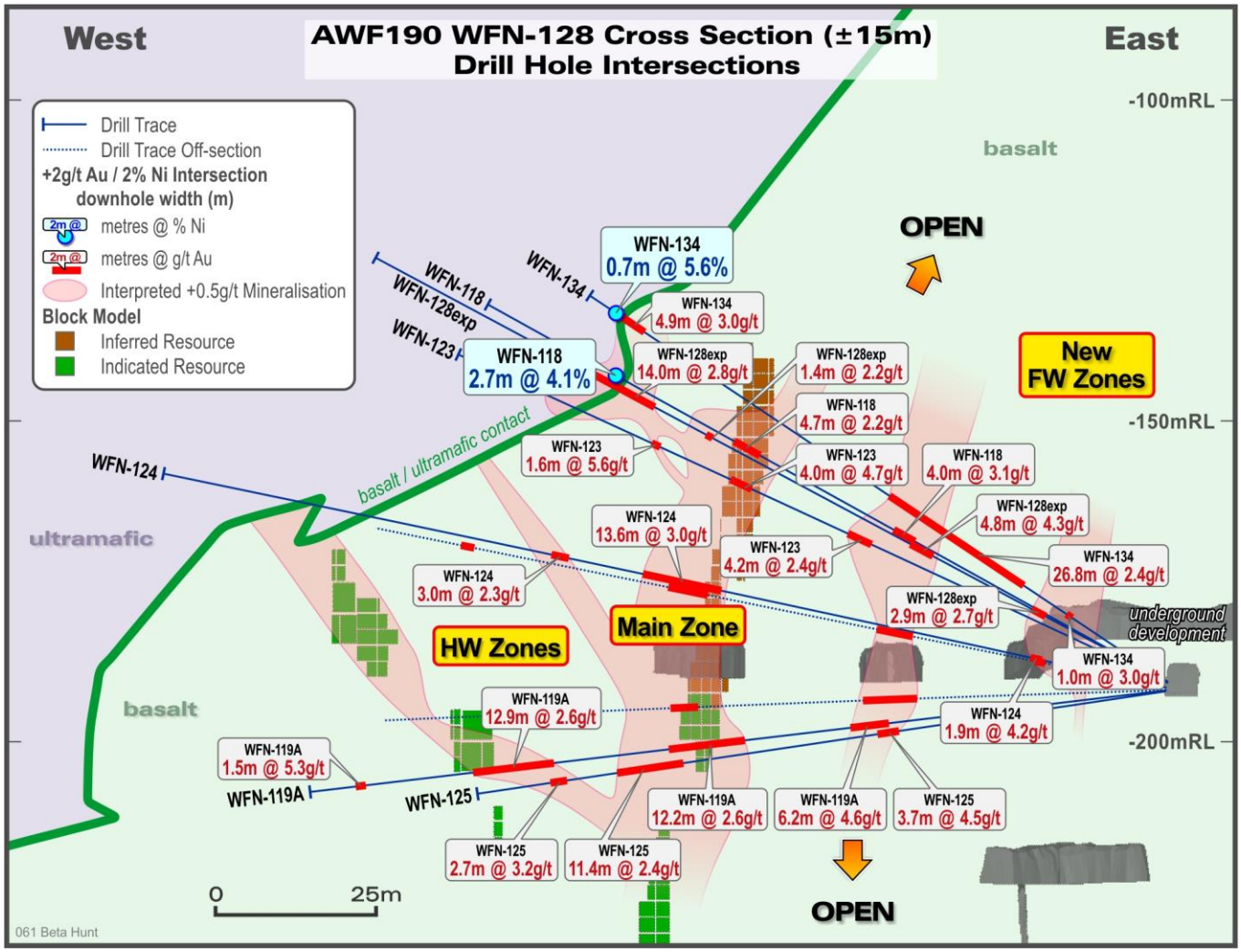


The Larkin discovery is a new broad, high grade gold discovery with the potential to extend over a 400 metre strike length. Drilling has returned some outstanding gold results both in drill core and channel samples taken from underground development in the mineralized zone. Wall sample BD40ACCLHW_002 returned 5.0 g/t over 14.4 metres, including a 2.6 metre interval grading 22.7 g/t and significant drill results included 15.3 g/t over 3.5 metres in hole BE30-010, 11.9 g/t over 3.0 metres in hole BE30-002 and 7.4 g/t over 8.9 metres in hole BE30-011.

The high-grade 30C Nickel Trough was the first new nickel discovery at Beta Hunt in over 13 years. Drilling intersected significant matrix texture nickel sulphides typical of historically mined Kambalda style nickel mineralization. Drill intersections from the 30C nickel discovery included 7.7% Ni over 1.3 metres in hole BE30-009, 3.8% Ni over 2.3 metres in hole BE30-007 and 8.6% Ni over 1.0 metres in hole BE30-010. The results indicate the potential for a mineralized trough over 400 metres of strike and 25 metres wide and further potential to extend the trough 300 metres south for a total strike length of 700 metres.

At Western Flanks, drilling focused on extending and upgrading the northern margin of the Western Flanks resource. Drilling discovered new gold mineralization in the footwall which has been defined over a strike length of 160 metres and remains open to the north and up-dip. Drilling highlights include intercepts of 4.6 g/t over 9.4 metres in hole WFN-109exp, 7.0 g/t over 8.6 metres in hole WF-131exp and 2.4g/t over 23.3m (including 6.3g/t over 6.0 metres) in hole WFN-134. For further discussion, see Karora news release dated September 8, 2020.

Figure 2: Cross-section looking north highlighting recent gold and nickel drill intersections through the northern extension of Western Flanks North



The Western Flanks drilling also identified a further 240 metres strike length of gold mineralization at the northern margin of the Western Flanks Resource Model. Drilling highlights include 8.1 g/t over 6.6 metres (including, 13.7g/t over 3.3 metres) in hole WFN-130, 5.1 g/t over 7.6 metres in hole WFN-106exp, and 3.9 g/t over 9.9 metres in hole WFN-109.

Immediately adjacent to the Western Flanks gold zone, drilling identified additional nickel mineralization, including significant matrix nickel sulphides on the ultramafic/basalt contact position. Drilling highlights include 7.2% Ni over 1.2 metres in hole WFN-103A and 4.1% over 2.2 metres in hole WFN-118.

During the third quarter the Corporation also renegotiated and reduced the Beta Hunt Maverix Metals gold royalty from 7.5% to 4.75%. This will have a positive impact on the economics of future resources.

Subsequent to the end of the third quarter as announced on November 2, 2020, underground development at the Beta Hunt Mine intersected an estimated 2,000 ounces of coarse gold. The coarse gold occurrence was found in the same geological environment as previously announced coarse gold occurrences and proximal to the 2018 Father's Day Vein discovery. The new gold occurrence provides further support of Karora's existing Coarse Gold Geological Model at Beta Hunt which could potentially apply to other areas in the mine.

Delivering a New Regional Mining Strategy and Exploration Successes at Higginsville

With the increasing number of current and planned production sources from Higginsville, Beta Hunt and Spargos all competing for a share of the feedstock of the 1.4 Mtpa HGO treatment plant, a new regional mining strategy aimed at optimizing mine-to-mill feed is being developed. The new strategy divides Karora's regional operating and near-term mining areas into four main mining centres:

1. **Higginsville Central** – This area is the main focus for resource definition and conversion of resources to reserve drilling and includes multiple existing and potential future open pits and underground mines (including the Aquarius deposit) contained within an approximate 10 kilometre radius of the HGO treatment plant.
2. **Higginsville Greater** – This area covers all remaining projects and deposits outside Higginsville Central. However, given its vast tenement area and large number of existing and potential resource targets, may be further subdivided over time. Deposits including Baloo and the Lake Cowan prospects fall within Higginsville Greater.
3. **Beta Hunt** – The Beta Hunt underground mine.
4. **Spargos –** Acquired in August 2020 and a potential source of short term, high grade mill feed to HGO.

Further details of the new regional mining strategy will be outlined following the release of an updated reserve and resource estimate across Karora's Western Australia operations expected in the fourth quarter.

Early in the third quarter drilling was suspended due to COVID-19 precautions but has since restarted with an additional 50,000 metres of drilling planned for the fourth quarter (see Karora news release dated November 9, 2020 for further details on planned drilling targets). Once restarted, drilling completed at Higginsville focused on grade control, resource definition and early stage exploration targets. Resource definition and exploration drilling totalled 89 holes for 7,971 metres.

Areas targeted included near surface drilling at Aquarius. A total of 54 holes, totaling 5,079 metres were completed with the aim of defining significant, near-surface mineralization to support a potential starter pit ahead of accessing the deeper, high grade Aquarius primary mineralization. The near surface drilling tested the potential for supergene mineralization above the known high grade resource[1] (Measured & Indicated - 19,600t @19.5 g/t, 12,300 ozs; Inferred 43,100 t @ 4.2g/t, 5,900 ozs).

Results returned from the near surface drilling show the supergene mineralization to extend over a footprint covering approximately 120 metres by 200 metres (see Figure 3). The supergene footprint is located east of the main Aquarius vein mineralization within multiple horizons. Drilling was also successful in extending primary mineralization along strike and closer to surface. Highlights from drilling program are listed below:

Primary[1.]

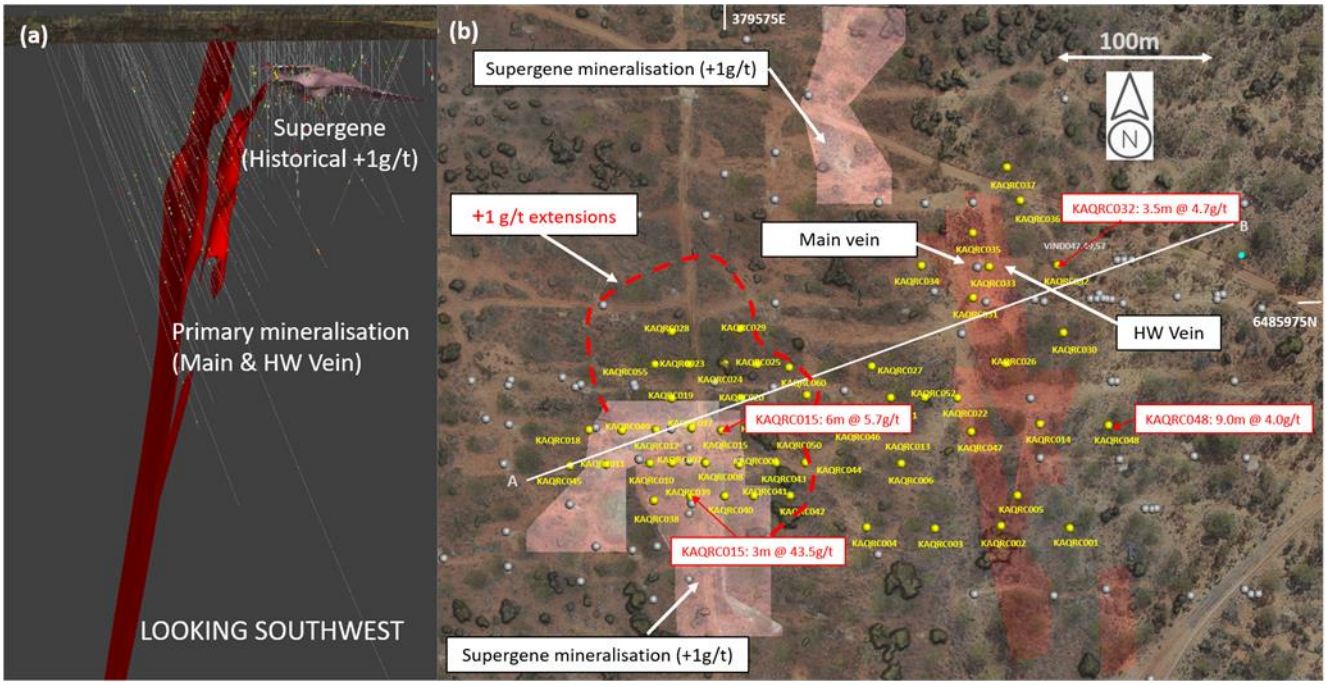
- KAQRC032: 4.7g/t over 3.5 metres from 123 metres;
- KAQRC026: 11.7g/t over 0.7 metres from 162 metres;
- KAQRC048: 4.0g/t over 9.1 metres from 131 metres

Supergene[1.]

- KAQRC039: 43.5g/t over 3.0 metres from 49 metres;
- KAQRC015: 5.7g/t over 6.0 metres from 30 m, including 14.6g/t over 2 metres
- KAQRC040: 1.5g/t over 16.0 metres from 37 metres, including 4.5g/t over 2 metres;

1. *Estimated true width*

Figure 3: a) Oblique 3D image showing position of Aquarius Historical Mineral Resource (red) and supergene mineralization (pink); b) plan view of recent Aquarius drilling (yellow circles) and Aquarius Main and HW veins



Note: Collar Locations of significant drill intersections from the Sept 20 program are highlighted by red labels.

For further details on the recent Higginsville drilling, please see Karora's news release dated November 9, 2020.

1. *Aquarius is the new name for the previously reported "Corona" deposit. The Corona Historical Mineral Resource consists of - Measured and Indicated 19,600 t @ 19.5 g/t (12,300 oz) and an Inferred 43,100 t @ 4.2 g/t (5,900 oz) - and is part of the Corona (now Aquarius)-Fairplay Historical Mineral Resource (see Karora news release, Feb 7, 2020, karoraresources.com);*

3. OPERATIONAL OVERVIEW, PROJECT UPDATES AND NEW DEVELOPMENTS

Higginsville Operations Overview

The HGO operations are located along the Norseman-Wiluna greenstone belt that hosts a number of world class mining centres, including Kalgoorlie (+60.0M gold ounces produced), St. Ives (+14.0M gold ounces produced) and Norseman (+6.0M gold ounces produced). The HGO tenement package is situated close to St. Ives and Norseman and totals approximately 1,800 square kilometres (combined mining and exploration tenements). The area has a strong history of gold mining commencing in the late 1800s, and most recently by Avoca Mining and Westgold. The HGO treatment plant was constructed in 2009 to treat ore from the underground Trident deposit (1.0 million gold ounces produced), followed by a number of open pits and, immediately prior to its acquisition by Karora, the toll treatment of third-party material. Since the acquisition of HGO, Karora has consistently fed the HGO treatment plant at 100% capacity with its own feed.

As previously mentioned, the elimination of the Morgan Stanley NSR royalty has opened the door for Karora to re-evaluate and unlock a large number of known historical gold resource targets previously negatively impacted by the onerous royalty. Importantly, these targets are all located within trucking distance of the HGO mill, typically near surface and have low cost open pit mining potential.

HGO has a historical reserve of 367,000 ounce (5,945 kt @ 1.9 g/t Au) within a 1.2 million ounce historical measured and indicated gold resource (18,790 kt @ 2.0 g/t Au), with a further 0.7 million ounce historical inferred resource (10,634 kt @ 2.0 g/t Au), all located on a 1,800 square kilometre land position in the Kalgoorlie gold region[1].

A revised Higginsville resource and reserve update is expected to be delivered in the fourth quarter of 2020.

[1]The historical resource and reserve information above is extracted from the report entitled 'Westgold 2018 Annual Update of Mineral Resources & Ore Reserves' dated October 2, 2018 and is available to view on the ASX (www.asx.com.au). Mineral resources are quoted inclusive of ore reserves. Karora confirms that the form and context in which the competent person's findings are presented have not been materially modified from the original market announcement. A qualified person has not done sufficient work on behalf of Karora to classify the historical estimate noted as current mineral resources or mineral reserves and Karora is not treating the historical estimates as current mineral resources or mineral reserves.

Consolidated Operations

Due to operational improvements, total tonnes mined for the third quarter increased by 37% (200,038 tonnes) and tonnes milled increased by 9% (354,495 tonnes) compared to the prior quarter. Total gold production was 24,717 ounces, again slightly higher than the prior quarter. Cash costs for the quarter were US$972 per ounce. This was the third consecutive quarter of improved milling performance with costs similar to the second quarter of $21 per tonne, a marked improvement compared to $27 per tonne in the first quarter. The HGO mill feed was approximately 55% material from Beta Hunt underground and approximately 45% from HGO open pits.

HGO Operations

Overall, HGO's performance met or exceeded guidance throughout the quarter despite the additional cost and business disruption associated with the COVID-19 pandemic which included both restricted access to certain equipment and higher cost skilled labour. Tonnes milled during the quarter were 163,000 tonnes at a grade of 1.91 g/t, a 16% and 9% improvement over the second quarter, respectively. Gold production was 9,192 ounces and cash costs for the quarter were US$863 per ounce.

During the quarter, construction commenced on a staged raising of the Higginsville Tailings Storage Facility ("TSF"). Work is expected to be completed by the end of 2020 and will provide an additional 12 months of storage. The second

stage of construction is expected to begin in the third quarter of 2021 which is expected to add an additional two years of capacity. The company has ample capacity for planned additional lifts beyond stage two.

Baloo Open Pit

Production from Baloo totaled 128,482 tonnes for the quarter. A re-optimization of the pit was completed with additional mineralization identified in the northern portion of the pit which has driven the development of a new ramp from the south. Further exploration drilling will be conducted during the fourth quarter to test the eastern margins of the main mineralized zone. Drilling during the quarter at Baloo was limited to grade control holes.

Fairplay North Open Pit

As part of the HGO mining strategy, production from the Fairplay North pit has been staged to coincide with the Baloo open pit to ensure optimal feed blend to the HGO mill. Mining is progressing on schedule which is contributing to a significant level of ROM stocks as part of the Corporation's strategy to maintain sufficient stockpiles ahead of any potential operational disruptions due to COVID-19 or adverse weather events.

Hidden Secret and Mousehollow Open Pits

At Hidden Secret, a staged pre-stripping program to access the near surface mineralization commenced in August 2020. At Mousehollow, an open pit optimization has been completed and a mining proposal submitted to the appropriate authorities. Mining approval is expected in the fourth quarter of 2020. Once online, these combined pits will provide Karora with additional operational flexibility and mill feed optimization.

Aquarius Project

The high-grade Aquarius deposit is located less than two kilometres from the HGO treatment plant. Following a successful near surface drilling program completed during the third quarter, as previously outlined, Karora commenced work on a mining study to examine the economic potential of the project. The near surface drilling identified high grade supergene gold mineralization, including 43.5 g/t over 3.0 metres and 5.7 g/t over 6.0 metres (see Karora news release dated November 9, 2020). Expected cash flow from the proposed starter pit would offset some of the development costs to access the higher grade underground gold mineralization. Development of the Aquarius starter pit could commence as early as mid-2021.

The existing Aquarius historical mineral resource[1,2] is 20 kt @ 19.5 g/t (Measured and Indicated) and 43 kt @ 4.2g/t (Inferred).

[1] Karora Resources profile at www.sedar.com technical report, February 6th, 2020.

[2] Westgold 2018 Annual Update of Mineral Resources & Ore Reserves dated October 2, 2018 and is available to view on the ASX (www.asx.com.au).
A qualified person has not done sufficient work on behalf of Karora to classify the historical estimate noted as current mineral resources and Karora is not treating the historical estimates as current mineral resources.

Spargos Reward Gold Project

The Spargos Reward acquisition was completed on August 7, 2020. Spargos is a historic high-grade open pit and underground gold project located approximately 50 kilometres north of Higginsville.

The Corporation recently negotiated the elimination of a 3% gold royalty covering the Spargos Reward tenement for total consideration of A$3 million, satisfied with A$2 million in cash and 264,187 common shares of the Corporation. Much like the elimination of the Morgan Stanley NSR at Higginsville, the Corporation anticipates that this will both further improve already strong pit economics as well as drive further exploration successes across the land package.

An infill and extensional drilling program to convert historical mineral resources to mineral reserves is underway. A revised resource and reserve statement is expected to be completed in the fourth quarter and will form the basis of the Life of Mine. The Corporation expects to begin mining the Spargos Reward tenements in the second quarter of 2021.

Beta Hunt Operations Overview

The Beta Hunt Mine is located approximately 70 kilometres by sealed road north of the HGO operations. Ore from Beta Hunt is blended with open pit material from Higginsville into the HGO treatment plant.

Beta Hunt is a mechanized underground mine that has been in operation since 1974 as a producing nickel mine, and commenced gold production in 2015. The mine is now primarily focused on gold production, with a smaller nickel operation producing from adjacent discrete mineralized zones. Gold production is sourced from two main zones – Western Flanks and A Zone.

Beta Hunt Operations

Production for the third quarter of 2020 was 199,433 tonnes mined, a 16% increase on the second quarter, and 191,215 tonnes milled, a 3% increase on the second quarter. Gold production was 15,525 ounces at a cash cost of US$1,035 per ounce.

The ramp up in production is a direct reflection of improved mining techniques and the addition of a CAT R2900 underground loader into the mining fleet.

Nickel production is currently restricted to remnant nickel resources south of the Alpha Fault, however recent drilling has identified a number of new areas including the 30C Nickel Trough where production can potentially be increased. A revised nickel production strategy will be based on an updated nickel mineral resource, which is expected to be completed in the fourth quarter of 2020.

The current Beta Hunt Gold Mineral Reserve estimate totals 306,000 ounces (3.45 Mt at an average grade of 2.8 g/t Au). On February 6, 2020, the Corporation filed a technical report for the Beta Hunt Mine and HGO entitled "*Technical Report Western Australia Operations – Eastern Goldfields: Beta Hunt Mine (Kambalda) and Higginsville Gold Operations (Higginsville)*". This report can be found on Karora's website at www.karoraresources.com and under its profile at www.sedar.com. The gold reserve and resource estimate is expected to be updated along with the nickel resource estimate in the fourth quarter of 2020.

The high-grade coarse gold discoveries associated with the shear zone / Lunnon Sediment intersection horizon, such as the Father's Day Vein are not represented in the resource model due to the extreme nuggety nature of this type of mineralization. While the Corporation's understanding of where these occurrences are found continues to improve, along with the advancing geological model, at present these occurrences are best considered as a potential periodic significant bonus to mine production.

Beta Hunt Mine Gold Mineral Resources

Resource[1,2,3,4,5]	**Measured**			**Indicated**			**Measured & Indicated**			**Inferred**		
	Kt	g/t	Koz	Kt	g/t	Koz	Kt	g/t	Koz	Kt	g/t	Koz
Western Flanks[6]	447	2.8	40	7,001	3.0	670	7,448	3.0	710	2,481	3.1	250
A Zone[7]	254	2.7	22	2,403	2.7	212	2,657	2.7	234	1,628	3.0	156
Total	701	2.8	62	9,404	2.9	882	10,105	2.9	944	4,109	3.1	406

1. Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability. There is no certainty that all or any part of the Mineral Resources estimated will be converted into Mineral Reserves.
2. The Measured and Indicated Mineral Resources are inclusive of those Mineral Resources modified to produce Mineral Reserves.
3. The Mineral Resource estimates include Inferred Mineral Resources that are normally considered too speculative geologically to have economic considerations applied to them that would enable them to be categorized as Mineral Reserves. There is also no certainty that Inferred Mineral Resources will be converted to Measured and Indicated categories through further drilling, or into Mineral Reserves once economic considerations are applied. Mineral resource tonnage and contained metal have been rounded to reflect the accuracy of the estimate, and numbers may not add due to rounding.
4. Gold Mineral Resources are reported using a 1.6 g/t Au cut-off grade.
5. Mineral Resources described here are based on information compiled by Paul Ellison, Senior Geologist for SLM. Paul Ellison is an employee of SLM and is a member of the Australasian Institute of Mining and Metallurgy (MAusIMM,).
6. Mineral Resource Estimate as of June 26, 2019.
7. Mineral Resource Estimate as of August 9, 2019.

Beta Hunt Mine Gold Mineral Reserve as at November 01, 2019[1,2,3,4,5]

Mining Area	Proven			Probable			Total		
	Tonnes kt	Grade g/t	Ounces Koz	Tonnes Kt	Grade g/t	Ounce koz	Tonnes kt	Grade g/t	Ounces koz
Western Flanks	170	2.7	15	2,900	2.9	260	3,070	2.9	275
A Zone	81	2.9	8	300	2.4	23	381	2.5	31
Total	**251**	**2.8**	**23**	**3,200**	**2.8**	**283**	**3,451**	**2.8**	**306**

1.The Mineral Reserve is reported at a 2.0 g/t cut-off grade.
2.Key assumptions used in the economic evaluation include:
- a metal price of US$1,400 per oz gold and an exchange rate of 0.69 US$/A$.
- Metallurgical recovery of 94%.
- Operating Mining, Processing and G&A costs of A$105.35/t (A$, excluding capital).

3.The Mineral Reserve is depleted for all mining to November 1, 2019.
4.The tonnes and grades are stated to a number of significant digits reflecting the confidence of the estimate. Since each number is rounded individually, the table may show apparent inconsistencies between the sum of rounded components and the corresponding rounded total.
5.Rounding has been revised following publication of the reserve statement in Table 2 of Karora's December 23, 2019 news release. No change to Mineral Reserves.

The Beta Hunt Gold Mineral Reserve ("**Gold Mineral Reserve**") is reported at a 2.0 g/t cut-off grade and is based on a gold price of US$1,400 per ounce as well as current mining, processing, administration and royalty costs. Mining is based on a top-down, sub-level open stoping method.

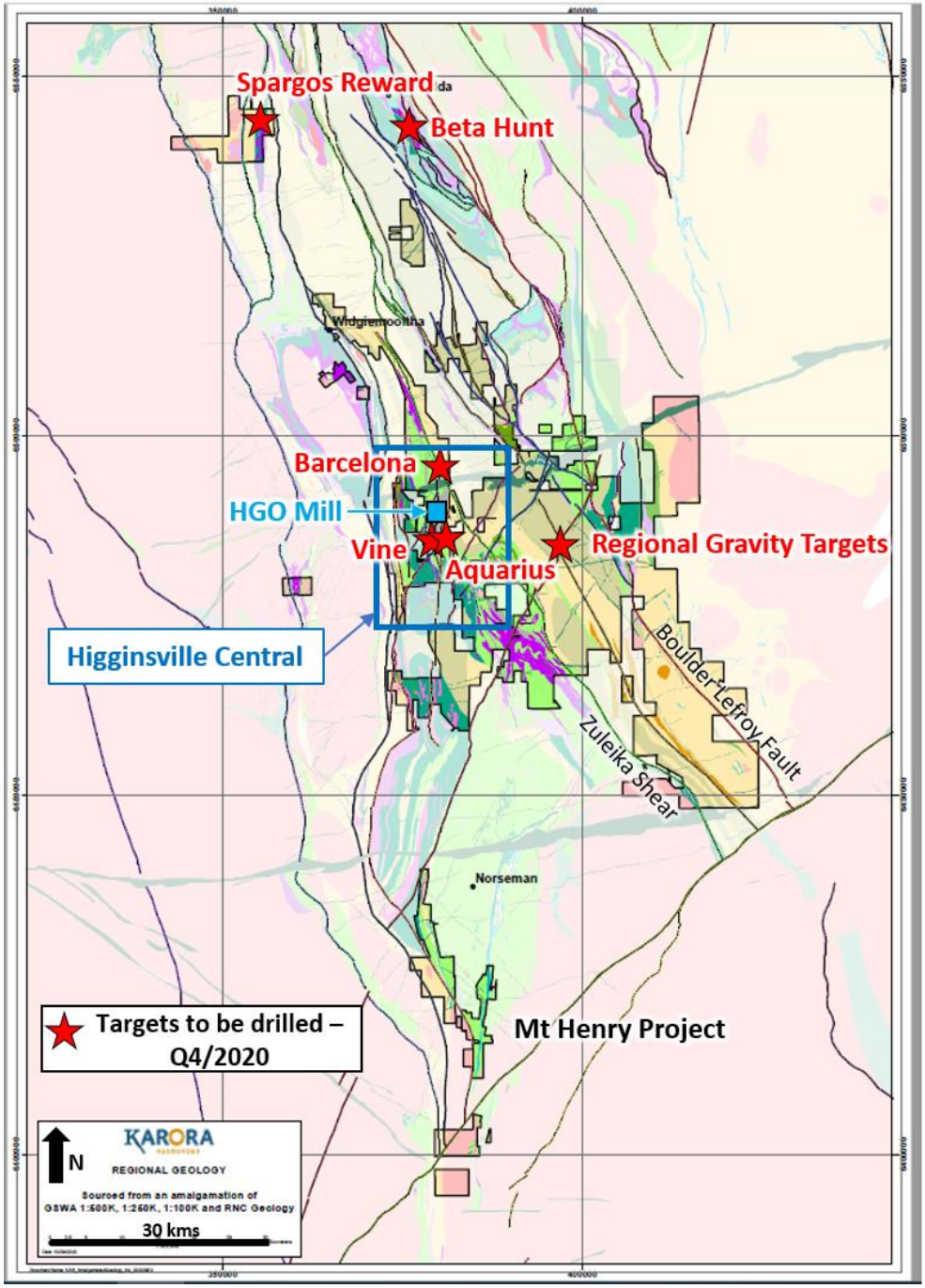
Exploration Overview

Higginsville

Limited exploration drilling was undertaken during the quarter owing to the utilization of the drill rigs for grade control at Baloo, Fairplay North, Hidden Secret and Mousehollow. Exploration drilling is scheduled to ramp up in the fourth quarter of 2020 with the mobilization of additional drill rigs. Figure 4 below shows some of the areas where Karora is either actively advancing or evaluating high-priority exploration targets at HGO during the fourth quarter.

Drilling in the third quarter was primarily focused on open pit targets including near surface mineralization at Aquarius. As previously discussed, drilling at Aquarius tested the potential for supergene mineralization which could potentially provide an economic pathway into the high-grade underground resource. Initial drilling was also conducted at the Barcelona and Vine prospects.

Figure 4: Plan view of active Karora exploration projects



Barcelona

The Barcelona prospect is located 6km north of the HGO treatment plant on the main Burke-Barcelona shear and is interpreted as part of the Zuleika shear zone. Follow-up RC and diamond drilling during the third quarter was aimed at confirming the continuity of mineralization defined in previous drilling. The new drilling intersected strong, basalt hosted, pyrite-pyrrhotite-arsenopyrite sulphides and quartz veining in the targeted position. Assays results are due in the fourth quarter of 2020.

Vine

The Vine prospect is located adjacent to the Aquarius Deposit and within 2 kilometres of the HGO treatment plant. Two diamond drill holes aimed at testing a number of parallel targets to the historic open pit Vine gold mine resulted in several zones of interest characterised by strong arsenopyrite and quartz veining which coincide with interpreted target positions. Assay results are expected in the fourth quarter of 2020.

Regional Gravity Survey

As part of Karora's Higginsville exploration strategy, a high density (200m by 100m) gravity survey was conducted over a 400km^2 area east of the central Higginsville mine area. The area is an extension of the Kalgoorlie Terrane that contains a number of major regional faults with similar geology to many of the main gold deposits within the Kalgoorlie-Kambalda-Norseman area. The gravity survey area covered the Zuleika and Boulder Lefroy shear zones. The Zuleika and Boulder Lefroy shear zones and associated subsidiary faults host all the deposits mined at Higginsville and the adjacent St Ives Operation to the north which is along strike and has produced over 14Mozs since 1980. Karora's Baloo deposit also sits on the salt lake covered by the gravity survey which, along with Gold Fields St Ives' Invincible deposit, highlights the large potential that exists under this terrain.

The preliminary results from an integrated geoscience desktop study incorporating the recently acquired gravity data identified several high-quality targets. An initial air core drill program is already underway and will be followed by RC and diamond drilling. Most of the area covered by this survey has had little to no drilling, highlighting the significance of the drill program.

Beta Hunt

Beta Hunt drilling over the third quarter was focused on upgrading and extending the northern margin of the Western Flanks mineral resource and testing nickel trough targets on the basalt/ultramafic contact south of the Alpha Island Fault. As mentioned in the executive summary, drilling was successful in discovering new footwall mineralization associated with the Western Flanks mineral resource, while the nickel targeted drilling made the first new nickel discovery in 13 years (30C Nickel Trough) and, concurrently, also delineated a new gold system – the Larkin Gold Zone – directly below the 30C Nickel Trough.

Results from this drilling will be incorporated into an updated Beta Hunt Mineral Resource and Reserve statement aimed to be released in the fourth quarter.

Exploration and resource definition drilling in the fourth quarter is directed at testing the northern, up-plunge extent of the A Zone, from both underground and surface positions, extending the southern margin of Western Flanks, testing additional nickel targets south of the Alpha Island Fault and testing the potential along strike and down-dip potential of the newly discovered Larkin Gold Zone.

4. OUTLOOK

The outlook and financial targets only relate to fiscal 2020. This outlook includes forward-looking information about the Corporation's operations and financial expectations, and is based on management's expectations and outlook as of the date of this MD&A. This outlook, including expected results and targets, is subject to various risks, uncertainties and assumptions, which may impact future performance and our achievement of the results and targets discussed in this section. The Corporation may update the outlook depending on changes in metal prices and other factors.

Karora 2020 Guidance

The Corporation is still targeting its 2020 consolidated production guidance of between 90,000 to 95,000 ounces of gold at an average AISC of US$1,050 to US$1,200 per ounce in respect of its Australian operations (Beta Hunt and HGO) as announced on January 23, 2020. The guidance assumes no significant disruption in operations as a result of the COVID-19 pandemic.

Reference is made to the Non-IFRS Measures section 14 of this MD&A. It is important to note that the production and cost guidance does not include contributions from any potential high-grade coarse gold occurrences encountered from time to time at the Beta Hunt Mine. Based on management's current interpretation of the Beta Hunt shear zone and Lunnon Sediment intersection horizons, further coarse gold is anticipated to be produced from mining operations over the course of 2020, representing potential upside to the 2020 production and cost guidance estimates noted above.

Consolidated HGO and Beta Hunt exploration expenditures for the full year 2020 are targeted to be A$15 million.

5. FINANCIAL RESULTS OF OPERATIONS

(in thousands of dollars except per share amounts)	Three months ended,			Nine months ended,		
For the periods ended September 30,	**2020**	2019	Change	**2020**	2019	Change
Revenue	**$59,405**	$43,092	$16,313	**$169,787**	$71,204	$98,583
Operating earnings [1]	**49,207**	8,079	41,128	**77,701**	2,255	75,446
Other expenses (income), net	**(1,001)**	9,636	(10,637)	**9,367**	19,737	(10,370)
Earnings (loss) before income tax [1]	**50,208**	(1,557)	51,765	**68,334**	(17,482)	85,816
Net earnings (loss) [1]	**34,867**	(1,378)	36,245	**45,224**	(17,407)	62,631
Net earnings (loss) per share - basic	**$0.24**	$(0.01)	$0.26	**$0.33**	$(0.15)	$0.48
Net earnings (loss) per share - diluted	**$0.24**	$(0.01)	$0.25	**$0.32**	$(0.15)	$0.47

1. For 2020, Operating earnings and Earnings (loss) before income tax include an impairment reversal of $36.1 million and, Net earnings (loss) include an after tax impairment reversal of $25.3 million.

Three months ended September 30, 2020, compared with three months ended September 30, 2019

For the three months ended September 30, 2020, revenues increased by $16.3 million compared to the same period of 2019. HGO contributed $21.3 million and Beta Hunt contributed $38.1 million for the three months ended September 30, 2020 compared to the same period 2019 where HGO and Beta Hunt contributed $10.8 million and $32.3 million, respectively. Operating earnings for the three months ended September 30, 2020 improved by $41.1 million compared to the same three-month period of 2019. The operating earnings increase was primarily due to an impairment reversal in respect of the Corporation's Beta Hunt mine of $36.1 million which constituted a full reversal based on an impairment review, as a result of higher realized market prices for gold, improved operating performance and reduction in overall costs. Other expenses (income) decreased by $10.6 million in the third quarter of 2020 compared with 2019 which was primarily due to a decrease in the loss on derivatives of $3.3 million, a change in foreign exchange movements primarily related to intercompany loans of $5.8 million and higher unrealized gains on the revaluation of marketable securities of $1.5 million. Overall, net earnings improved by $36.2 million for the three months ended September 30, 2020 compared to the same period in 2019.

Nine months ended September 30, 2020, compared with nine months ended September 30, 2019

For the nine months ended September 30, 2020, revenues increased by $98.6 million compared to the same period in 2019. HGO contributed $54.5 million and Beta Hunt contributed $115.3 million for the nine months ended September 30, 2020 compared to the same period 2019 where HGO and Beta Hunt contributed $12.3 million and $58.9 million, respectively. Operating earnings for the nine months ended September 30, 2020 improved by $75.4 million compared to the same nine-month period in 2019. The change in operating earnings was primarily due to the

impairment reversal of the Beta Hunt mine of $36.1 million, the acquisition of HGO in June 2019, higher realized market prices for gold and the Corporation's change in focus from exploration at Beta Hunt during the nine months ended September 30, 2019 to an increase in mining and milling activity for the same period ending September 30, 2020. Other expenses (income) decreased by $10.4 million due to a change in foreign exchange gain of $15.3 million which was primarily related to intercompany loans, the net impairment of Dumont of $6.0 million and higher unrealized gains on the revaluation of marketable securities of $1.5 million. Overall, net earnings improved by $62.6 million for the nine months ended September 30, 2020 compared to the same period in 2019.

Summary of Quarterly Results

(in thousands of dollars)	2020			2019				2018
	Q3	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**
Revenues	$59,405	$56,100	$54,282	$56,832	$43,092	$17,249	$10,863	$32,076
Earnings (loss)	$34,867	$9,818	$539	$10,465	($1,378)	($14,452)	($1,577)	$12,794
Net earnings (loss) per share - basic	$0.24	$0.07	$0.00	$0.08	($0.01)	($0.13)	($0.02)	$0.15
Net earnings (loss) per share - diluted	$0.24	$0.07	$0.00	$0.08	($0.01)	($0.13)	($0.02)	$0.15

Revenues for the third quarter of 2020 increased in comparison to the third quarter of 2019 primarily due to higher commodity prices and the strong performance of HGO and Beta Hunt which contributed $21.3 million and $38.1 million respectively. The Corporation reported earnings of $34.9 million for the third quarter of 2020, an increase of $36.2 million compared to the third quarter of 2019 which was largely driven by the above noted impairment reversal.

Quarterly results will vary in accordance with the Corporation's exploration, development, acquisition and financing activities. Historically, exploration and evaluation expenses, share-based compensation expenses, changes in the fair value of derivatives and foreign exchange variations had the most significant impact on the Corporation's quarterly results, followed by general and administrative expenses and royalty expenses. Changes in the fair value of derivatives are recorded in the consolidated statements of comprehensive earnings (loss) will affect the Corporation's future quarterly results. Fluctuations in the Canadian dollar, which is the Corporation's presentation currency, against the US dollar and Australian dollar will also continue to affect the Corporation's quarterly results as a result of its cash and cash equivalents and liabilities denominated in US or Australian dollars as well as its revenue being denominated in US or Australian dollars.

6. LIQUIDITY AND CAPITAL RESOURCES

Sources and Uses of Cash

(in thousands of dollars)	Three months ended,			Nine months ended,		
For the periods ended September 30,	**2020**	2019	Change	**2020**	2019	Change
Cash provided by (used in) operations prior to changes in working capital	**$22,711**	$1,361	$21,350	**$53,726**	$(6,162)	$59,888
Changes in non-cash working capital	**(1,884)**	711	(2,595)	**399**	220	179
Cash provided by (used in) operating activities	**20,827**	2,072	18,755	**54,125**	(5,942)	60,067
Cash used in investing activities	**(20,620)**	(4,221)	(16,399)	**(38,845)**	(39,212)	367
Cash provided by financing activities	**17,776**	18,077	(301)	**18,297**	68,583	(50,286)
Effect of exchange rate changes on cash and cash equivalents	**(851)**	(1)	(850)	**(934)**	2	(936)
Change in cash and cash equivalents	**$17,132**	$15,927	$1,205	**$32,643**	$23,431	$9,212

Below is a summary of the Corporations cash flows used in (provided by) operating, investing and financing activities:

Operating Activities

For the three months ended September 30, 2020, cash provided by operating activities, prior to changes in non-cash working capital, was $22.7 million compared to cash provided of $1.4 million for the same period in 2019, representing an increase of $21.4 million. Working capital changes used cash of $1.9 million during the three months ended September 30, 2020 compared with cash provided of $0.7 million for the same period in 2019. The $2.6 million change primarily related to variances in inventories and accounts payable and accrued liabilities of $2.1 million and $0.6 million, respectively.

For the nine months ended September 30, 2020, cash provided by operating activities, prior to changes in non-cash working capital, was $53.7 million compared to cash used of $6.2 million for the same period in 2019, representing an increase of $59.9 million. Working capital changes provided cash of $0.4 million during the nine months ended September 30, 2020 which was in line with $0.2 million for the same period in 2019.

Investing Activities

Investing activities for the three months ended September 30, 2020 reflected a use of cash of $20.6 million. The primary outflows related to the acquisition of property, plant and equipment of $8.1 million, royalty buy backs of $20.4 million and the Spargos acquisition of $3.8 million. Partially offsetting these outflows were the proceeds received on the sale of Dumont and Orford of $11.7 million.

The nine months ended September 30, 2020 reflected a use of cash of $38.8 million. The primary outflows related to the acquisition of property, plant and equipment of $26.3 million, royalty buy backs of $20.4 million and the Spargos acquisition of $3.8 million. Partially offsetting these outflows were the proceeds received for the sale of Dumont and Orford of $11.7 million.

Financing Activities

For the three months ended September 30, 2020 cash provided by financing activities of $17.8 million compared to cash provided of $18.1 million for the same period in 2019. The decrease of $0.3 million is mainly due to the increase in proceeds on issuance of shares of $0.3 million partially offset by the increase of lease repayments of $0.4 and the reduction in exercise of options and warrants of $0.2 million.

For the nine months ended September 30, 2020 cash provided from financing activities of $18.3 million compared to cash provided of $68.6 million for the same period in 2019. The decrease of $50.3 million is mainly due to the prior year issuance of debt of $36.7 million, offset by repayments of $6.6 million, as well as increased proceeds from the issuance of shares of $18.7 million in the prior period compared to the nine months ended September 30, 2020.

As a result of the foregoing activities, for the three and nine months ended September 30, 2020, the net cash provided by operating, investing and financing activities was $17.1 million and $32.6 million compared to cash provided of $15.9 million and $23.4 million in 2019, respectively, in the prior year.

Liquidity and Capital Resources

(in thousands of dollars)	**September 30, 2020**	December 31, 2019
Cash and cash equivalents	**$67,299**	$34,656
Working capital [1]	**43,739**	26,506
Property, plant and equipment and mineral property interests	**223,046**	98,955
Total assets	**315,849**	177,777
Current liabilities excluding current portion of financial liabilities [2]	**43,057**	31,593
Non-current liabilities excluding non-current portion of financial liabilities [2]	**72,370**	21,783
Financial liabilities (current and non-current) [2]	**43,213**	32,119
Total liabilities	**158,640**	85,495
Shareholders' equity	**157,209**	92,282

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

As at September 30, 2020, the Corporation had a working capital surplus of $43.7 million compared to a $26.5 million surplus as at December 31, 2019, an improvement of $17.2 million. The majority of the working capital increase was a result of the Corporation's increase in cash and cash equivalents of $32.6 million.

Total assets as at September 30, 2020 increased by $138.1 million compared to December 31, 2019, primarily due to an increase in cash and cash equivalents of $32.6 million, an increase in property, plant and equipment and mineral property interests of $124.1 million and an increase in inventories of $3.9 million partially offset by a decrease in investments in associates of $19.7 million and a decrease in trade and other receivables of $4.1 million.

Total liabilities as at September 30, 2020 increased by $73.1 million compared to the period ended December 31, 2019. The increase is primarily due to increases in derivative financial liabilities, deferred tax liabilities and financial liabilities of $24.8 million, $23.7 million and $11.1 million, respectively.

The Corporation's future financing efforts may be affected by several factors including, but not limited to, general economic conditions and volatility in the capital markets. Based on the current financial condition of the Corporation, Karora does not anticipate additional equity or debt financing in the near future.

7. RESULTS OF QUARTERLY OPERATIONS

Mining Operations (Consolidated)

Third quarter of 2020 gold production was 24,717 ounces compared to 24,216 ounces in the third quarter of 2019 and a slight increase on the 24,078 ounces produced in the second quarter of 2020. Gold production of 73,612 ounces for the nine months ended September 30, 2020 is in line with 2020 production guidance.

Milled tonnes for the quarter was 354kt.The consolidated gold milled grade in the third quarter was 2.36 grams per tonne of gold ("**g/t Au**"), 14.5% lower than in the third quarter of 2019 due to a slightly lower grade at Beta Hunt and a higher level of Higginsville open pit material milled compared to exclusive Beta Hunt material used during the third quarter of 2019. The third quarter of 2020 mill grade of 2.36 g/t was slightly higher than the mill grade of 2.26 g/t in the second quarter of 2020 which was in part due to lower grade stockpiles being utilized during the second quarter to offset the impact due to ROM stockpile management as part of the Covid-19 strategy. Production during the third quarter of 2020 consisted of material from Beta Hunt underground, Baloo open pit, Fairplay North open pit and a small amount of stockpile material. During the third quarter 22,912 ounces of gold was sold, with the lower amount sold compared to the amount produced due to the timing of sales.

	Three months ended		Nine months ended	
For the periods ended September 30,	**2020**	2019	**2020**	2019
Gold Operating Results				
Tonnes milled (000s)	**354**	296	**994**	435
Milled grade (g/t)	**2.36**	2.76	**2.49**	2.90
Gold produced (ounces)	**24,717**	24,216	**73,612**	37,403
Gold sales (ounces)	**22,912**	22,010	**70,723**	36,867
Cash operating cost (US $/oz sold) [1]	**$972**	$1,032	**$957**	$1,062
All-in sustaining cost (AISC) (US $/oz sold) [1]	**$1,044**	$1,159	**$1,071**	$1,173

1. Non-IFRS: the definition and reconciliation of these measures are included in the Non-IFRS Measures section 14 of this MD&A.

Beta Hunt Mine

In the third quarter of 2020, 191kt of material was milled at an average grade of 2.75 g/t to produce 15,525 ounces of gold, a 7% decrease from the third quarter of 2019. Milled grades were 6% lower compared to the third quarter of 2019, but 4% higher than the second quarter of 2020. Gold ounces of 14,502 were sold during the third quarter of 2020.

	Three months ended,		Nine months ended,	
For the periods ended September 30,	**2020**	**2019**	**2020**	2019
Beta Hunt Gold Operating Results				
Tonnes milled (000s)	**191**	210	**563**	342
Milled grade (g/t)	**2.75**	2.93	**2.95**	3.07
Gold produced (ounces)	**15,525**	18,460	**49,514**	31,352
Gold sold (ounces)	**14,502**	16,593	**47,603**	31,155
Cash operating cost (US $/oz sold) [1]	**$1,035**	$1,148	**$985**	$1,065

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

Higginsville Gold and Processing Operations

The Higginsville Gold Operation milled 354kt of material, which included 163kt of HGO material that produced 9,192 ounces at an average grade of 1.91 g/t Au for the three months ended September 30, 2020.

	Three months ended,		Nine months ended,	
For the periods ended September 30,	**2020**	**2019**	**2020**	2019
Higginsville Gold Operating Results				
Tonnes milled (000s)	**163**	86	**413**	93
Milled grade (g/t)	**1.91**	2.34	**1.88**	2.27
Gold produced (ounces)	**9,192**	5,756	**24,098**	6,051
Gold sold (ounces)	**8,410**	5,417	**23,120**	5,712
Cash operating cost (US $/oz sold) [1]	**$863**	$678	**$901**	$1,048

1. Non-IFRS: the definition and reconciliation of these measures are included in the Non-IFRS Measures section of this MD&A.
2. HGO was acquired on June 10, 2019 and prior acquisition no comparative figures are available.

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

8. OFF-BALANCE SHEET ARRANGEMENTS

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

9. PROPOSED TRANSACTIONS

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

10. SUBSEQUENT EVENTS

On November 9, 2020, one of the subsidiaries of the Corporation completed a re-purchase of the 3% gross gold royalty held by Ramelius Resources Limited in respect of the Spargos Reward Gold Project (which was acquired by the Corporation in August 2020) by payment of A$3 million, satisfied with A$2 million in cash and 264,187 common shares of the Corporation.

11. OUTSTANDING SHARE DATA

On July 31, 2020 the Corporation consolidated its common shares on the basis of one (1) post-consolidation common share for every four and a half (4.5) pre-consolidation common shares.

As at November 10, 2020, the Corporation had 145,323,650 common shares issued and outstanding and had the following securities outstanding, which are exercisable for common shares:

	Number of Securities
Stock options	4,853,463
Warrants (23,911,170 convertible into)	5,313,593

As at November 10, 2020, the Corporation had the following securities outstanding, which are redeemable, at the option of the holder, for cash or common shares:

	Number of Securities
Deferred share units	276,238
Restricted share units	1,875,925

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

12. CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of consolidated financial statements in conformity with IFRS requires management to apply accounting policies and make estimates and assumptions that affect amounts reported in the consolidated financial statements and accompanying notes. There is full disclosure of the Corporation's critical accounting policies and accounting estimates in note 2 of the audited consolidated financial statements for the year ended December 31, 2019. There were no changes to the accounting policies applied by the Corporation to its September 30, 2020 unaudited condensed interim consolidated financial statements, compared to those applied by the Corporation to the audited consolidated financial statements for the year ended December 31, 2019.

Many of the amounts included in the consolidated financial statements require management to make judgments and/or estimates. These judgments and estimates are continuously evaluated and are based on management's experience and knowledge of the relevant facts and circumstances. Actual results may differ from the amounts included in the consolidated financial statements.
Areas of significant judgment and estimates affecting the amounts recognized in the consolidated financial statements include:

(i) Business combinations

The information necessary to measure the fair values as at the acquisition date of assets acquired and liabilities assumed requires management to make certain judgments and estimates about future events, including but not limited to:

- Estimates of mineral resources and exploration potential acquired;
- Future operating costs and capital expenditures;
- Replacement cost of assets;
- Discount rates to determine fair value of assets acquired; and
- Future metal prices and long-term foreign exchange rates.

(ii) Going concern

The assessment of the Corporation's ability to execute its strategy by funding future working capital and exploration, evaluation, development and acquisition activities involves judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(iii) Joint arrangements

Judgment is required in the proper accounting for joint arrangements per IFRS 11, Joint Arrangements, and IAS 28, Investments in Associates and Joint Ventures, including the determination of joint control and significant influence. Joint control and significant influence are determined by assessment of the relevant agreements and differences in that determination could have a material effect on the consolidated financial statements. Management determines its ability to exercise significant influence over an investment in shares of other companies by looking at its percentage interest and other qualitative factors including but not limited to its voting rights, representation on the board of directors, participation in policy-making processes, material transactions between the Corporation and the associate, interchange of managerial personnel, provision of essential technical information and operating involvement.

(iv) Establishment of technical feasibility and commercial viability of a mineral property

The establishment of technical feasibility and commercial viability of a mineral property is assessed based on a combination of factors. By its nature, this assessment requires significant judgment.
The Corporation uses judgment in application of reserves and resources and other information to assess the basis for units to be applied in units-of-production which include the determination of resources beyond reserves. Changes in reserves and resources could impact depreciation and amortisation rates and asset carrying values.

(v) Impairment of non-financial assets

The recoverability of amounts shown for property, plant and equipment and mineral property interests is dependent upon several factors including, but not limited to, completion of the acquisition of the mineral property interests, the discovery of economically recoverable reserves, confirmation of the Corporation's interest in the underlying mineral claims, obtaining the necessary development permits, and the ability of the Corporation to obtain necessary financing to complete the development and future profitable production or, alternatively, upon disposition of such property at a profit. Changes in future conditions could require material write downs of the carrying values of property, plant and equipment and mineral property interests.

Property, plant and equipment and mineral property interests are reviewed for impairment if there is any indication that the carrying amount may not be recoverable. If any such indication is present, the recoverable amount of the asset is estimated in order to determine whether impairment exists. Where the asset does not generate cash flows that are independent from other assets, the Corporation estimates the recoverable amount of the asset group to which the asset belongs. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use. In assessing fair value less costs to sell, the estimated future cash flows are discounted to their present value, using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted. If the recoverable amount of an asset or asset group is estimated to be less

than its carrying amount, the carrying amount is reduced to the recoverable amount. The reduction is recognized immediately as an impairment loss. When an impairment subsequently reverses, the carrying amount is increased to the revised estimate of the recoverable amount but only to the extent that this does not exceed the carrying value that would have been determined had no impairment had previously been recognized. The previously recognized impairment loss is reversed during the period in profit or loss. Refer to note 7 in the unaudited condensed interim consolidated financial statements for the three and nine months ended September 30, 2020 for further details related to the impairment reversal assessment for the Beta Hunt Mine cash-generating unit.

The estimate of recoverable amounts with respect to non-financial assets is based on numerous assumptions and may differ significantly from actual recoverable amounts. The recoverable amounts are based, in part, on certain factors that may be partially or totally outside of the Corporation's control. This evaluation involves a comparison of the estimated recoverable amounts of non-financial assets to their carrying values. The recoverable amount estimates may differ from actual recoverable amounts, and these differences may be significant and could have a material impact on the Corporation's financial position and results of operations. Asset groups are reviewed for an indication of impairment at each statement of financial position date or when a triggering event is identified. This determination requires significant judgment. In particular, for assets in the exploration and evaluation stage, factors which could trigger an impairment review include, but are not limited to, an expiry of the right to explore in the specific area during the period or in the near future, and which is not expected to be renewed; substantive exploration and evaluation expenditures in a specific area are neither budgeted nor planned; exploration for and evaluation of mineral resources in a specific area have not led to the discovery of commercially viable quantities of mineral resources and the Corporation has decided to discontinue such activities in the specific area; sufficient data exists to indicate that, although a development in a specific area is likely to proceed, the carrying amount of the assets is unlikely to be recovered in full from successful development or by sale; significant negative industry or economic trends; interruptions in exploration and evaluation activities; and a significant drop in current or forecasted metal prices.

(vi) Derivative financial instruments

Derivatives are measured at fair value through profit and loss and their fair value must be measured at each reporting period, with subsequent changes in fair value recorded in the consolidated statement of comprehensive loss. To estimate the fair value of the derivatives, valuation models were used.

(vii) Provision for restoration, rehabilitation and environmental obligations

The Corporation's exploration activities are subject to various laws and regulations governing the protection of the environment. The Corporation recognizes management's best estimate for restoration, rehabilitation and environmental obligations in the period in which they are incurred. Actual costs incurred in future periods could differ materially from the estimates. Additionally, future changes to environmental laws and regulations, timing of estimated cash flows and discount rates could affect the carrying amount of this provision.

(viii) Income taxes

The Corporation is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain. The Corporation recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made. Periodically, judgment is required in determining whether deferred tax assets are recognized on the consolidated statements of financial position. Deferred tax assets, including those arising from unused tax losses, require management to assess the probability that the Corporation will generate taxable profits in future periods, in order to utilize deferred tax assets. Once the evaluation is completed, if the Corporation believes that it is probable that

some portion of deferred tax assets will fail to be realized, the deferred tax asset is derecognized. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Corporation to realize the net deferred tax assets recorded at the reporting date could be impacted. Additionally, future changes in tax laws in the jurisdictions in which the Corporation operates could limit its ability to obtain tax deductions in future periods Management judgment is required in determining whether a deferred tax liability is recognized on temporary differences arising on investments in subsidiaries. Judgment is necessary in asserting management's intentions about the reinvestment of undistributed profit in the foreseeable future. Estimates on reinvestments are based on forecasts and on estimates of financial requirements of both the Corporation and its subsidiaries. To the extent that future results and financial requirements differ significantly from estimates, the deferred tax liability provided on temporary differences arising from investments in subsidiaries recorded at the reporting date could be impacted.

13. DISCLOSURE CONTROLS AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Corporation's management, including the Chief Executive Officer ("**CEO**") and the Chief Financial Officer ("**CFO**") of the Corporation is responsible for establishing and maintaining the Corporation's disclosure controls and procedures ("**DCP**") and internal controls over financial reporting ("**ICFR**"), as those terms are defined in National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*. The Corporation's controls are based on the Committee of Sponsoring Organizations of the Treadway Commission (2013) framework on Internal Control – Integrated Framework. The Corporation's management believes that any disclosure controls and procedures and internal control over financial reporting, no matter how well designed, can have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance that the objectives of the control system are met. Based on its evaluation and the material weakness in internal controls outlined below, the Corporation's Chief Executive Officer and Chief Financial Officer have concluded that the Corporation's ICFR were not effective as of September 30, 2020.

A material weakness is a deficiency, or a combination of deficiencies, in ICFR, such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis. During the 2019 year-end process, a material weakness was identified in the design of controls relating to the classification of expenditures and amortization of capitalized expenses. Specifically, a review of expenditures identified a misclassification of expenditures as operating costs rather than as a capitalized expenditure and that amortization expense was understated in quarters previously reported in 2019. In the opinion of management, this represents a material weakness in the Corporation's ICFR. This material weakness resulted in an overstatement of expenses and understatement of capitalized expenditures as well as an understatement of amortization expense and overstatement of capitalized expenditures in the consolidated financial statements as at and for the quarters ended March 31, 2019, June 30, 2019 and September 30, 2019, which was corrected prior to the issuance of the December 31, 2019 consolidated financial statements. Further information is disclosed in Note 30 – Quarterly Adjustments (unaudited – supplementary information) of the consolidated financial statements for the year ended December 31, 2019.

Management is committed to remediating the material weakness in a timely manner, with the appropriate oversight from the Corporation's Audit Committee. The Corporation responded to the material weakness by implementing a more rigorous review process related to the classification of expenditures and amortization of capitalized expenditures for the year ended December 31, 2019 and will continue to monitor these controls each quarter. Material weaknesses cannot be considered remediated until the remedial controls operate for a sufficient period of time and management has concluded through testing that these controls are operating effectively. Operational effectiveness of the Corporation's controls will be reported on in the fourth quarter of 2020.

Except as described in the previous paragraphs, there have been no changes in the Corporation's DCP or ICFR that materially affected, or are reasonably likely to materially affect, the Corporation's ICFR.

The Corporation's CEO and CFO concluded that as of September 30, 2020, except as described in the previous paragraphs, the Corporation's design and operation of its DCP and ICFR were effective in providing reasonable assurance that material information regarding this report, and the unaudited condensed interim consolidated financial statements and other disclosures, was made known to them in a timely manner and reported as required and in providing reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with IFRS.

14. NON-IFRS MEASURES

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

In November 2018, the World Gold Council ("**WGC**") published its guidelines for reporting all-in sustaining costs and all-in costs. The WGC is a market development organization for the gold industry and is an association whose membership comprises leading gold mining companies. Although the WGC is not a mining industry regulatory organization, it worked closely with its member companies to develop these non-IFRS measures. Adoption of the all-in sustaining cost and all-in cost metrics is voluntary and not necessarily standard, and therefore, these measures presented by the Corporation may not be comparable to similar measures presented by other issuers.

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

MINING OPERATIONS

Cash Operating and All-in Sustaining Costs

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

Australian Mining Operations

For the periods ended September 30,	Three months ended, **2020**	2019	Nine months ended, **2020**	2019
Production and processing costs	$34,955	$35,113	$100,699	$56,779
Royalty expense: Government of Western Australia	1,167	879	3,804	1,499
Royalty expense: Other	1,816	2,442	8,631	4,370
By-product credits	(1,344)	-	(2,206)	(1,172)
Adjustment [1]	(6,923)	(8,443)	(19,606)	(9,567)
Operating costs (C$)	$29,671	$29,991	$91,322	$51,909
General and administration expense – Australia	1,202[2]	819	4,130[2]	1,503
Sustaining capital expenditures	985	2,883	6,698	3,910
All-in sustaining costs (C$)	$31,858	$33,693	$102,150	$57,323
Average exchange rate (C$1 – US$1)	0.75	0.76	0.75	0.75
Operating costs (US$)	**$22,274**	**$22,713**	**$67,716**	**$39,155**
All-in sustaining costs (US$)	**$23,916**	**$25,517**	**$75,727**	**$43,243**
Operating costs (A$)	$31,140	$33,120	$99,914	$56,434
All-in sustaining costs (A$)	$33,436	$37,209	$111,850	$62,336
Ounces of gold sold	22,912	22,010	70,723	36,867
Cash operating costs (per ounce sold) (US$)	**$972**	**$1,032**	**$957**	**$1,062**
All-in sustaining cost (per ounce sold) (US$)	**$1,044**	**$1,159**	**$1,071**	**$1,173**
Cash operating costs (per ounce sold) (A$)	**$1,359**	**$1,505**	**$1,413**	**$1,531**
All-in sustaining cost (per ounce sold) (A$)	**$1,459**	**$1,691**	**$1,582**	**$1,691**

1. Negative adjustment for intercompany tolling transactions
2. G&A costs were reduced with R&D and Due Diligence costs

Beta Hunt Mine (gold)

For the periods ended September 30,	Three months ended, **2020**	2019	Nine months ended, **2020**	2019
Production and processing costs	$18,526	$22,081	$55,358	$39,553
Royalty expense: Government of Western Australia	965	777	2,737	1,397
Royalty expense: Other	1,816	2,285	7,277	4,213
By-product credits	(1,304)	-	(2,111)	(1,172)
Operating costs (C$)	$20,003	$25,143	$63,261	$43,991
Average exchange rate (C$1 – US$1)	0.75	0.76	0.74	0.75
Operating costs (US$)	**$15,016**	**$19,042**	**$46,879**	**$33,167**
Operating costs (A$)	**$20,994**	**$27,767**	**$69,224**	**$47,802**
Ounces of gold sold	14,502	16,593	47,603	31,155
Cash operating costs (per ounce sold) (US$)	**$1,035**	**$1,148**	**$985**	**$1,065**
Cash operating costs (per ounce sold) (A$)	**$1,448**	**$1,673**	**$1,454**	**$1,534**

Higginsville Mine (gold)

For the periods ended September 30,	Three months ended, **2020**	2019[2]	Nine months ended, **2020**	2019[2]
Production and processing costs	$16,429	$13,032	$45,341	$17,226
Royalty expense: Government of Western Australia	202	102	1,066	102
Royalty expense: Other	-	157	1,353	157
By-product credits	(40)	-	(94)	-
Adjustment[1]	(6,923)	(8,443)	(19,606)	(9,567)
Operating costs (C$)	$9,668	$4,848	$28,060	$7,918
Average exchange rate (C$1 – US$1)	0.75	0.75	0.74	0.76
Operating cost (US$)	**$7,258**	**$3,672**	**$20,836**	**$5,988**
Operating cost (A$)	**$10,147**	**$5,354**	**$30,689**	**$8,632**
Ounces of gold sold	8,410	5,417	23,120	5,712
Cash operating costs (per ounce sold) (US$)	**$863**	**$678**	**$901**	**$1,048**
Cash operating costs (per ounce sold) (A$)	**$1,207**	**$988**	**$1,327**	**$1,511**

1. Negative adjustment for intercompany tolling transactions

Quarterly Consolidated Australian Mining Operations

For the three months ended,	Sep 30, 2019	Dec 31, 2019	Mar 31, 2020	Jun 30, 2020	Sep 30, 2020
Production and processing costs	$35,113	$34,820	$33,534	$32,210	$34,955
Royalty expense: Government of Western	879	1,168	1,229	1,407	1,167
Royalty expense: Other	2,442	2,768	3,109	3,707	1,816
By-product credits	-	(787)	-	(861)	(1,344)
Adjustment[1]	(8,443)	(3,197)	(6,248)	(6,435)	(6,923)
Operating costs (C$)	$29,991	$34,772	$31,624	$30,028	$29,671
General and administration expense – Australia	819	1,133	921	2,007	1,202
Sustaining capital expenditures	2,883	6,443	3,545	2,166	985
All-in sustaining costs ($)	$33,693	$42,348	$36,091	$34,201	$31,858
Average exchange rate (C$1 – US$1)	0.76	0.76	0.75	0.75	0.75
Operating costs (US$)	**$22,713**	**$26,344**	**$23,767**	**$21,675**	**$22,274**
All-in sustaining costs (US$)	**$25,517**	**$32,083**	**$27,123**	**$24,688**	**$23,916**
Operating costs (A$)	**$33,120**	**$38,551**	**$35,813**	**$32,960**	**$31,140**
All-in sustaining costs (A$)	**$37,209**	**$46,949**	**$40,872**	**$37,541**	**$33,436**
Ounces of gold sold	22,010	28,359	24,626	23,185	22,912
Cash operating costs (per ounce sold) (US$)	**$1,032**	**$929**	**$965**	**$935**	**$972**
All-in sustaining cost (per ounce sold) (US$)	**$1,159**	**$1,131**	**$1,101**	**$1,065**	**$1,044**
Cash operating costs (per ounce sold) (A$)[2]	**$1,505**	**$1,359**	**$1,454**	**$1,422**	**$1,359**
All-in sustaining cost (per ounce sold) (A$)[2]	**$1,691**	**$1,656**	**$1,660**	**$1,619**	**$1,459**

1. Negative adjustment for intercompany tolling transactions.
2. Quarterly costs in functional currency.

Adjusted EBITDA

Management believes that adjusted EBITDA are valuable indicators of the Corporation's ability to generate operating cash flows to fund working capital needs, service debt obligations, and fund exploration and evaluation, and capital expenditures.

EBITDA excludes the impact of certain items and therefore is not necessarily indicative of operating profit or cash flows from operating activities as determined under IFRS. Other companies may calculate EBITDA differently.

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

(in thousands of dollars except per share amounts)	Three months ended,		Nine months ended,	
For the periods ended September 30,	**2020**	2019 [1]	**2020**	2019 [1]
Net earnings (loss) for the period - as reported	**$34,867**	$(1,378)	**$45,224**	$(17,407)
Finance expense, net	**1,269**	1,071	**3,019**	1,698
Income tax expense	**15,341**	(179)	**23,110**	(75)
Depreciation and amortization	**5,182**	3,108	**14,708**	5,057
Net impairment charge [2]	**-**	-	**6,006**	-
Impairment reversal [2]	**(36,087)**	-	**(36,087)**	-
EBITDA	**20,572**	2,622	**55,980**	(10,727)
Adjustments:				
Non-cash share-based payments [2]	**6,351**	(2,354)	**8,064**	(1,496)
Share of loss of associates [2]	**-**	50	**425**	554
Unrealized gain on revaluation of marketable securities [3]	**(1,384)**	79	**(1,372)**	79
Other income, net [2]	**(147)**	137	**(394)**	337
Foreign exchange loss [4]	**(2,295)**	3,487	**(6,802)**	8,495
Adjusted EBITDA	**$23,097**	$4,021	**$55,901**	$(2,758)
Weighted average number of common shares - basic	**142,842,112**	125,427,410	**137,875,428**	113,992,685
Adjusted EBITDA per share - basic	**$0.16**	$0.03	**$0.41**	$(0.02)

1. Revised to conform to current year's presentation.
2. Primarily non-recurring items which do not impact cash flow.
3. Primarily non-operating in nature which does not impact cash flows.4. Primarily related to intercompany loans for which the loss is unrealized.

15. CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

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

Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Corporation to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Factors that could affect the outcome include, among others: project delays; general business, economic, competitive, political and social uncertainties; labour and operational disruptions due to the COVID 19 virus or other widespread public health issues, results of exploration programs; future prices of metals; availability of alternative metal sources or substitutions; actual metal recovery; conclusions of economic evaluations; changes in project parameters as plans continue to be refined; the future cost of capital to the Corporation; possible variations of ore grade or recovery rates; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the mining industry; political instability, terrorism, insurrection or war; delays in obtaining governmental approvals, necessary permitting or in the completion of development or construction activities, as well as those factors discussed in the section entitled “Risk Factors” in the Corporation’s December 31, 2019 and 2018 Management’s Discussion and Analysis and Annual Information Form for the year ended December 31, 2019 filed on SEDAR. Such forward-looking statements are also based on a number of material factors and assumptions, including: the availability of financing at rates and on terms and conditions otherwise acceptable to the Corporation; future metal prices; permitting and development consistent with the Corporation’s expectations; foreign exchange rates; prices and availability of equipment; that contracted parties provide goods and/or services on the agreed time frames; that the current tax credit receivable from the Quebec government is collected in a timely manner; that on-going contractual negotiations will be successful and/or be completed in a timely manner; and that no unusual geological or technical problems occur.

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

Cautionary Note to U.S. Readers Regarding Estimates of Resources

This MD&A uses the terms "measured", "indicated" and "inferred" when referring to mineral resources. The Corporation advises U.S. investors that while these terms are recognized and required by Canadian securities administrators, they are not recognized by the Securities and Exchange Commission (“**SEC**”). The estimation of "measured" and "indicated" mineral resources involves greater uncertainty as to their existence and economic feasibility than the estimation of proven and probable reserves. The estimation of "inferred" resources involves far

greater uncertainty as to their existence and economic viability than the estimation of other categories of resources. It cannot be assumed that all or any part of a "measured", "inferred" or "indicated" mineral resource will ever be upgraded to a higher category.

Under Canadian rules, estimates of "inferred mineral resources" may not form the basis of feasibility studies, pre-feasibility studies or other economic studies, except in prescribed cases, such as in a preliminary economic assessment under certain circumstances. The SEC normally only permits issuers to report mineralization that does not constitute "reserves" as in-place tonnage and grade without reference to unit measures. Under U.S. standards, mineralization may not be classified as a "reserve" unless the determination has been made that the mineralization could be economically and legally produced or extracted at the time the reserve determination is made. U.S. investors are cautioned not to assume that any part or all of a "measured", "indicated" or "inferred" mineral resource exists or is economically or legally mineable. Information concerning descriptions of mineralization and resources contained herein may not be comparable to information made public by U.S. companies subject to the reporting and disclosure requirements of the SEC.