# MANAGEMENT'S DISCUSSION AND ANALYSIS

Three Months Ended March 31, 2024 and 2023

(In thousands of Canadian dollars)

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# MANAGEMENT DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis ("MD&A") constitutes the information and factors that management believe are relevant to understanding the consolidated financial condition and operating performance of Karora Resources Inc. and its subsidiaries ("Karora" or the "Company") for the three months ended March 31, 2024 and 2023. This MD&A should be read in conjunction with the Company's Unaudited Condensed Interim Consolidated Financial Statements and the related notes for the three months ended March 31, 2024 and 2023, the annual audited Consolidated Financial Statements and the related notes for the years ended December 31, 2023 and 2022, prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standard Board ("IFRS"). This MD&A contains certain forward-looking statements and reference should be made to the "Cautionary Statement Regarding Forward-Looking Information" found at the end of this MD&A.

For the purposes of preparing this MD&A, management, in conjunction with the Board of Directors, considers information to be material if:

(i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of the Company's common shares; or

(ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision.

Additional information relating to the Company, including the Company's Annual Information Form for the year ended December 31, 2023, is available on SEDAR+ at www.sedarplus.ca. The Company 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 (the "TSX") under the symbol "KRR" (OTCQX: KRRGF).

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

Results are reported in Canadian dollars, unless otherwise noted. Australian dollars are defined as A$. United States dollars are defined as US$. Information contained herein is presented as at May 10, 2024 unless otherwise indicated.

The Company reports two segments, Beta Hunt (as defined herein) and HGO (as defined herein). Beta Hunt segment incorporates the Beta Hunt gold and nickel mine, inclusive of processing charges from the 1.6 million tonnes per annum ("Mtpa") Higginsville gold mill and the 1.0 Mtpa Lakewood gold mill. The HGO segment incorporates the Higginsville gold mines (including Spargo (as defined herein)) and exploration interests, the Higginsville mill, and the Lakewood gold mill.

KARORA RESOURCES

# FIRST QUARTER 2024 HIGHLIGHTS

**Introduction**

Karora achieved gold production of 36,147 ounces and sales of 40,343 ounces for the first quarter of 2024. Production was impacted by wet weather across all operations during the quarter and a regional interruption to the state grid power that impacted the Lakewood mill and Beta Hunt mine, affecting gold ounces produced. The 2023 Higginsville mill crusher bridge failure was repaired in March 2024 with full primary crushing now restored and allowing demobilisation of the mobile crushing unit which will lower processing costs going forward. Revenue increased 14% to $115.5 million (prior quarter: $101.8 million) and Adjusted EBITDA[1] increased 63% to $40.6 million (prior quarter: $24.9 million).

The Company's growth plan continued during the quarter, with the expansion of Beta Hunt advancing on schedule towards reaching an annualized production rate of 2.0 Mtpa in late 2024. Exploration success continued at Beta Hunt with strong results from the Fletcher zone supporting the commencement of an exploration drive to the mineralized zone to access what is anticipated to be an exciting third major gold system in the Hunt Block and opportunity for life of mine ("LOM") expansion beyond the existing resources.

**First Quarter 2024**

- **Production** in the first quarter 2024 ("current quarter") of 36,147 gold ounces decreased 9% from 39,827 ounces in the first quarter of 2023, and 10% compared to production of 40,295 ounces in the fourth quarter of 2023 ("the previous quarter"). Production was negatively impacted by wet weather experienced across all three operating sites during the quarter and a regional interruption to state grid power impacting the Lakewood mill, affecting gold ounces produced.
- **Revenue** totalled $115.5 million, 19% higher than the first quarter of 2023 and 14% from the previous quarter. The increase from both quarters reflected higher realized gold price (10% and 4%, respectively compared to first and last quarter of 2023) and higher gold volume sold (12% and 8% higher respectively). Gold sales were 40,343 ounces in the current quarter, compared to 36,145 ounces in the first quarter of 2023 and 37,439 in the prior quarter. The higher sales volume for the current quarter benefitted from timing of shipments from the previous quarter.
- **Production and processing costs** of $60.4 million compared to $54.4 million in the first quarter of 2023 and $61.6 million the previous quarter. Current quarter costs 2% lower then in the previous quarter, despite the 8% higher sales volume and 1% unfavourable movement in the exchange rate, reflecting impact of higher nickel by-product credits ($2.9 million or US$54/oz nickel by-product credits in the current quarter compared to $0.3 million US$5/oz for the final quarter of 2023). The higher by-product credits reflect recommencement of nickel sales in the current quarter. The 11% increase from the first quarter of 2023 reflected the 12% higher sales volume, the impacts of temporary contract crushing at Higginsville and inclusion in production costs of all development costs in the Two Boys underground mine and additional waste movement associated with Pioneer pit.
- **Cash operating costs[1] per ounce sold** averaged US$1,193 compared to US$1,124 in the first quarter of 2023 and US$1,272 in the previous quarter, with the increased cost from the same quarter in 2023 reflecting higher production processing costs as noted above, slightly offset by higher grade. The lower cost compared to the prior quarter primarily reflects the impact of higher nickel by-product credits as noted above.
- **AISC[1] per ounce sold** averaged US$1,285, compared to US$1,213 in the first quarter of 2023 and US$1,435 the previous quarter, with the increase from first quarter of 2023 reflecting higher cash operating cost per ounce partially offset by higher gold sales volumes. The lower AISC compared to

the prior quarter reflects lower cash operating costs and higher gold sales volume in the current quarter.

- **Net earnings** of $2.1 million ($0.01 per share) compared to net loss of $2.9 million ($0.02 per share) for the same period in 2023 and net loss of $1.7 million ($0.01 per share) in the fourth quarter of 2023, despite a non-cash $6.3 million loss on derivatives and $5.0 million foreign exchange loss in the current quarter.
- **Adjusted earnings**[1] of $13.3 million ($0.07 per share) compared to $4.8 million (0.03 per share) in the first quarter of 2023 and $3.3 million ($0.02 per share) for the previous quarter, reflecting higher sales volumes and prices as noted above.
- **Adjusted EBITDA**[1,2] of $40.5 million ($0.23 per share) increased 42% from $28.6 million in the first quarter of 2023 and was 63% higher than the $24.9 million in the fourth quarter of 2023.
- **Cash flow provided by operating activities** of $42.6 million versus $20.9 million in the first quarter of 2023 and $32.1 million the previous quarter, driven by the improved gold sales volume and realized price.
- **Cash** of $87.3 million at March 31, 2024 increased $4.8 million or 6% from $82.5 million at December 31, 2023.
- **Working capital**[1] totalled $58.4 million versus $53.4 million at the end of the previous quarter, with the $5.0 million increase reflecting the strong operating cashflows for the quarter resulting in a $4.8 million increase in cash, $5.1 million reduction in accounts payable and accrued liabilities and a $5.6 million decrease in inventories.

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

### Key Growth Highlights

- **Expansion of Beta Hunt:** The expansion project at Beta Hunt continued to advance during the quarter with development of key underground infrastructure to support the planned mine's primary ventilation circuit upgrade in the second half. The temporary primary fan arrangement continues to provide adequate primary ventilation for the increasing underground mining fleet. Fabrication of the new permanent primary ventilation fans is progressing to schedule. The expansion of the new mining fleet continued with delivery of the second new twin boom development jumbo drill. In addition, underground diamond drilling capacity was increased from three to four drill rigs. The additional rig allows the operation to increase grade control drilling to meet production requirements while maintaining momentum on the exploration drill program. Once completed, the Beta Hunt expansion project is expected to increase the mine's annualized production run-rate to 2.0 Mtpa by the end of 2024.
- **Fletcher results continue to support the existence of a large mineralized system west of Western Flanks at Beta Hunt:** The first set of assay results from the Stage 2 infill program were released on February 22, 2024, and reported in the Q4, 2023 MD & A. In summary, drilling intersected strong mineralization including 3.8 g/t over 33.0 metres, 15.2 g/t over 3.3 metres and 34.6 g/t over 2.0 metres. The results reinforce the existence of a significant mineralized system west of Western Flanks, with potential for the Fletcher Shear Zone to extend up to 2 kilometres of strike and be the third major gold system in the Hunt Block after the Western Flanks and A Zone. Development of an exploration drive towards the Fletcher Shear Zone has now commenced, with access to the mineralization expected in Q3, 2024.

- **High Grade results received from the 50C Nickel infill and extensional drill program:** Results for the first six drill holes of the 50C infill drill program were released on February 26, 2024, and previously reported in the Q4, 2023 MD&A. These results delivered some of the highest-grade nickel intersections recorded from the 50C nickel trough to date, and included 8.2% Ni over 5.1 metres, including 13.7% Ni over 2.6 metres and 12.0% Ni over 2.9 metres. Further infill drilling of the 50C was completed in the first quarter with results pending.

**Other Corporate Highlights**

- **Long Term Power Purchase Agreement Signed, Critical Step in Reducing Greenhouse Gas**: On January 16, 2024, the Company signed a long-term Power Purchase Agreement, a critical first step in achieving its initial target to reduce Scope 1 & 2 greenhouse gas emissions by 20% by 2030, compared to a 2024 forecasted business-as-usual baseline. The agreement involves the development of a power line to Higginsville which will eliminate the requirement of the current diesel fired power station and facilitate reduced carbon emissions from the site from early 2025.
- **Westgold Resources Limited ("Westgold", ASX: WGX):** The Company and Westgold agreed to combine in a merger pursuant to which Westgold will acquire 100% of the issued and outstanding common shares of Karora by way of a statutory plan of arrangement under the Canada Business Corporations Act ("CBCA"). The combination represents a transformational step change in growth for both Karora and Westgold shareholders, creating a globally investable, top 5 largest ASX listed Australian gold producer based on the pro forma market capitalization. The merger is subject to procedural matters and conditional on receiving approval of 66 ⅔% of Karora shareholders at a meeting to occur in July. Please see Karora news release dated April 7, 2024 for further details.
- **Kali Metals Lithium Initial Public Offering:** Kali Metals Limited was admitted to the Australian Securities Exchange (ASX) on 4 January 2024 following its successful Initial Public Offering (see www.kalimetals.com.au for more details). Karora and ASX listed Kalamazoo Resources Limited vended certain lithium exploration projects into Kali Metals Limited creating a new, separately run, lithium-focused, ASX-listed exploration company. Karora holds a 22.10% interest in Kali Metals Limited.

# DESCRIPTION OF BUSINESS

Karora is a multi-operational mineral resource company with mining interests located in Western Australia. The portfolio includes the Beta Hunt Mine ("Beta Hunt") as well as the Higginsville Gold Operations inclusive of Spargo Reward Gold Mine ("Spargo") and the Lakewood Mill (together "HGO"). Beta Hunt is a gold producing underground operation with nickel by-product credits. Gold bearing ore from Beta Hunt is blended with HGO material for feed into the 1.6 Mtpa Higginsville processing plant. Concurrently, material from Beta Hunt is also treated at the 1.0 Mtpa Lakewood Mill.

Karora is focused on growth through sustainable organic production and further accretive acquisitions of precious metal/mineral operations. Karora's growth pathway is underpinned by the increased milling capacity now in place at Higginsville and following the acquisition of the Lakewood Mill in 2022, along with the addition of a second decline and related ventilation upgrades at Beta Hunt to increase production to 2.0 Mtpa during 2024.

The Company is well positioned to continue to explore and develop its nickel resources at Beta Hunt due to operational synergies with its primary business of gold mining. During the quarter, Karora ceased handheld mining activities of nickel ore at Beta Hunt, opting for more productive, lower cost and lower risk mechanised mining. The nickel ore at Beta Hunt is highly amenable to mechanised mining methods due to ore zone geometries. Nickel mining areas are located in close proximity to existing development throughout the mine and offer the potential for higher by-product credits and further reduction in unit costs for gold production. Nickel ore from Beta Hunt is typically trucked four kilometers for processing at BHP's Kambalda Nickel Concentrator. During the quarter, BHP announced it will be placing the Kambalda Nickel Concentrator on care and maintenance from mid 2024, impacting processing options for Beta Hunt's nickel ore. Beta Hunt's nickel ore has previously been successfully and economically processed through BHP's Leinster Concentrator located approximately 440 kilometers north of the Beta Hunt mine. The potential to process nickel ore through Leinster is currently being reviewed and Karora will continue to explore alternative processing opportunities in parallel with this review.

## BUSINESS VALUES

Karora has adopted the following values:

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

## ENVIRONMENTAL AND SOCIAL GOVERNANCE (ESG)

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

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

KARORA RESOURCES

# OPERATING RESULTS

**Operating Data**

| | Three Months Ended, | | |
|---|---|---|---|
| | **Mar. 31, 2024** | Mar 31, 2023 | Dec 31, 2023 |
| **Gold Operations (Consolidated)** | | | |
| Tonnes milled (000s) | **436** | 502 | 485 |
| Recoveries | **94%** | 94% | 94% |
| Gold milled, grade (g/t Au) | **2.75** | 2.62 | 2.75 |
| Gold produced (ounces) | **36,147** | 39,827 | 40,295 |
| Gold sold (ounces) | **40,343** | 36,145 | 37,439 |
| Average exchange rate (C$/US$) [1] | **0.74** | 0.74 | 0.73 |
| Average realized price (US $/oz sold) | **$2,067** | $1,877 | $1,988 |
| Cash operating costs (US $/oz sold)[2] | **$1,193** | $1,124 | $1,272 |
| All-in sustaining cost (AISC) (US $/oz sold)[2] | **$1,285** | $1,213 | $1,435 |
| **Gold (Beta Hunt)** | | | |
| Tonnes milled (000s) | **271** | 298 | 363 |
| Gold milled, grade (g/t Au) | **3.81** | 2.92 | 3.13 |
| Gold produced (ounces) | **31,249** | 26,577 | 34,486 |
| Gold sold (ounces) | **34,310** | 23,077 | 31,819 |
| Cash operating cost (US $/oz sold)[2] | **$869** | $967 | $1,123 |
| **Gold (HGO Mine)** | | | |
| Tonnes milled (000s) | **165** | 204 | 123 |
| Gold milled, grade (g/t Au) | **1.00** | 2.18 | 1.61 |
| Gold produced (ounces) | **4,898** | 13,250 | 5,809 |
| Gold sold (ounces) | **6,033** | 13,068 | 5,620 |
| Cash operating cost (US $/oz sold)[2] | **$3,031** | $1,402 | $2,112 |

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

Consolidated gold production in the first quarter of 2024 was 36,147 ounces, an 9% decrease from the first quarter of 2023 (39,827 ounces) and 10% decrease from the 40,295 ounces in the previous quarter. The decrease from the first quarter of 2023 resulted primarily from the 13% decrease in tonnage partially offset by a 5% higher grade primarily driven by Beta Hunt (31% higher grade than the comparable quarter). Consolidated tonnage was 13% down on the comparative period in 2023 and 10% lower than the prior quarter due to the impact of two weeks of extreme wet weather during the quarter impacting all operations and a two-week regional interruption to state grid power that directly impacted the Lakewood mill and Beta Hunt mine.

Despite lower production versus comparable quarters, sales volume was 40,343 ounces for the quarter being 12% higher than the first quarter of 2023 and 8% higher than the December 2023 quarter. This resulted from gold shipment timing at the end of December 2023.

Cash operating costs[1] per ounce sold for the first quarter of 2024 averaged US$1,193 compared to US$1,124 for the same period in 2023 and US$1,272 the previous quarter. The increase from the same period in 2023 reflects higher production and processing costs slightly offset by higher grade. The lower cost compared to the prior quarter primarily reflects the impact of higher nickel by-product credits. Higher production costs reflect inclusion of all pre-development costs in the Two Boys underground mine and additional waste movement at the Pioneer pit to improve wall stability, and the impact of temporary contract crushing at Higginsville during the current quarter. The lower cost compared to the prior quarter reflects higher grade and higher nickel by-product credits in the current quarter of US$54/oz compared to US$5/oz for the final quarter of 2023. The higher nickel by-product credits reflect recommencement of nickel sales in the current quarter.

AISC[1] per ounce sold in the first quarter of 2024 averaged US$1,285 compared to US$1,213 in the first quarter of 2023 and US$1,435 in the previous quarter, with the increase from the first quarter of 2023 reflecting higher cash operating cost per ounce, partially offset by higher gold sales volume. The lower AISC compared to the prior quarter reflects lower cash operating costs and higher gold sales volume in the current quarter.

## BETA HUNT MINE OPERATIONS REVIEW

During the first quarter of 2024, Beta Hunt mined 271,200 tonnes at an average grade of 3.73 g/t containing 32,485 ounces of gold. This represented a 10% reduction from the first quarter of 2023 ore tonnes mined, and a 25% decrease from the prior quarter ore tonnes reflecting short term delays experienced in the stoping schedule, power upgrade in the lower section of the mine and a number of local transmission network failures (separate to the state grid network failure) impacting the ongoing production ramp up at the Beta Hunt mine.  Contained gold was 20% higher than the first quarter of 2023 (299,900 tonnes at 2.81 g/t for 27,100 contained ounces) but 8% lower than the prior quarter (360,300 tonnes at 3.05 g/t for 35,286 contained ounces) reflecting the mining of a planned higher-grade section of Beta Hunt during the current quarter. The majority of the mined tonnes during the first quarter came from the central and southern section of Western Flanks and the scheduled higher grade ore zones from A Zone.

Gold production from Beta Hunt in the first quarter of 2024 totalled 31,249 recovered ounces based on milling 271,000 tonnes at an average grade of 3.81 g/t and 94% plant recovery. The higher grade offset lower processed tonnes, to deliver 18% higher gold recovery compared to the first quarter of 2023. The higher grade was offset by the lower processed tonnes when compared to the previous quarter which produced 9% higher gold production (34,486 ounces).

Cash operating costs[1] per ounce sold at Beta Hunt averaged US$869 in the first quarter of 2024, which compared to US$967 in the first quarter of 2023, and US$1,123 the previous quarter. The reduction in cash operating costs per ounce from the same and previous quarters in 2023 reflects the impact of higher grade and higher sales volumes.

In addition to gold production, Beta Hunt mined 4,337 tonnes of nickel ore at an estimated grade of 2.5% nickel during the first quarter of 2024 compared to 7,331 tonnes of nickel ore mined at an estimated grade of 2.2% nickel for the same period in 2023 and 5,253 tonnes of nickel ore at an estimated grade of 2.3% nickel the previous quarter.

## HIGGINSVILLE GOLD OPERATIONS REVIEW

During the first quarter of 2024, HGO mined 45,400 tonnes at an average grade of 1.73 g/t containing 2,525 ounces, which compared to 72,200 tonnes mined at an average grade of 3.85 g/t containing 8,927 ounces in the first quarter of 2023 and 90,400 tonnes at an average grade of 1.76 g/t containing 5,129 ounces the previous quarter. The HGO tonnes mined during the first quarter of 2024 largely reflected continued open pit mining at Pioneer and the Two Boys underground. The operation was affected by two weeks of extreme weather which, in combination with additional waste movement at Pioneer open pit, resulted in lower production and higher overall unit costs. Increased investment in laying back sections of the Pioneer pit walls in the oxide and transitional zones resulted in delays to accessing the key ore zone in the lower phase of the pit, driving higher capital and operating costs for the period. Mining of the main ore zone in Pioneer commences late in the second quarter.

Production at HGO in the first quarter of 2024 totalled 4,898 recovered ounces based on milling 164,700 tonnes at an average grade of 1.00 g/t. Production in the first quarter of 2024 decreased 63% from 13,250 ounces in the first quarter of 2023 (203,600 tonnes at 2.18 g/t), reflecting 19% lower tonnes processed and 54% lower grade. Production in the first quarter of 2024 was 16% lower than the previous quarter (122,800 tonnes at 1.61 g/t for 5,809 ounces), despite 34% higher tonnes processed, reflecting 38% lower grade compared to the previous quarter. Tonnes processed were lower compared to both periods due to extreme wet weather, laying back sections of the Pioneer pit walls and reliance on historic stockpile feed sources.

Cash operating costs[1] per ounce sold at HGO averaged US$3,031 in the first quarter of 2024 versus US$1,402 for the first quarter of 2023, and US$2,112 for the previous quarter. The increased unit cost reflects the temporary impact of the higher costs per tonne (temporary contract crushing costs, higher costs incurred on new short-term mining projects and laying back the pit walls at Pioneer pit) and lower processing grade. The current two operating mines at HGO currently have shorter mine lives reducing the capitalization of mining costs. The majority of planned ounces are to be mined in the remainder of 2024, as production at both Pioneer and Two Boys ramp up in the second quarter of 2024.

## PROCESSING FACILITY REVIEW

A total of 435,700 tonnes were milled[2] at an average grade of 2.75 g/t with average recoveries of 94% for production of 36,147 ounces during the first quarter.

Beta Hunt contributed 97% of the throughput at the Lakewood Mill during the first quarter of 2024, totalling 152,900 tonnes at an average grade of 5.00 g/t. Recovered gold during the quarter totalled 23,273 ounces. The balance of Beta Hunt was dedicated to the Higginsville processing plant with Beta Hunt contributing 42% of the mill throughput and HGO providing the remaining 58%. At Higginsville, 278,000 tonnes of material were processed at an average grade of 1.54 g/t for a recovered gold of 12,732 ounces.

[1] Non-IFRS: The definition and reconciliation of these measures are included in the “Non-IFRS Measures” section of this MD&A.
[2] Lakewood – there was no toll treatment during Q1. Throughput excludes external toll treatment ore processed during 2023.

# EXPLORATION

## BETA HUNT EXPLORATION

During the first quarter of 2024, a total of 8,572 metres was drilled as part of the gold and nickel exploration and resource definition campaign in support of the Company's growth plan. Focus of the drilling was on gold which accounted for 78% of all drill metres.

Gold drilling (6,645m) during the quarter continued to concentrate on extending and infilling the northern margin of Fletcher South (the southern end of the Fletcher Shear Zone, extending up to 600 metres northwest of the Alpha Island Fault). As at Quarter end, Karora was close to completing the final hole of the Stage 2 infill program, comprising 9 holes designed to upgrade and extend mineralization centred around previously released drill intersections from the Stage 1 drill program, 4.8 g/t over 32 metres (WF405ACC-48AE) and 3.6 g/t over 34.5 metres (WF405ACC-49AE), see Karora news release dated September 12, 2023. The overall goal of the Stage 2 program is to produce an initial Mineral Resource for Fletcher.

Resource definition drilling was aimed at upgrading the Inferred Mineral Resources covering the northern margin of A Zone, Western Flanks Central and the northern end of the Larkin Zone, close to the Alpha Island Fault.

Nickel drilling (1,927m) continued infilling and extending the 50C nickel Mineral Resource in the Gamma Block. Additional drilling was completed to test extensions of the 99H hanging wall mineralisation positioned west of the 4C in the Hunt Block. Disseminated nickel sulphide mineralization was intersected with results under evaluation.

As previously reported in the Q4, 2023 MD&A, on February 22, 2024, the Company announced significant gold results from the Fletcher and Larkin drilling programs.

Results were received for four holes from the Fletcher Stage 2 follow-up infill drilling program. Significant results are summarized below:

- WF380ACC-09AE: 3.8 g/t over 33.0 metres and 5.0 g/t over 9.0 metres
- WF380ACC-12AE: 15.2 g/t over 3.3 metres and 3.8 g/t over 6.8 metres
- WF380ACC-16AE: 34.6 g/t over 2.0 metres

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

Significant drill results were also returned from two areas along the Larkin Zone - Larkin Central and Larkin North. These results are summarised below:

Larkin Central

- B30-19-31NR[1.]: 6.0 g/t over 6.4 metres
- B30-19-34NR[1.]: 6.7 g/t over 9.4 metres
- B30-19-41NR[1.]: 4.0 g/t over 4.7 metres
- B30-19-20AR[1.]: 2.9 g/t over 11.3 metres
- B30-19-35NR[1.]: 4.7 g/t over 3.5 metres
- B20-1826-08NR[2.]: 13.7 g/t over 3.5 metres

Larkin North

- BL1730-12AR: 2.3 g/t over 7.1 metres
- BL1730-13AR: 5.9 g/t over 1.4 metres
- BL1730-14AR: 4.2 g/t over 4.6 metres
- BL1730-19AR: 4.3 g/t over 4.6 metres
- BL1730-20AR: 2.9 g/t over 11.3 metres

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

As previously reported in the Q4, 2023 MD&A, on February 26, 2024, the Company released the initial results from the 50C nickel infill and extensional drill program. Drilling comprises a 4,200 metre program aimed at upgrading and extending the 50C Nickel Mineral Resource.

Significant intersections[1] are summarised below:

- G50-22-26NE: 8.2% Ni over 5.1 metres, including 13.7% over 2.6 metres, 2.3% Ni over 2.7 metres and 5.1% Ni over 0.5 metres
- G50-22-27NE: 12.0% Ni over 2.9 metres
- G50-22-23NE: 8.8% Ni over 3.3 metres
- G50-22-25NE: 15.4% Ni over 0.6 metres
- G50-22-28NE: 4.1% Ni over 1.2 metres

1. *Estimated True Widths*

## HIGGINSVILLE EXPLORATION

No exploration drilling was undertaken in the first quarter of 2024 while exploration focus remained at Beta Hunt. Exploration field work at HGO focused on reconnaissance soil and rock chip sampling over regional targets. In addition to field work, the following activities were completed during the first quarter:

- Final image deliverables were received for the closed-spaced (250m X 250m and 125m X 250m) ground gravity and passive seismic horizontal-to-vertical spectral ratio (HVSR) surveys over Lake Cowan to complement the existing ground coverage. A summary report outlining findings is due from Perth-based geophysical consultant company Resource Potentials in Quarter 2. Results from this work will be used to identify exploration drill targets.
- Project generation work continued with activities including multielement analysis of soil and rock chip samples and evaluation of the recently collected geophysics data over Lake Cowan. This work is aimed at reviewing, identifying and prioritising greenfield and near-mine exploration targets.
- Drilling activities are planned for the second quarter of 2024 and include:
    - Metallurgical testing of the sediment-hosted Atriedes deposit 18 km north-east of the Higginsville mill,
    - U/G diamond drilling testing shear-related mineralization at the Two Boys mine.

# FINANCIAL RESULTS

| *(in thousands of dollars except per share amounts)* | | | |
|---|---|---|---|
| For the three months ended March 31, | **2024** | 2023 | 2022 |
| Revenue | **$115,538** | $96,806 | $65,272 |
| Production and processing costs | **60,375** | 54,393 | 42,436 |
| Earnings (loss) before income taxes | **6,108** | (1,744) | (2,153) |
| Net earnings (loss) | **2,137** | (2,941) | (3,709) |
| Net earnings (loss) per share – basic | **0.01** | (0.02) | (0.02) |
| Net earnings (loss) per share – diluted | **0.01** | (0.02) | (0.02) |
| Adjusted EBITDA [1] | **40,533** | 28,636 | 12,203 |
| Adjusted EBITDA per share - basic [1] | **0.23** | 0.16 | 0.08 |
| Adjusted earnings [1] | **13,316** | 4,847 | 1,120 |
| Adjusted earnings per share - basic [1] | **0.07** | 0.03 | 0.01 |
| Cash flow provided by operating activities | **42,638** | 20,859 | 12,150 |
| Cash investment in property, plant and equipment and mineral property interests | **(31,689)** | (19,854) | (24,784) |

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

**Three months ended March 31, 2024 compared to three months ended March 31, 2023**

## REVENUE

For the three months ended March 31, 2024, the Company generated revenue of $115.5 million, a $18.7 million or 19% increase from the first quarter of 2023 ($96.8 million).

Gold revenue totalled $112.5 million, $20.9 million or 23% higher than the 2023 first quarter, with the increase reflecting $10.2 million from rate factors, including the impact of a stronger US dollar as well as a 10% increase in the average US$ realized gold price, and the 12% higher gold volume sold for the quarter. Beta Hunt contributed $95.7 million of total gold revenue in the first quarter of 2024, with HGO contributing $16.8 million. During the comparable period in 2023, Beta Hunt contributed $58.1 million of gold revenue, with the remaining $33.5 million coming from HGO.

## PRODUCTION AND PROCESSING COSTS

For the three months ended March 31, 2024, production and processing costs totalled $60.4 million compared to $54.4 million in the comparable period in 2023. The 11% increase in production and processing costs versus the first quarter of 2023 reflect the 12% increase in gold sales volume with temporary higher unit costs of shorter life mines at Two Boys and Pioneer offset by lower unit costs from the higher volume Beta Hunt mine.

## ROYALTY EXPENSE

Royalty expense totalled $7.6 million in the first quarter of 2024 compared to $5.8 million for the same period in 2023. The 32% increase reflects the 23% higher gold revenue compared to the prior comparative period driven by the higher gold sales and higher USD gold price realized in 2024 and production areas for each period.

### GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses totalled $7.0 million for the three ended March 31, 2024, compared to $7.9 million, for the same period in 2023. The 12% lower general and administrative expenses in the first quarter of 2024 reflects the execution of the growth plan during 2023 which included investments in projects aimed at enhancing management operating and information systems which are now largely complete.

### SHARE-BASED COMPENSATION

For the three months ended March 31, 2024, general and administrative: share-based compensation expense was $3.2 million compared to $1.8 million for the same period in 2023. This reflects the share-based grant across the group designed to improve employee retention and reflects additional awards in 2023 related to change of key management through the group.

### DEPRECIATION AND AMORTIZATION

Depreciation and amortization expense for the three months ended March 31, 2024 totalled $19.0 million, respectively, compared to $18.4 million, for the comparable period in 2023. The increase in depreciation and amortization expense between comparative quarters reflects higher production, continued investment at Beta Hunt and the different production profile year-on-year.

### OTHER EXPENSES

For the three months ended March 31, 2024, other expenses totalled $12.3 million, which mainly related to foreign exchange loss of $5.0 million, a net finance expense of $1.7 million and an unrealized loss related to the derivative financial obligations of $6.3 million. Other expense, net in the first quarter of 2023 totalled $10.3 million, which mainly related to non-cash loss on derivatives of $6.2 million associated with the derivative royalty (see note 12 in the unaudited condensed interim financial statements), and foreign exchange loss of $3.9 million, offset by net finance expense of $1.8 million. Foreign exchange losses are non-cash and primarily relate to the impact of translating intercompany loan balances between the Company's Australian entities and the Canadian parent.

### INCOME TAX EXPENSE

For the three months ended March 31, 2024, income tax expense was $4.0 million on higher operating earnings compared to income tax expense of $1.2 million for the comparable period in 2023.

### NET EARNINGS (LOSS)

Net earnings for the three months ended March 31, 2024 totalled $2.1 million or $0.01 per basic share, compared to net loss of $2.9 million ($0.02 per basic share) for the three months ended March 31, 2023. The improvement in net earnings from the comparative period reflects the increase in operating margin from 9% to 16% on the back of increased gold sale volume and USD gold price realised. The net earnings in the first quarter of 2024, includes the higher production and processing costs per unit (particularly in relation to the two new mine developments at Higginsville and contract crushing while the Higginsville crusher bridge was repaired, completed in March 2024), foreign exchange loss and income tax expenses for the period.

## ADJUSTED EARNINGS[1]

Adjusted earnings[1] for the three months ended March 31, 2024 totalled $13.3 million ($0.07 per share) versus $4.8 million ($0.03 per share) in the first quarter of 2023. The difference between net earnings and adjusted earnings[1] in the first quarter of 2024 resulted from the exclusion from adjusted earnings[1] of the after-tax impact of $3.2 million related to non-cash share-based payments, $6.3 million related to loss on derivatives, and the exclusion of $5.0 million foreign exchange loss.

## SUMMARY OF QUARTERLY RESULTS

| *(in thousands of dollars)* | 2024 | 2023 | | | | 2022 | | |
|---|---|---|---|---|---|---|---|---|
| | **Q1** | **Q4** | **Q3** | **Q2** | **Q1** | **Q4** | **Q3** | **Q2** |
| Revenues | **$115,538** | $101,782 | $107,136 | $110,595 | $96,806 | $96,835 | $81,326 | $73,609 |
| Net earnings (loss) | **$2,137** | $(1,705) | $6,923 | $6,643 | ($2,941) | $9,560 | $4,378 | ($328) |
| Net earnings (loss) per share - basic | **$0.01** | $(0.01) | $0.04 | $0.04 | ($0.02) | $0.06 | $0.03 | ($0.00) |
| Net earnings (loss) per share - diluted | **$0.01** | $(0.01) | $0.04 | $0.04 | ($0.02) | $0.05 | $0.03 | ($0.00) |

Quarterly results vary in accordance with the Company's revenues, which are affected by ounces sold, the gold price, changes in exchange rates, as well as changes in gold production, the level of production and processing costs, royalty expense, and the impact of exploration, development, acquisition and financing activities.

Higher levels of revenue in the first three months of 2024 primarily reflect increased gold sales volume (+12%) complemented by the 10% stronger USD gold price. Over this same period, production and processing and depreciation and amortization costs have increased reflecting higher volumes, changes to the Company's production profile and, in the case of depreciation and amortization expense, the continued investment at Beta Hunt in support of the Company's growth plan. The current quarter production was impacted by wet weather across all operating sites during the quarter and a regional interruption to state grid power that impacted the Lakewood mill, affecting gold ounces produced. Production costs were impacted by the weather event and movements in the oxide and transitional material in the Pioneer open pit which required additional investment in capital stripping and operating costs to lay back the walls to safely access the deeper ore zone. The Pioneer open pit is forecast to deliver commercial production during quarters two and three to provide additional mill feed to support the ongoing expansion of Beta Hunt. In addition, temporary contract crushing elevated processing costs for the quarter. Importantly, the 2023 Higginsville mill crusher bridge failure was repaired in March 2024 with full primary crushing now restored and allowing demobilization of the mobile crushing unit which will lower second quarter, 2024 costs.

Higher revenues and improvement in the Company's operating margin largely drove positive earnings performance in the three months of 2024. The net loss in the prior quarter was driven by an impairment charge and a write down of historical stockpiles carrying value. The net loss for first quarter of 2023 was largely related to other expenses, mainly reflecting non-cash losses on derivatives and foreign exchange as well as higher depreciation and amortisation expense. Contributing to net loss in the second quarter of 2022 was the impact of disruptions caused by record levels of COVID-19 cases in Western Australia.

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

KARORA RESOURCES

# LIQUIDITY AND CAPITAL RESOURCES

## CASH FLOWS

*(in thousands of dollars)*

| For the three months ended March 31, | **2024** | 2023 | 2022 |
|---|---|---|---|
| Cash provided by operations prior to changes in working capital | **$40,944** | $28,642 | $12,201 |
| Changes in non-cash working capital | **1,748** | (7,783) | 296 |
| Income taxes paid | **(54)** | - | - |
| Asset retirement obligations | **-** | - | (347) |
| Cash provided by operating activities | **42,638** | 20,859 | 12,150 |
| Cash used in investing activities | **(31,121)** | (19,690) | (24,739) |
| Cash used in financing activities | **(5,187)** | (3,289) | (1,017) |
| Effect of exchange rate changes on cash and cash equivalents | **(1,569)** | (789) | 701 |
| Change in cash and cash equivalents | **$4,761** | $(2,909) | $(12,905) |

## OPERATING ACTIVITIES

For the three months ended March 31, 2024, cash provided by operating activities, prior to changes in working capital, totalled $40.9 million compared to $28.6 million for the same period in 2023. The increase compared to the first quarter of 2023 largely reflected higher sales volume and realized price. Changes in working capital represented a net source of cash totalling $1.8 million during the three months ended March 31, 2024, reflecting a $4.1 million reduction of inventories offset partially by a $1.3 million increase in receivables following recommencement of nickel sales in the quarter. The reduction in inventories primarily reflects a reduction in levels of gold in circuit from December 31, 2023 due to shipment timing.

## INVESTING ACTIVITIES

Net cash used in investing activities for the three months ended March 31, 2024 totalled $31.1 million compared to a net use of cash of $19.7 million for the same period in 2023. The first quarter 2024 includes continued growth investment in property, plant and equipment and mineral property interests mainly related to mine development at Beta Hunt, the Lakewood mill and TSF upgrades, as well as the procurement of new equipment.

## FINANCING ACTIVITIES

For the three months ended March 31, 2024, financing activities used net cash of $5.2 million compared to using net cash of $3.3 million during the comparable period in 2023. The primary uses of cash in the first quarter of 2024 were $3.2 million related to payments on leases taken on new heavy equipment as part of the growth project at Beta Hunt, $1.1 million of debt interest and standby payments and $1.1 million for settlements in respect of derivative instruments. The $3.3 million of net cash used in financing activities in the first quarter of 2023 resulted from $1.1 million of debt interest and standby payments, and $1.4 million for lease payments.

## NET CASH FLOW

In aggregate, operating, investing and financing activities for the three months ended March 31, 2024 provided net cash of $4.8 million compared to using net cash of $2.9 million in the first quarter of 2023. During the first quarter of 2024, there was a $1.6 million unfavourable impact on cash from foreign exchange rate changes compared to a $0.8 million unfavourable impact for the same period a year earlier.

## CAPITAL RESOURCES

| *(in thousands of dollars)* | **Mar. 31, 2024** | Dec. 31, 2023 | Mar. 31, 2023 |
|---|---|---|---|
| Cash and cash equivalents | **$87,299** | $82,538 | $65,877 |
| Working capital [1] | **58,386** | 53,431 | 43,928 |
| Property, plant and equipment and mineral property interests | **470,942** | 465,509 | 427,113 |
| Total assets | **610,522** | 604,648 | 551,537 |
| Current liabilities excluding current portion of financial liabilities [2] | **63,406** | 68,198 | 61,722 |
| Non-current liabilities excluding non-current portion of financial liabilities [2] | **111,933** | 105,600 | 92,238 |
| Financial liabilities (current and non-current) [2] | **64,402** | 63,155 | 51,207 |
| Total liabilities | **239,741** | 236,953 | 205,167 |
| Shareholders' equity | **370,781** | 367,695 | 346,370 |

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

As at March 31, 2024, the Company had working capital[1] of $58.4 million compared to $53.4 million at December 31, 2023 and $43.9 million at March 31, 2023. The $5.0 million increase in working capital from December 31, 2023 mainly reflected $4.8 million increase in cash, $5.1 million decrease in accounts payable and accrued liabilities, offset partially by the $5.6 million decrease in inventories.

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

# OUTLOOK

## GUIDANCE

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

| | Unit | **2024** |
|---|---|---|
| Gold Production | (Koz) | 170 – 185 |
| All-in Sustaining Costs | (US$/oz sold) | 1,250 – 1,375 |
| Sustaining Capital | (A$M) | 11 – 16 |
| Growth Capital | (A$M) | 80 – 90 |
| Exploration & Resource Development | (A$M) | 18 – 23 |
| Nickel Production | (Ni Tonnes) | 200 - 300 |

1. Production guidance is based on the September 30, 2023 Mineral Reserves and Mineral Resources announced on November 21, 2023.
2. The Company expects to fund the capital investment amounts listed above with cash on hand, cashflow from operations and lease finance an additional up to A$8 million of heavy equipment.
3. The material assumptions associated with the expansion of Beta Hunt mining production rate to 2.0 Mtpa during 2024 include the completion of ventilation and other infrastructure that is required to support these areas, and an expanded mining equipment and trucking fleet.
4. The Company's guidance assumes targeted mining rates and costs, availability of personnel, contractors, equipment and supplies, the receipt on a timely basis of required permits and licenses, cash availability for capital investments from cash balances, cash flow from operations, or from a third-party debt financing source on terms acceptable to the Company, no significant events which impact operations, an A$ to US$ exchange rate of 0.67 in 2024 and A$ to C$ exchange rate of 0.90. Assumptions used for the purposes of guidance may prove to be incorrect and actual results may differ from those anticipated. See below "Cautionary Statement Regarding Forward-Looking Information".
5. Exploration expenditures include capital expenditures related to infill drilling for Mineral Resource conversion, capital expenditures for extension drilling outside of existing Mineral Resources and expensed exploration. Exploration expenditures also includes capital expenditures for the development of exploration drifts.
6. Capital expenditures exclude capitalized depreciation and equipment leases.
7. AISC calculations are for the Australian operations only, and exclude non-cash share-based payments expense, derivative settlements, and net realizable value adjustments to prior period stockpiles. The Company acquired the Lakewood mill in 2022 and embarked on an expansion program to grow the Beta Hunt gold mine to 2Mtpa mining rate during 2024. Mine development for projects with greater than 1 year mine life and equipment acquisition are being attributed to growth capital during this growth phase.
8. See "Non-IFRS Measures" set out at the end of this MD&A.

# OUTSTANDING SHARE DATA

As at May 09, 2024, the Company had 178,656,048 common shares issued and outstanding and had the following securities outstanding, which are exercisable for common shares:

| As at May 09, 2024, the Company had | Number of Securities |
|---|---|
| Stock options | 269,777 |

As at May 09, 2024, the Company had the following securities outstanding, which are redeemable, at the option of the holder, for cash and/or common shares:

| | Number of Securities |
|---|---|
| Deferred share units | 631,745 |
| Restricted share units | 2,581,925 |
| Performance share units | 3,269,184 |

Under an agreement dated March 8, 2007, pursuant to which the Company acquired a 100% interest in certain mineral claims from Marbaw International Nickel Corporation ("Marbaw") (see the Company's Annual Information Form for the year ended December 31, 2019 on file with the Canadian provincial regulatory authorities, available at www.sedarplus.ca), the Company is required to issue 1,555,556 million common shares to Marbaw upon the satisfaction of certain conditions.

# OFF-BALANCE SHEET ARRANGEMENTS

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

# CONTRACTUAL COMMITMENTS AND CONTINGENCIES

The following table summarizes the expected maturity of the Corporation's significant financial liabilities based on the remaining period from the balance sheet date to the contractual maturity date:

| As at March 31, 2024 | Payments by period | | | | | |
|---|---|---|---|---|---|---|
| | Less than 1 Year | 1-3 Years | 4-5 Years | More than 5 Years | Total | Carrying Value |
| Accounts payable and accrued liabilities | $54,673 | $- | $- | $- | $54,673 | $54,673 |
| Long-term debt obligations | - | 40,000 | - | - | 40,000 | 39,215 |
| Lease obligations | 12,857 | 16,484 | 258 | 335 | 29,934 | 25,187 |
| Interest on long-term debt | 3,918 | 977 | - | - | 4,895 | - |
| Macquarie standby fee | 600 | 150 | - | - | 750 | - |
| Power contracts | 3,014 | 8,402 | 8,913 | - | 20,329 | - |
| Derivative liabilities | 5,396 | 12,056 | 13,755 | 14,935 | 46,142 | 34,404 |
| | $80,458 | $78,069 | $22,926 | $15,270 | $196,723 | $153,479 |

***Power***

In January 2024, the Corporation entered two power purchase agreements to secure power for the Beta Hunt minesite and to secure power for the Higginsville processing plant.

The Beta Hunt minesite agreement has a five-year term and commenced in January 2024. This agreement includes a take or pay commitment for power of up to $20.3 million over the five-year term. Power charges are included in production and processing costs each quarter as incurred.

The Higginsville processing plant agreement has a ten-year term, which is currently anticipated to commence in the second half of 2025, after an infrastructure upgrade has been completed.

In addition, the Corporation notes the following obligations:

***Royalties***

Existing royalty obligations at Beta Hunt are:

(i) Consolidated Minerals, 3.0% of payable nickel at a nickel price under A$17,500/t or 5.0% at a nickel price of A$17,500/t or greater until total royalty payments reach A$16.0 million;

(ii) Western Australian state government, 2.5% of recovered gold and nickel; and

(iii) Triple Flag Precious Metals Corp. (formerly Maverix Metals Inc.), 4.75% of recovered gold and 1.5% of payable nickel, less allowable deductions.

Existing royalty obligations at HGO are:

(i) traditional landowners have production payments of up to 1% of gross gold revenue over various tenements;

(ii) State government royalty equal to 2.5% of recovered gold; and

(iii) various royalties across the tenements to third parties on recovered gold less allowable deductions.

***Spargo***

On August 7, 2020, the Corporation completed the acquisition of Corona Resources Limited whose primary asset is the Spargo Reward Gold Project. The seller is entitled to A$1.0 million ($0.9 million) in Karora shares if a new gold resource of at least 165,000 ounces is delineated at the project.

## PROPOSED TRANSACTIONS

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

## SUBSEQUENT EVENTS

The Company and Westgold agreed to combine in a merger pursuant to which Westgold will acquire 100% of the issued and outstanding common shares of Karora by way of a statutory plan of arrangement under the CBCA. The combination represents a transformational step change in growth for both Karora and Westgold shareholders, creating a globally investable, mid-tier gold top 5 largest, ASX listed Australian gold producer based on the pro forma market capitalization. The merger is subject to procedural matters and conditional on receiving approval of 66 ⅔% of Karora shareholders. Please see Karora news release dated April 7, 2024 for further details.

## CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of audited consolidated financial statements in conformity with IFRS Accounting Standards requires management to apply accounting policies and make estimates and assumptions that affect amounts reported in the consolidated financial statements and accompanying notes. There is disclosure of the Company's critical accounting policies and accounting estimates in note 3 of the audited consolidated financial statements for the year ended December 31, 2023.

There were no changes to the accounting policies applied by the Company to its March 31, 2024 unaudited, condensed interim consolidated financial statements compared to those applied by the Company to the audited consolidated financial statements for the year ended December 31, 2023.

## INTERNAL CONTROLS OVER FINANCIAL REPORTING AND DISCLOSURE CONTROLS AND PROCEDURES

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

The Company's CEO and CFO assessed the effectiveness of the Company's ICFR as of December 31, 2023. Based on that assessment, the Company's management concluded our internal control over financial reporting was not effective as of March 31, 2024 due to the material weakness identified in the previous year, as remediation continues. Aside from the remediation, there were no other changes to the design and effectiveness of the Company's internal control over financial reporting. A material weakness is a control deficiency, or combination of control deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement in the annual or interim financial statements will not be prevented or detected on a timely basis.

As of December 31, 2022, a material weakness was identified in the design and operation of controls relating to the review of the calculation and classification of expenditures between operating and capital costs. In the opinion of management, this represented a material weakness in the Company's ICFR.

During the year ended December 31, 2023 and first quarter of 2024, the Company continued to be actively engaged in the implementation of remediation efforts to address the material weakness identified for the 2022 year. The Company has implemented the following measures: (i) modified models used to allocate operating costs to capital development, (ii) hired additional finance personnel with the requisite training, skills and experience appropriate to review calculation and classification of expenditures between operating and capital costs and (iii) enhanced the review process and communication between teams.

The remediation of the material weakness continues, and this was reviewed with the Audit Committee. The Audit Committee was advised by management that significant progress had been made as at March 31, 2024. Due to the nature of the remediation process, adequate time after implementation is needed to evaluate the design and test the effectiveness of the controls. It is the opinion of the Company's management that the material weakness will be fully remediated when the revised control procedures have been operating for a sufficient period of time to provide reasonable assurance as to their effectiveness. The Company continues to assign the highest priority to the remediation efforts.

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

### CHANGES TO INTERNAL CONTROLS OVER FINANCIAL REPORTING

NI 52-109 requires reporting issuers in Canada to disclose in their MD&A any change in ICFR during the most recent fiscal year that has materially affected, or is reasonably likely to materially affect, ICFR.

Except for the remediation relating to the material weakness described in the previous paragraphs, there were no changes in internal controls of the Company during the three months ended March 31, 2024 that have materially affected, or are likely to materially affect, the Company's internal control over financial reporting.

### DISCLOSURE CONTROLS AND PROCEDURES

Management, with the participation of the CEO and the CFO, assessed the effectiveness of our DCP as of March 31, 2024. Based upon the results of that evaluation, the CEO and the CFO concluded that the Company's DCP were effective to provide reasonable assurance that material information relating to the Company is accumulated and communicated to management to allow timely decisions regarding required disclosure, and that the information disclosed by the Company in the reports that it files is appropriately recorded, processed, summarized and reported within the time period specified in applicable securities legislation.

## NON-IFRS MEASURES

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

## MINING OPERATIONS

### Cash Operating and All-in Sustaining Costs

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

### Consolidated

| For the three months ended | **March 31, 2024** | March 31, 2023 | December 31, 2023 |
|---|---|---|---|
| Production and processing costs | **$60,375** | $54,393 | $61,609 |
| Inventory adjustment [1] | **-** | - | (2,582) |
| Royalty expense | **7,572** | 5,753 | 6,206 |
| By-product credits [2,3] | **(3,052)** | (5,173) | (367) |
| Operating costs (C$) | **$64,895** | $54,973 | $64,866 |
| General and administrative expense – Australia [3,4] | **3,260** | 3,800 | 4,632 |
| Sustaining capital expenditures | **1,760** | 523 | 3,722 |
| All-in sustaining costs (C$) | **$69,915** | $59,296 | $73,220 |
| Ounces of gold sold | **40,343** | 36,145 | 37,439 |
| ***Australian dollars per ounce sold*** | | | |
| Cash operating costs | **$1,814** | $1,645 | $1,954 |
| All-in sustaining costs [4] | **$1,955** | $1,775 | $2,206 |
| ***United States dollars per ounce sold*** | | | |
| Cash operating costs | **$1,193** | $1,124 | $1,272 |
| All-in sustaining costs [4] | **$1,285** | $1,213 | $1,435 |
| ***Average exchange rate*** | | | |
| C$:A$ | **0.89** | 0.92 | 0.89 |
| A$:US$ | **0.66** | 0.68 | 0.65 |

1. Relates to an adjustment to net realisable value of gold ore stockpiles. Refer to note 6 of the December 31, 2023, audited consolidated financial statements
2. Refer to Note 20 of the March 31, 2024, unaudited condensed interim consolidated financial statements
3. By-product credits for the three ended March 31, 2024, include $nil external toll treatment revenue (same period in 2023 - $2,527, and $nil for the three months ended December 31, 2023 )
4. AISC calculations are for the Australian operations only, exclude non-cash share-based payments expense, derivative settlements, and net realisable value adjustments to prior period stockpiles. The Company acquired the Lakewood mill in 2022 and embarked on an expansion program to grow the Beta Hunt gold mine to 2.0 Mtpa mining rate during 2024. All mine development, equipment acquisition, and growth leases are being attributed to growth capital during this growth phase.

## Beta Hunt

| For the three months ended | **March 31, 2024** | March 31, 2023 | December 31, 2023 |
|---|---|---|---|
| Production and processing costs [1,2] | **$36,103** | $27,995 | $43,315 |
| Royalty expense [1] | **7,162** | 4,814 | 5,730 |
| By-product credits [1] | **(3,035)** | (2,616) | (353) |
| Operating costs (C$) | **$40,230** | $30,193 | $48,692 |
| Ounces of gold sold | **34,310** | 23,077 | 31,818 |
| ***Australian dollars per ounce sold*** | | | |
| Cash operating costs | **$1,323** | $1,416 | $1,726 |
| ***United States dollars per ounce sold*** | | | |
| Cash operating costs | **$869** | $967 | $1,123 |
| ***Average exchange rate*** | | | |
| C$:A$ | **0.89** | 0.92 | 0.89 |
| A$:US$ | **0.66** | 0.68 | 0.65 |

1. Refer to Note 20 of the March 31, 2024 unaudited condensed interim consolidated financial statements.

## HGO

| For the three months ended | **March 31, 2024** | March 31, 2023 | December 31, 2023 |
|---|---|---|---|
| Production and processing costs [1] | **$38,131** | $36,932 | $34,364 |
| Adjustment for intercompany and toll milling costs [1, 2] | **(13,859)** | (13,061) | (16,070) |
| Inventory adjustment [3] | **-** | - | (2,582) |
| Royalty expense [1] | **410** | 939 | 476 |
| By-product credits [1] | **(17)** | (30) | (14) |
| Operating costs (C$) | **$24,665** | $24,780 | $16,174 |
| Ounces of gold sold | **6,033** | 13,068 | 5,621 |
| ***Australian dollars per ounce sold*** | | | |
| Cash operating costs | **$4,611** | $2,052 | $3,246 |
| ***United States dollars per ounce sold*** | | | |
| Cash operating costs | **$3,031** | $1,402 | $2,112 |
| ***Average exchange rate*** | | | |
| C$:A$ | **0.89** | 0.92 | 0.89 |
| A$:US$ | **0.66** | 0.68 | 0.65 |

1. Refer to Note 20 of the March 31, 2024 unaudited condensed interim consolidated financial statements.
2. Includes third party toll milling costs at Lakewood mill of $nil for the three months ended March 31, 2024 (same period in 2023 $2,527 and $nil for the three months ended December 31, 2023).
3. Relates to an adjustment to net realisable value of gold ore stockpiles. Refer to note 5 of the December 31, 2023, audited consolidated financial statements

## ADJUSTED EBITDA AND ADJUSTED EARNINGS

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

Adjusted EBITDA is a non-IFRS measure, which excludes the following from comprehensive earnings (loss); income tax expense; 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; derivatives, sustainability initiatives and foreign exchange loss.

*(in thousands of dollars except per share amounts)*

| For the three months ended | **March 31, 2024** | March 31, 2023 | December 31, 2023 |
|---|---|---|---|
| Net earnings (loss) for the period - as reported | **$2,137** | $(2,941) | $(1,705) |
| Finance expense, net | **1,675** | 1,770 | 2,024 |
| Income tax expense | **3,971** | 1,197 | (2,820) |
| Depreciation and amortization | **18,971** | 18,386 | 19,919 |
| EBITDA | **26,754** | 18,412 | 17,418 |
| Adjustments: | | | |
| Non-cash share-based payments [1] | **3,186** | 1,674 | 3,235 |
| Impairment charge [2] | **-** | - | 9,204 |
| Unrealized gain on revaluation of marketable securities [2] | **(718)** | (1,537) | 304 |
| Other expense, net [2] | **10** | 54 | (26) |
| Loss on derivatives [2] | **6,329** | 6,171 | 2,576 |
| Foreign exchange loss [3] | **4,986** | 3,862 | (7,832) |
| Rehabilitation cost adjustment for closed sites [2] | **(14)** | - | (112) |
| Sustainability initiatives [4] | **-** | - | 87 |
| Adjusted EBITDA | **$40,533** | $28,636 | $24,854 |
| Weighted average number of common shares - basic | **178,402,185** | 174,268,927 | 177,828,626 |
| Adjusted EBITDA per share - basic | **$0.23** | $0.16 | $0.14 |

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

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

*(in thousands of dollars except per share amounts)*

| For the three months ended | **March 31, 2024** | March 31, 2023 | December 31, 2023 |
|---|---|---|---|
| Net earnings (loss) for the period - as reported | **$2,137** | $(2,941) | $(1,705) |
| Non-cash share-based payments [1] | **3,186** | 1,674 | 3,235 |
| Impairment charge [1] | **-** | - | 9,204 |
| Unrealized gain on revaluation of marketable securities [2] | **(718)** | (1,537) | 304 |
| Loss on derivatives [2] | **6,329** | 6,171 | 2,576 |
| Foreign exchange loss [3] | **4,986** | 3,862 | (7,832) |
| Rehabilitation cost adjustment for closed sites [2] | **(14)** | - | (112) |
| Sustainability initiatives [4] | **-** | - | 87 |
| Tax impact of the above adjusting items | **(2,590)** | (2,382) | (2,427) |
| Adjusted earnings | **$13,316** | $4,847 | $3,330 |
| Weighted average number of common shares - basic | **178,402,185** | 174,268,927 | 177,828,626 |
| Adjusted earnings per share - basic | **$0.07** | $0.03 | $0.02 |

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

## WORKING CAPITAL

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

| *(in thousands of dollars)* | **March 31, 2024** | December 31, 2023 | March 31, 2023 |
|---|---|---|---|
| Current assets | **$132,054** | $131,454 | $110,758 |
| Less: Current liabilities | **73,668** | 78,023 | 66,830 |
| Working capital | **$58,386** | $53,431 | $43,928 |

## CAUTIONARY STATEMENT REGARDING RISKS

*Readers of this MD&A are encouraged to read the "Risk Factors" as more fully described in the Company's filings with the Canadian Securities Administrators, including its MD&A for the three and twelve months ended December 31, 2023 and the Annual Information Form for the year ended December 31, 2023, available on SEDAR+ at www.sedarplus.ca.*

## 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 including the Consolidated Multi-Year Guidance to 2024, the Company's multi-year growth plan, the potential of Beta Hunt, HGO, and Spargos and its exploration properties, successfully obtaining permitting, the future financial or operating performance of the Company 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 Beta Hunt, HGO, Spargos, and the Company'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 Company 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 any public health crises (including a resurgence of COVID-19), 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 Company; 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 Company's December 31, 2023 MD&A and Annual Information Form for the year ended December 31, 2023 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 Company; future metal prices; permitting and development consistent with the Company's expectations; foreign exchange rates; prices and availability of equipment; that contracted parties provide goods and/or services on the agreed time frames; that on-going contractual negotiations will be successful and/or be completed in a timely manner; and that no unusual geological or technical problems occur.*

*Although the Company 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 Company 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 and, 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 Company advises U.S. investors that the Securities and Exchange Commission's recently effective updated mining disclosure rules are substantially similar to the corresponding Canadian Institute of Mining, Metallurgy and Petroleum definitions, as required by National Instrument 43-101 – Standards of Disclosure for Mineral Projects,, but are not identical so our  mineral reserve and mineral resource disclosure may not be directly comparable to the disclosures made by domestic United States issuers or non-domestic United States issuers. The estimation of "measured" and "indicated" mineral resources involves greater uncertainty as to their existence and economic feasibility than the estimation of proven and probable reserves. The estimation of "inferred" resources involves far greater uncertainty as to their existence and economic viability than the estimation of other categories of resources. It cannot be assumed that all or any part of a "measured", "indicated" or "inferred" mineral resource will ever be upgraded to a higher category.*

## QUALIFIED PERSONS

*The technical and scientific information related to exploration and mineral resource matters contained in this MD&A has been reviewed and approved by Steve Devlin, Chief Geological Officer, Karora Resources Inc., and a qualified person for the purposes of National Instrument 43-101 – Standards of Disclosure for Mineral Projects.*

*The technical and scientific information related to operations matters contained in this MD&A has been reviewed and approved by Peter Ganza, Chief Operating Officer, Karora Resources Inc., and a qualified person for the purposes of National Instrument 43-101 – Standards of Disclosure for Mineral Projects*