MANAGEMENT’S DISCUSSION AND ANALYSIS

Three and Twelve Months Ended December 31, 2023 and 2022

(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 and twelve months ended December 31, 2023 and 2022. This MD&A should be read in conjunction with the Company's 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 ("IFRS") as issued by the International Accounting Standard Board ("IFRS Accounting Standards"). 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, 2022, 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 March 21, 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 Higginsville gold mill. The HGO segment incorporates the Higginsville gold mines and exploration interests, the 1.6 million tonnes per annum ("Mtpa") Higginsville mill, Spargos (as defined herein) and exploration interests and the 1.0 Mtpa Lakewood gold mill.

HIGHLIGHTS

Introduction

Karora achieved record gold production, gold ounces sold, and revenue in the year ended December 31, 2023, while continuing its investment in growth. For the 2023 full year gold production was 160,492 ounces exceeding 2022 production by over 26,000 ounces or 20% and exceeded the top end of our full year 2023 guidance range of 145,000 – 160,000 ounces. Gold sold for the year was 157,034 ounces up 19% compared to the 2022-year, revenue increased 31% and Adjusted EBITDA[1] totalled $129.3 million versus $91.5 million a year earlier.

The Company's growth plan continued during the final quarter of 2023 and into 2024, with the expansion of Beta Hunt advancing on schedule towards reaching an annualized production rate of 2.0 Mtpa during 2024. In addition, exploration success continued at Beta Hunt with strong results from the Fletcher zone providing an exciting third major gold system in the Hunt Block and opportunity for life of mine ("LOM") expansion beyond the existing resources.

Full-Year 2023

- **Record gold production** of 160,492 ounces increased 20% from 133,887 ounces for 2022, driven by a 37% increase in gold produced at Beta Hunt from the prior year.
- **Revenue** of $416.3 million increased 31% from $317.0 million for 2022, primarily reflecting a 19% increase in gold ounces sold and a US$133/oz increase in the gold price realised.
- **Production and processing costs** of $228.1 million compared to $179.3 million in 2022, with the 27% increase reflecting 6% higher processing volume, a $6.1 million write-off of historic low-grade stockpiles and higher costs per unit. The higher unit costs primarily reflect the impact of temporary contract crushing services in the second half of 2023 at Higginsville during remediation of a crusher bridge failure, and continued industry cost pressures in Western Australia. Repairs to the crusher bridge were completed during the first quarter of 2024.
- **Cash operating costs[1] per ounce sold** averaged US$1,128 a 3% increase from US$1,099 in the prior year, reflecting the impact of higher costs per tonne as noted above, and the impact of higher royalty expense per ounce (due to higher realised gold prices), slightly offset by higher grade and the stronger USD.
- **All-in sustaining costs ("AISC")[1] per ounce sold** averaged US$1,248, in line with full-year guidance of US$1,100 – US$1,250 and 6% higher than the US$1,174 in 2022, with the year-on-year comparison reflecting higher cash operating costs per unit, higher sustaining capital spending, partially offset by higher ounces sold. Specifically, the contract crushing required during the crusher bridge remediation contributed US$21 to AISC per ounce. Additionally, the 2023 nickel by-product credit was US$24 per ounce sold compared to US$40 per ounce sold in 2022, reflecting reduced nickel sales during the second half of 2023 as the Company was negotiating a new nickel sale arrangement. At 31 December 2023 nickel stocks were 10,871t at 2% with sale of this material expected to be completed in Q1, 2024.
- **Net earnings** of $8.9 million ($0.05 per share) compared to net earnings of $9.9 million ($0.06 per share) for 2022, with the strong production and gold price offset by the impact of a non-cash impairment charge, a non-cash write down of historical low-grade stockpiles and foreign exchange loss.

- **Adjusted earnings**[1] of $36.1 million ($0.21 per share) increased 71% from $21.1 million ($0.13 per share) for 2022. The main differences between net earnings and adjusted net earnings in 2023 was the exclusion from adjusted earnings[1] of non-cash share-based payments, impairment charges (on the carrying value of one small HGO mine), non-cash losses on derivatives, unrealized losses on the revaluation of marketable securities and the impact of foreign exchange losses.
- **Adjusted EBITDA**[1,2] totalled $129.3 million, 41% higher than $91.5 million in 2022 reflecting the 19% increase in gold sold and 7% increase in the USD realised gold price.
- **Cash flow provided by operating activities** of $132.7 million increased 50% from the $88.2 million in 2022, reflecting the $99.3 million extra revenue generated from increased production and gold price.
- **Cash** at December 31, 2023 of $82.5 million increased $13.7 million or 20% from $68.8 million at December 31, 2022, reflecting strong cash flow from activities reduced by capital investment in the Company's capital projects and funding of financing activities.
- **Working capital**[1] at December 31, 2023 totalled $53.4 million being a $15.4 million (41%) improvement to the $38.0 million a year earlier.

Fourth Quarter 2023

- **Production** in the fourth quarter 2024 ("current quarter") of 40,295 gold ounces increased 8% from 37,309 ounces in the fourth quarter of 2022, and 2% compared to production of 39,547 ounces in the third quarter of 2023 ("the previous quarter"). The production increase between the current quarter and the fourth quarter of 2022 reflects a 57% increase in production from Beta Hunt partially offset by reduced production at the HGO.
- **Revenue** totalled $101.8 million, 5% higher than the fourth quarter of 2022 reflecting higher gold price realised and 5% lower than the previous quarter due to timing of sales.
- **Production and processing costs** of $61.6 million compared to $54.3 million in the fourth quarter of 2022 and $55.5 million the previous quarter, with the increase from the fourth quarter of 2022 reflecting the impact of temporary contract crushing at Higginsville, $0.3 million nickel by-product credits in the current quarter compared to $2.9 million in the same period in 2022, and a $3.1 million write down of historic stockpiles. 5,253 tonnes of nickel ore at an estimated grade of 2.3% were mined but not yet sold in the fourth quarter of 2023, as the Company was negotiating a new nickel sale arrangement.
- **Cash operating costs**[1] **per ounce sold** averaged US$1,272 compared to US$1,034 in the fourth quarter of 2022 and US$1,062 in the previous quarter, with the increased cost from the previous quarter resulting from lower grade production at HGO in the current quarter. The increase compared to the same quarter in 2022 reflects impact of the contract crushing at Higginsville as well as lower nickel credits in the current quarter of US$6/oz compared to US$56/oz in the same period in 2022, partially offset by higher grade at Beta Hunt. Repairs to the crusher bridge were completed during the first quarter of 2024.
- **AISC**[1] **per ounce sold** averaged US$1,435, compared to US$1,110 in the fourth quarter of 2022 and US$1,196 the previous quarter, reflecting higher cash operating cost per ounce and lower sales (respective 6% and 9% lower than in the same quarter 2022 and previous quarter 2023, due to timing of sales). Specifically, the contract crushing required during the crusher bridge remediation contributed US$51 to AISC per ounce. Additionally, the Q4 2023 nickel by-product credit was US$6 per ounce sold compared to US$56 per ounce sold for Q4 2022, reflecting reduced nickel sales during the quarter. The increase from the 2022 fourth quarter also reflects the impact of higher sustaining capital spending.

- **Net loss** of $1.7 million ($0.01 per share) compared to net earnings of $9.6 million ($0.06 per share) for the same period in 2022 and net earnings of $6.9 million ($0.04 per share) in the third quarter of 2023. The fourth quarter of 2023 was impacted by a non-cash $9.2 million impairment charge and a $3.1 million write down of to historic stockpiles value, lower sales volumes, as well as reduced nickel by-product credits as noted above.
- **Adjusted earnings**[1] of $3.3 million ($0.02 per share) compared to $8.7 million (0.05 per share) in the fourth quarter of 2022 and $14.0 million ($0.08 per share) the previous quarter, reflecting lower sales volumes and higher production and processing costs as noted above.
- **Adjusted EBITDA**[1,2] of $24.9 million decreased 15% from $29.2 million in the fourth quarter of 2022 and was 33% lower than $37.0 million in the third quarter of 2023.
- **Cash flow provided by operating activities** of $32.1 million versus $36.5 million in the final quarter of 2022 and $45.3 million the previous quarter.
- **Cash** of $82.5 million at December 31, 2023 reduced $1.7 million or 2% from $84.2 million at September 30, 2023.
- **Working capital**[1] totalled $53.4 million versus $68.4 million at the end of the previous quarter, with the decrease reflecting an increase in year end creditors (including quarterly royalty obligations) and the historic stockpiles write down.

[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 final quarter of 2023 with significant improvements to the mine's primary ventilation circuit to accommodate the increasing mining fleet. A temporary primary fan arrangement has been successfully incorporated, with the three ventilation raises completed during the final quarter of the year. Orders have been placed for the supply, installation, and commissioning of the new permanent primary ventilation fans in the third quarter of 2024. The expansion of the new mining fleet continued with delivery of five underground trucks and three underground loaders in 2023, with further fleet expansion planned in 2024. 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.
- **The Annual Mineral Resource and Reserve update was highlighted by strong increases in the Beta Hunt Gold Mineral Resource and Reserves:** The update, released on November 21, 2023, showed Beta Hunt Gold Measured and Indicated Resources increased by 18% to 1.6 million ounces highlighted by a 12% increase in grade from 2.6 g/t to 2.9 g/t at Western Flanks, Beta Hunt's largest Mineral Resource. Gold Proven and Probable Mineral Reserve increased by 6% to 573,000 ounces. Consolidated (Beta Hunt plus Higginsville) Gold Measured and Indicated Mineral Resource inventory increased by 9% to 3.2 million ounces. Consolidated Proven and Probable Mineral Reserves now total 1.3 million ounces.

- **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 post Q4 on February 22, 2024. Assays from four drill holes were released which included intersections of strong mineralization in targeted areas. Significant results included 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 and 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 initial cuts into the zone anticipated in in the first half of 2024.
- **High Grade results received from the 50C Nickel infill and extensional drill program:** Results received post Q4 for the first six drill holes of the 50C infill drill program delivered some of the highest-grade nickel intersections recorded from the 50C nickel trough to date, highlighting the potential to upgrade and extend the existing Nickel Mineral Resource. Significant results, as released on February 26, 2024, included 8.2% Ni over 5.1 metres, including 13.7% Ni over 2.6 metres and 12.0% Ni over 2.9 metres.

Other Corporate Highlights

- **Kali Metals Lithium Transaction:** The transaction, completed in December 2023 with Kali Metals Limited 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 new entity Kali Metals Limited creating a new, separately run lithium-focused, ASX-listed exploration company. Karora retains a 22% interest in Kali Metals Limited.
- **Long Term Power Purchase Agreement, Critical Step in Reducing Greenhouse Gas**: Subsequent to year end, 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 and facilitate reduced carbon emissions from the site from early 2025.

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 Spargos Reward Gold Mine ("Spargos") 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 intended 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 the shared operational synergies with the primary business of gold mining. Subsequent to the year end, Karora ceased handheld mining activities of its nickel ore at Beta Hunt, opting for more productive, lower cost and lower risk mechanised mining as the nickel ore at Beta Hunt is highly amenable to these mechanised mining methods due to ore zone geometries. All 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 improvements in unit costs for gold production. Nickel ore from Beta Hunt is typically trucked four kilometers for processing at BHP's Kambalda Nickel Concentrator. Subsequent to the year end, BHP announced it will be placing the Kambalda Nickel Concentrator on care and maintenance from mid 2024 thereby impacting processing options for Beta Hunt's nickel ore. Beta Hunt's nickel ore has 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. Karora will continue to explore alternative processing opportunities with other nickel miners and explorers in the Eastern Goldfields of Western Australia.

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.

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

OPERATING RESULTS

Operating Data

	Three Months Ended,			Twelve Months Ended,	
	Dec 31, 2023	Dec 31, 2022	Sep 30, 2023	**Dec 31, 2023**	Dec 31, 2022
Gold Operations (Consolidated)					
Tonnes milled (000s)	**485**	522	516	**2,039**	1,925
Recoveries	**94%**	94%	95%	**95%**	94%
Gold milled, grade (g/t Au)	**2.75**	2.37	2.51	**2.59**	2.30
Gold produced (ounces)	**40,295**	37,309	39,547	**160,492**	133,887
Gold sold (ounces)	**37,439**	39,900	41,278	**157,034**	132,098
Average exchange rate (C$/US$) [1]	**0.73**	0.74	0.75	**0.74**	0.77
Average realized price (US $/oz sold)	**$1,988**	$1,737	$1,931	**$1,926**	$1,793
Cash operating costs (US $/oz sold)[2]	**$1,272**	$1,034	$1,062	**$1,128**	$1,099
All-in sustaining cost (AISC) (US $/oz sold)[2]	**$1,435**	$1,110	$1,196	**$1,248**	$1,174
Gold (Beta Hunt)					
Tonnes milled (000s)	**363**	250	333	**1,314**	1,084
Gold milled, grade (g/t Au)	**3.13**	2.76	2.17	**2.71**	2.40
Gold produced (ounces)	**34,486**	20,870	21,926	**108,698**	79,125
Gold sold (ounces)	**31,819**	22,342	23,595	**104,821**	78,377
Cash operating cost (US $/oz sold)[2]	**$1,123**	$992	$1,233	**$1,088**	$1,045
Gold (HGO Mine)					
Tonnes milled (000s)	**123**	273	183	**726**	841
Gold milled, grade (g/t Au)	**1.61**	2.01	3.13	**2.36**	2.18
Gold produced (ounces)	**5,809**	16,439	17,621	**51,794**	54,763
Gold sold (ounces)	**5,620**	17,558	17,683	**52,213**	53,721
Cash operating cost (US $/oz sold)[2]	**$2,112**	$1,088	$832	**$1,209**	$1,179

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 fourth quarter of 2023 was 40,295 ounces, an 8% increase from the fourth quarter of 2022 (37,309 ounces) and 2% increase over the 39,547 ounces in the previous quarter. The increase from the fourth quarter of 2022 resulted primarily from the 45% increase in tonnage and 14% higher grade from Beta Hunt offsetting lower tonnes and grade from HGO. Consolidated tonnage was 7% and 6% down on the comparative period in 2022 and prior quarter respectively due to a number of planned and unplanned maintenance shuts at the two plants during the last quarter of 2023. Despite higher production versus comparable quarters, sales volume was 37,439 ounces for the quarter being 6% lower than the fourth quarter of 2022 and 9% lower than the September 2023 quarter. This resulted from complications in the two gold rooms at the end of the fourth quarter (resolved in the first days of January 2024) combined with the year end holiday period, resulting in higher levels of gold in circuit at year end.

Cash operating costs[1] per ounce sold for the fourth quarter of 2023 averaged US$1,272 compared to US$1,034 for the same period in 2022 and US$1,062 the previous quarter with the increase from the previous quarter due to the lower grade production at HGO in the current quarter. The increase from the same period for 2022 reflects the impact of the temporary contract crushing at Higginsville, lower nickel by-product credits of US$6/oz compared to US$56/oz in the same period in 2022 and continued industry cost pressures in Western Australia in areas such as contractors, power and fuel. Crusher bridge repairs were completed in March 2024. 5,253 tonnes of nickel ore at an estimated grade of 2.3% was mined but not yet sold in the fourth quarter of 2023.

AISC[1] per ounce sold in the fourth quarter of 2023 averaged US$1,435 compared to US$1,110 in the fourth quarter of 2022 and US$1,196 the previous quarter due to the lower comparable sales volume, impact of the higher cash operating costs per ounce sold, and higher proportional sustaining capital for the final quarter of 2024.

For the twelve months of 2023, gold production totalled 160,492 ounces, 20% higher than 133,887 ounces in the twelve months of 2022 reflecting a 6% increase in tonnes milled and a 12% improvement in the average grade. Higher tonnes milled reflected an increase in milling capacity following the acquisition of the Lakewood Mill in August 2022 and its subsequent throughput increase to 1.0Mtpa. This result represents an annual production record for the Company and exceeded the top end of the 145,000 – 160,000 ounces gold production guidance range for 2023.

Cash operating costs[1] per ounce sold for the twelve months of 2023 averaged US$1,128 compared to US$1,099 for the same period in 2022 with volume and grade improvements offset by higher operating costs, particularly the additional costs incurred around temporary contract crushing due to the HGO crusher bridge failure. AISC[1] per ounce sold averaged US$1,248 for 2023 (within the cost guidance range of US$1,100 – US$1,250), compared to US$1,174 a year earlier reflecting higher sustainable capital for the year primarily replacement and engine rebuilds for Beta Hunt mining equipment.

BETA HUNT MINE OPERATIONS REVIEW

During the fourth quarter of 2023, Beta Hunt mined 360,300 tonnes at an average grade of 3.05 g/t containing 35,286 ounces of gold. This represented a 43% improvement on the fourth quarter of 2022 ore tonnes mined, and a 1% improvement on the prior quarter ore tonnes reflecting progress in the ongoing production ramp up at the Beta Hunt mine. Contained gold was 52% higher than the fourth quarter of 2022 (252,500 tonnes at 2.84 g/t for 23,100 contained ounces) and 54% higher than the prior quarter (357,200 tonnes at 2.00 g/t for 22,912 contained ounces) reflecting the mining of a planned higher-grade section of Beta Hunt during the current quarter as disclosed in the Q3 MD&A. The majority of the mined tonnes during the fourth quarter came from the central and southern section of Western Flanks and the scheduled higher grade ore zones from A Zone during December.

Gold production from Beta Hunt in the fourth quarter of 2023 totalled 34,486 recovered ounces based on milling 362,500 tonnes at an average grade of 3.13 g/t and 94.4% plant recovery. The higher grade, combined with the higher processed tonnes (9% and 45% higher, respectively from the previous quarter and fourth quarter 2022) contributed to 65% higher gold production for the quarter compared to the fourth quarter of 2022 (20,870 ounces) and 57% higher than the prior quarter (21,926 ounces).

Cash operating costs[1] per ounce sold at Beta Hunt averaged US$1,123 in the fourth quarter of 2023, which compared to US$992 in the fourth quarter of 2022, and US$1,233 the previous quarter. The reduction in cash operating costs per ounce from the previous quarter of 2023 reflects the impact of higher grade. The increase compared to the 2022 fourth quarter reflects higher 2023 costs per unit, primarily due to the temporary contract crushing and a reduction in by-product credits of US$88 per ounce from lower comparable nickel sales for the quarter compared to 2022 (no Q4, 2023 nickel production was sold in the final quarter of 2024 as the Company was in the process of negotiating a new sales arrangement).

KARORA RESOURCES

For the twelve months of 2023, Beta Hunt mined 1,314,600 tonnes at an average grade of 2.69 g/t containing 113,726 ounces of gold, which compared to 1,081,500 tonnes mined at an average grade of 2.45 g/t containing 85,208 ounces of gold in 2022. Full year gold production in 2023 totalled 108,698 ounces, a 37% increase from production of 79,125 ounces in 2022, which resulted from 21% higher Beta Hunt ore mill throughput and 13% higher grade for the full year. Cash operating costs[1] per ounce sold averaged US$1,088 broadly in line with the US$1,045 in 2022.

In addition to gold production, Beta Hunt mined 5,253 tonnes of nickel ore at an estimated grade of 2.3% nickel during the fourth quarter of 2023 compared to 5,755 tonnes of nickel ore mined at an estimated grade of 2.0% nickel for the same period in 2022 and 5,193 tonnes of nickel ore at an estimated grade of 1.7% nickel the previous quarter. For the twelve months of 2023, 23,288 tonnes of nickel ore were mined at an estimated grade of 2.2% nickel, which compared to 24,604 tonnes mined at an estimated average grade of 1.7% nickel a year earlier.

HIGGINSVILLE GOLD OPERATIONS REVIEW

During the fourth quarter of 2023, HGO mined 90,400 tonnes at an average grade of 1.76 g/t containing 5,129 ounces, which compared to 106,000 tonnes mined at an average grade of 3.34 g/t containing 11,370 ounces in the fourth quarter of 2022 and 96,400 tonnes at an average grade of 5.16 g/t containing 15,994 ounces the previous quarter. The quantity of tonnes mined during the final quarter of 2023 largely reflected continued open pit mining at Pioneer and commencement of Two Boys underground in the quarter after the conclusion of Aquarius underground mine in the prior quarter.

Production at HGO in the fourth quarter of 2023 totalled 5,809 recovered ounces based on milling 122,800 tonnes at an average grade of 1.61 g/t. Production in the fourth quarter of 2023 decreased 65% from 16,439 ounces in the fourth quarter of 2022 (272,600 tonnes at 2.01 g/t), reflecting the 55% lower tonnes processed and 20% lower grade. Production in the fourth quarter of 2023 was 67% lower than the previous quarter (182,500 tonnes at 3.13 g/t for 17,621 ounces), similarly reflecting the 33% lower tonnes processed and 49% lower grade compared to the previous quarter where final stopping from the Aquarius underground mine was completed. Tonnes processed were lower compared to both periods due to reduced satellite feed sources with the focus on the ramp up tonnes from Beta Hunt.

Cash operating costs[1] per ounce sold at HGO averaged US$2,112 in the fourth quarter of 2023 versus US$1,088 for 2022, with the increase reflecting impact of the higher costs per tonne (temporary contract crushing costs and higher costs incurred on new short term mining projects) and lower processing grade. Cash operating costs[1] per ounce sold in the fourth quarter of 2023 increased from US$832 the previous quarter reflecting lower grade processed (1.61 g/t compared to 3.13 g/t in the previous quarter, with the previous quarter ounces coming primarily from Aquarius).

For the twelve months of 2023, HGO mined 437,100 tonnes at an average grade of 3.26 g/t containing 45,857 contained ounces of gold, which was 7% lower than the tonnes mined in 2022 (469,800 tonnes at an average grade of 3.09 g/t containing 46,767 ounces of gold) reflecting ore source timing in accordance with the mine plan. Full year gold production in 2023 totalled 51,794 ounces resulting from processing 725,800 tonnes at an average grade of 2.36 g/t versus gold production of 54,763 ounces based on processing 841,200 tonnes at an average grade of 2.18 g/t for 2022. Cash operating costs[1] per ounce sold averaged US$1,209 compared to US$1,179 in 2022 with the higher cash costs largely due to the crusher bridge failure and associated temporary contract crushing costs incurred in the second half of 2023, as well as lower grade in the fourth quarter.

PROCESSING FACILITY REVIEW

A total of 485,300 tonnes were milled at an average grade of 2.75 g/t with average recoveries of 94% for production of 40,295 ounces during the fourth quarter.

Beta Hunt contributed 100% of the throughput at the Lakewood Mill during the final quarter of 2023, totalling 211,100 tonnes at an average grade of 3.46 g/t. Recovered gold during the quarter totalled 22,352 ounces. The balance of Beta Hunt was dedicated to the Higginsville processing plant with Beta Hunt contributing 55% of the mill throughput and HGO providing the remaining 45%. At Higginsville, 274,200 tonnes of material were processed at an average grade of 2.18 g/t for a recovered gold of 17,944 ounces.

For the twelve months of 2023, throughput at the Lakewood Mill totalled 759,700[2] tonnes (98% from Beta Hunt and 2% from HGO) at an average grade of 2.39 g/t. Recovered gold during the twelve-month period totalled 55,064 ounces. 1,279,700 tonnes were milled at the Higginsville (with 45% of mill feed coming from Beta Hunt and 55% from HGO) at an average grade of 2.70 g/t. Recovered gold totalled 105,428 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 Q4, the twelve months throughput excludes external toll treatment ore processed during 2023

EXPLORATION

BETA HUNT EXPLORATION

During the fourth quarter of 2023, three underground drill rigs completed 7,546 metres of drilling as part of the gold and nickel exploration and resource definition campaign in support of the Company's growth plan.

Gold drilling (3,932m) during the quarter focused 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). The current drilling is part of the Stage 2 infill program, comprising 9 holes designed to upgrade and extend mineralization centred around previously released drill intersections (WF405ACC-48AE - 4.8 g/t over 32 metres and WF405ACC-49AE - 3.6 g/t over 34.5 metres - see Karora news release dated September 12, 2023). The overall goal of the Stage 2 program is to assist the aim of producing an initial Mineral Resource for Fletcher. The Stage 2 program is planned to be completed in Q2, 2024.

Resource definition drilling close to the northern margin of the Larkin Zone was focused on upgrading the gold Mineral Resource. Additionally, drill holes targeting extensions to the 30C and 20C nickel Mineral Resources also tested Larkin gold mineralization which occurs directly below the nickel mineralization. These holes were assayed for gold as part of Beta Hunt standard assaying procedure for holes designed to test nickel mineralization.

Nickel drilling (3,614m) continued infilling both the southern end of the East Alpha in an area known as Gamma in preparation for mine development and the 20C and 30C nickel Mineral Resources to assist with short term mine production. In addition, drilling commenced infilling and extending the 50C nickel Mineral Resource in the Gamma Block.

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 (Figure 1). Significant results are summarised 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 are not available at this time.*

WF380ACC-09: Designed to test mineralized extensions 80 metres northwest along strike to the previously drilled holes WF405ACC-48AE and WF405ACC-49AE (see Figure 3). A significant intersection of 3.8 g/t Au over 33.0 metres confirmed a continuation of Fletcher mineralization to the north, with the mineralized interval in an offset position to the interpreted northwest strike of the mineralization trend (see Figure 2). Mineralization is associated with strong biotite-pyrite quartz vein alteration characteristic of the Western Flanks deposit.

WF380ACC-16AE: Designed to define the position of the ultramafic/basalt contact. The results allowed for a significantly improved interpretation of the contact position with drill hole WF380ACC-16AE intersecting 34.6 g/t Au over 2.0 metres which defines the upper extent of the main mineralized zone.

WF380ACC-12AE: Results extended the down-dip extension of the main mineralized zone over 230 metres. The interpreted extension is significantly impacted by a post-mineralization porphyry intrusive which has cross-cut and replaced the bulk of the interpreted mineralized position at this depth.

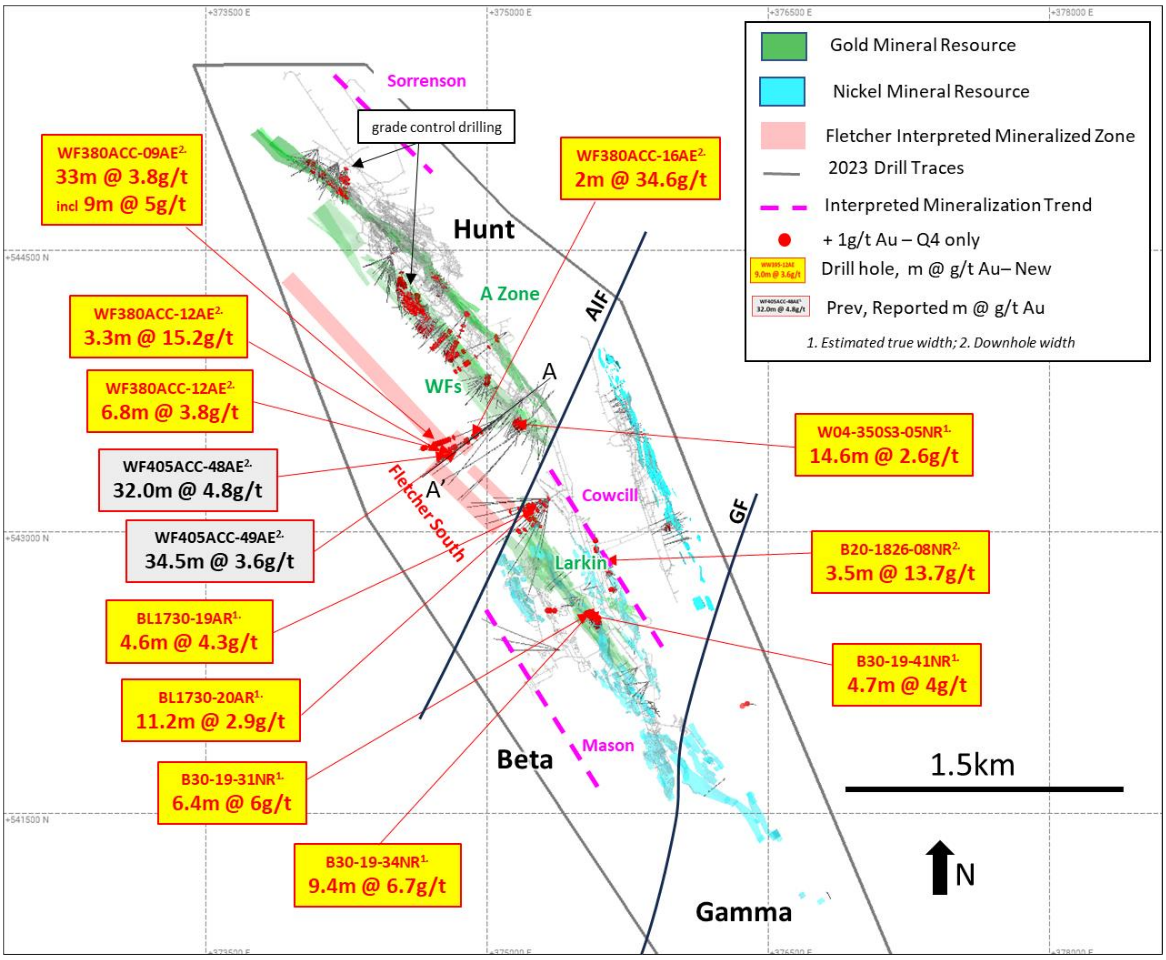

Figure 1: Beta Hunt plan view highlighting gold results received for period October 1, 2023 to December 31, 2023. Significant results labelled.

Drill results were also returned from two areas along the Larkin Zone - Larkin Central and Larkin North.

Larkin Central: Gold results were received for 17 holes targeting the 20C and 30C nickel troughs in the Central portion of the Larkin Gold Mineral Resource that were also assayed for gold. The results will be used to update the Larkin Mineral Resource Model. Highlights from the drilling results are summarised below:

- 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

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

Larkin North: Gold results were received for 5 holes designed to upgrade the northern section of the Larkin Mineral Resource. All holes intersected significant mineralization and the results[1] are summarized below:

- 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*

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.

Results received for the first six drill holes of the 50C infill drill program delivered some of the highest-grade nickel intersections recorded from the 50C to date, highlighting the potential to upgrade and extend the existing Nickel Mineral Resource (Figures 2 and 3). The high-grade intersections are associated with massive sulphide, dominated by nickel sulphide mineral pentlandite, occurring on both the ultramafic/basalt contact and basalt/basalt pinch positions. 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*

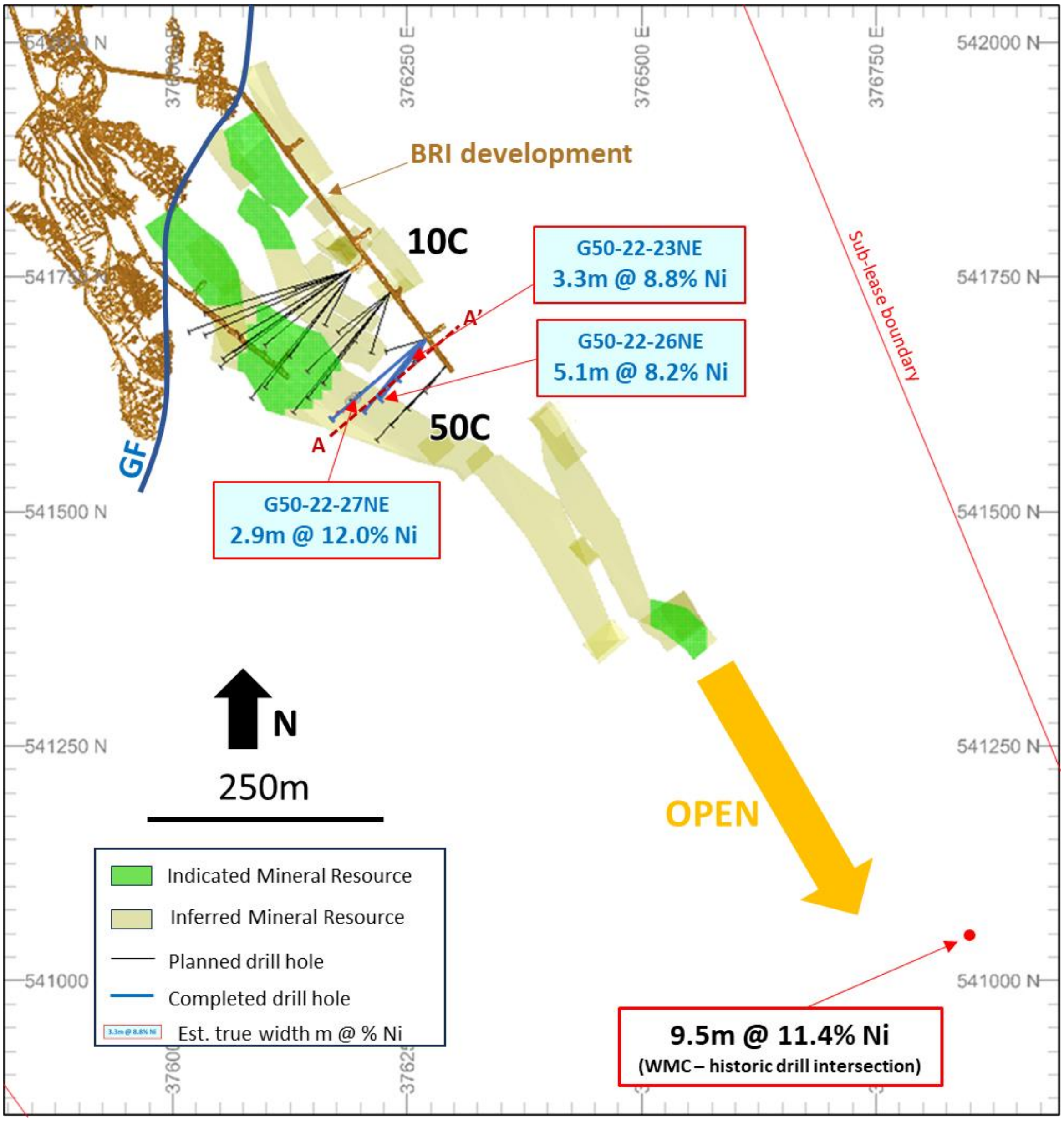

Figure 2: Plan view of the Gamma Block Nickel Resources highlighting the current 50C infill drilling program and significant drill results received to date.

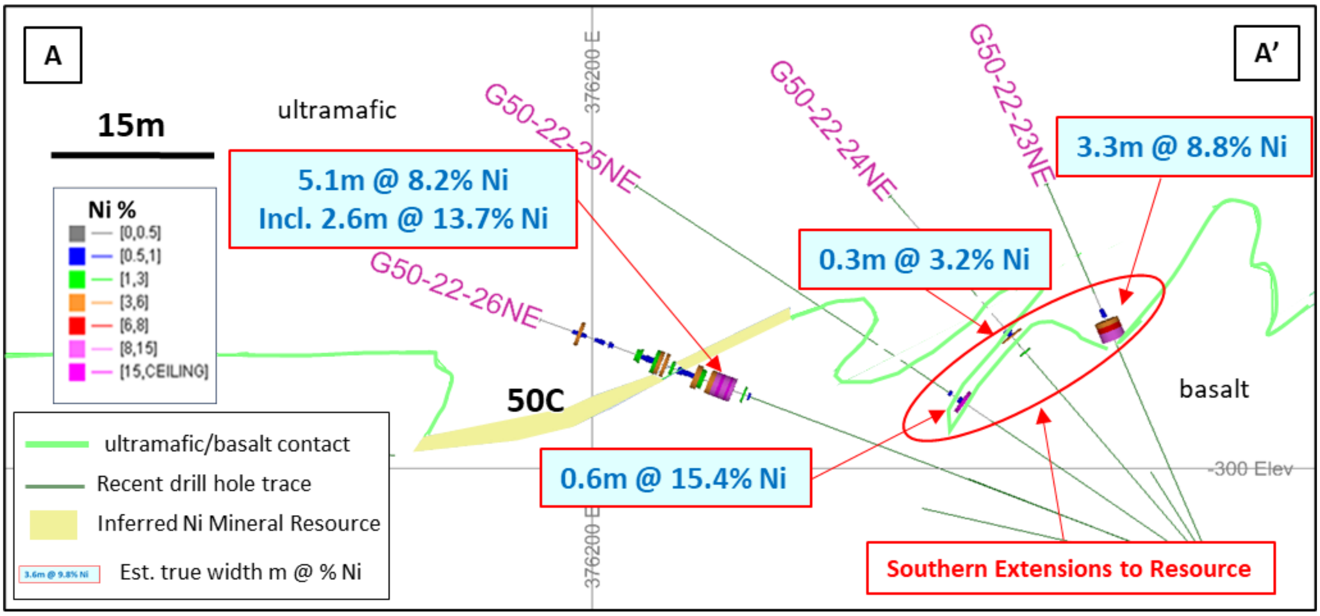

Figure 3: Cross-section of 50C drilling looking northwest highlighting recently received drill results. Location of section is shown on Figure 1.

HIGGINSVILLE EXPLORATION

During the fourth quarter of 2023, drilling comprised both exploration and resource definition programs including aircore, reverse circulation ("RC") and diamond drilling totalling 3,611 metres. Work comprised:

- Infill drilling the southern portion of the Pioneer deposit with the aim of upgrading the current Mineral Resource. This program was completed with results incorporated into an updated Mineral Resource used to support the current open-pit mine design.
- Completing the metallurgical test work drilling over the Mitchell paleochannel deposit. All gold assay results were received during the Quarter and support the existing Mineral Resource. Metallurgical testing has commenced with results from the testwork to be incorporated into a mine evaluation of this deposit.
- Evaluation of the final assay results from the Barcelona prospect. This work showed anomalous gold grades up to 1.3 g/t over 1 metre associated with extensions of the interpreted main mineralised northwest trending structures. Interpreted alternate structures were also identified from the drilling and remain to be tested.
- Reconnaissance aircore drilling, soil and rock chip sampling over regional targets.
- Closed-spaced (250m X 250m and 125m X 250m) ground gravity and passive seismic horizontal-to-vertical spectral ratio (HVSR) surveys commenced over Lake Cowan to complement the existing ground coverage. The gravity survey is aimed at identifying underlying Archean structures and stratigraphy. Results from the passive seismic survey will be used to identify paleochannels with potential to host alluvial gold.
- Project generation work continued with activities aimed at reviewing, identifying and prioritising both near-mine resource development and greenfield exploration targets.

MINERAL RESOURCE AND MINERAL RESERVE ESTIMATES

On November 21, 2023 Karora released it's Annual Mineral Resource and Reserve update for both gold and nickel with an effective date to September 30, 2023.

Highlights from the update are summarised below:

- Consolidated Gold Measured and Indicated Mineral Resource inventory increased by 9% to 3.2 million ounces net of mining depletion
- Beta Hunt:
  - Gold Measured and Indicated Mineral Resources increased by 18% to 1.6 million ounces (Figure 4)
  - Measured and Indicated Mineral Resource grade at Western Flanks, Beta Hunt's largest zone, increased by 12% from 2.6 g/t to 2.9 g/t Au (1.1 million ounces)
  - Gold Proven and Probable Mineral Reserve increased by 6% to 573,000 ounces
- Higginsville
  - Maiden Probable Mineral Reserve produced for the Spargo deposit comprising 437,000 tonnes grading 4.6 g/t Au for 64,000 ounces

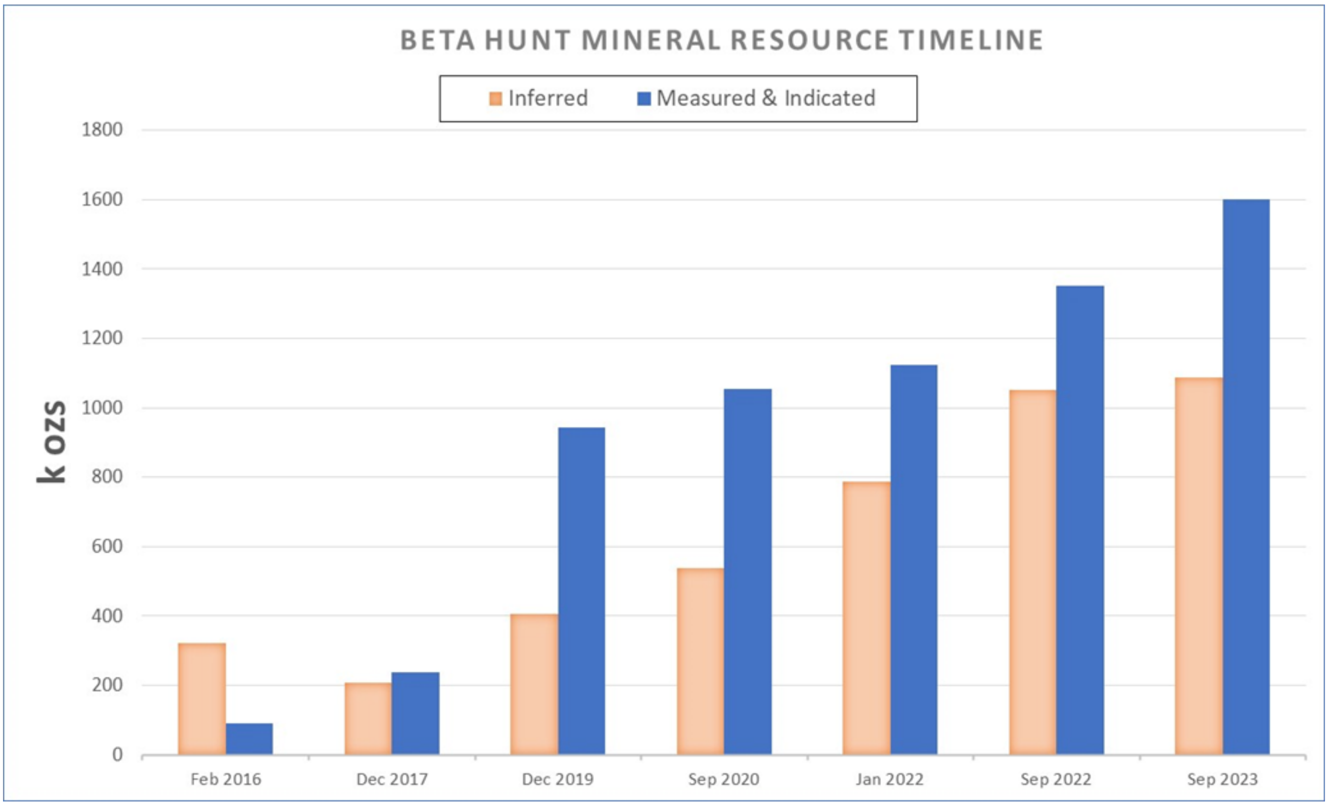

Figure 4: Beta Hunt Gold Mineral Resource timeline, 2016 to 2023, highlights significant and consistent growth in Mineral Resources since 2016.

A summary of Karora's Consolidated Mineral Resource and Mineral Reseves to September 30, 2023 is detailed below:

Gold

The updated Consolidated Measured and Indicated ("M&I") Gold Mineral Resource totals 3.2 million ounces, an increase of 9% over previously reported September 30, 2022 estimate for Beta Hunt (see Karora news release dated February 13, 2023) and the previously reported January 2022 estimate for Higginsville (see Karora news release dated April 7, 2022). The Consolidated Inferred Gold Mineral Resource now totals 1.5 million ounces, representing a 4% increase.

Table 1: Gold – Consolidated Mineral Resources as at Sept 30, 2023
Note: Refer to detailed footnotes below

Sept-23 Gold Mineral Resource Summary	Measured			Indicated			Measured & Indicated			Inferred		
	Kt	g/t	Koz	Kt	g/t	Koz	Kt	g/t	Koz	Kt	g/t	Koz
Beta Hunt	1,278	2.8	116	16,855	2.7	1,484	18,133	2.7	1,600	12,865	2.6	1,086
Higginsville	13,355	1.4	582	18,469	1.7	1,007	31,824	1.6	1,589	6,931	2.0	452
TOTAL	**14,633**	**1.5**	**698**	**35,324**	**2.2**	**2,490**	**49,957**	**2.0**	**3,189**	**19,796**	**2.4**	**1,538**

The updated Consolidated Proven and Probable Gold Mineral Reserve totals 1.3 million ounces, an overall decrease of 8% over previously reported September 30, 2022 estimate for Beta Hunt and the previously reported September, 2020 estimate for Higginsville. Despite the overall consolidated decrease, Beta Hunt still managed a 7% increase in Gold Mineral Reserves. Drilling to convert Mineral Resources to Mineral Reserves has been concentrated on upgrading the flagship Beta Hunt Mine since the Company's last Mineral Reserve update.

Table 2: Gold – Consolidated Mineral Reserves as at Sept 30, 2023
Note: Refer to detailed footnotes below

Sept-23 Gold Mineral Reserve Summary	Proven			Probable			Proven & Probable		
	Kt	g/t	Koz	Kt	g/t	Koz	Kt	g/t	Koz
Beta Hunt	316	2.7	28	6,260	2.7	545	6,577	2.7	573
Higginsville	8,078	1.3	342	6,196	1.8	363	14,273	1.5	705
TOTAL	**8,394**	**1.4**	**369**	**12,456**	**2.3**	**909**	**20,850**	**1.9**	**1,278**

Nickel

As at September 30, 2023, M&I Mineral Resources totaled 776,000 tonnes grading 2.9% Ni for 22,300 nickel tonnes. This marks an increase of 1,200 nickel tonnes, or 6% compared to the September 30, 2022, Measured and Indicated Mineral Resource estimate (see Karora news release dated March 7, 2023). The change reflects an upgrade based on new infill drilling in the Kappa and Delta nickel lenses, part of the East Alpha Mineral Resource. The September 30, 2023 Inferred Mineral Resources totals 500,000 tonnes grading 2.7% Ni for 13,400 nickel tonnes. This result represents no change compared to the September 30, 2022 Inferred Mineral Resource estimate.

Table 3: Nickel– Beta Hunt Consolidated Mineral Resources as at Sept 30, 2023
Note: Refer to detailed footnotes below

Sept-2023 Nickel Mineral Resource	**Measured**			**Indicated**			**Measured & Indicated**			**Inferred**		
	K tonnes	**Ni (%)**	**Ni tonnes**	**K tonnes**	**Ni (%)**	**Ni tonnes**	**K tonnes**	**Ni (%)**	**Ni tonnes**	**K tonnes**	**Ni (%)**	**Ni tonnes**
Beta Block	-	-	-	579	2.8	16,400	579	2.8	16,400	182	2.8	5,200
Gamma Block	-	-	-	197	3.0	6,000	197	3.0	6,000	317	2.6	8,200
Total	**-**	**-**	**-**	**776**	**2.9**	**22,300**	**776**	**2.9**	**22,300**	**500**	**2.7**	**13,400**

Two NI43-101 Technical reports - 'Beta Hunt Operation Eastern Goldfields, Western Australia' and 'Higginsville-Lakewood Operation, Eastern Goldfields, Western Australia' were filed on the SEDAR website (www.sedarplus.ca) on January 5, 2024 in support of the November 21, 2023 news release.

Detailed Footnotes relating to Mineral Resource Estimates as at September 30,2023

(1) Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability. There is no certainty that all or any part of the Mineral Resources estimated will be converted into Mineral Reserves.

(2) The Measured and Indicated Mineral Resources are inclusive of those Mineral Resources modified to produce Mineral Reserves.

(3) The Mineral Resource estimates include Inferred Mineral Resources that are normally considered too speculative geologically to have economic considerations applied to them that would enable them to be categorized as Mineral Reserves. There is also no certainty that Inferred Mineral Resources will be converted to Measured and Indicated categories through further drilling, or into Mineral Reserves once economic considerations are applied.

(4) The Gold Mineral Resource is estimated using a long term gold price of US$1,700/oz with a US:AUD exchange rate of 0.70.

(5) The Gold Mineral Resource for Higginsville deposits is reported using a 0.5g/t Au cut-off for open pits (0.4g/t Au cut-off for Mt Henry Project) and a 1.3g/t Au cut-off grade for underground (1.6g/t Au for Spargos underground). The Gold Mineral Resource for Beta Hunt underground is reported using a 1.4g/t Au cut-off.

(6) The Nickel Mineral Resource is reported within proximity to underground development and nominal 1% Ni lower cut-off grade for the nickel sulphide mineralization.

(7) The Mineral Resource is depleted for all mining to September 30, 2023

(8) The Nickel Mineral Resource assumes an underground mining scenario and a high level of selectivity.

(9) To best represent "reasonable prospects of eventual economic extraction" the mineral resource for open pits has been reported within optimized pit shells at A$2,429 (US$1,700) and, for underground resources, areas considered sterilized by historical mining are depleted from the Mineral Resource.

(10) Mineral Resource tonnage and contained metal have been rounded to reflect the accuracy of the estimate, and numbers may not add due to rounding.

Detailed Footnotes relating to Mineral Reserve Estimates as at September 30, 2023

(1) The Mineral Reserve is estimated using a long-term gold price of US$1,500/oz and a long term nickel price of US$17,500/t with a US:AUD exchange rate of 0.70.

(2) At Beta Hunt, Underground Gold Mineral Reserves are reported at a 1.8 g/t Au cut-off grade while Nickel Mineral Reserves are reported at a 2% Ni cut-off grade. At Higginsville, Underground Mineral Reserves cut-off grades vary between 1.6g/t to 2.0g/t Au. The cut-off grade considers Operating Mining, Processing/Haulage and G&A costs, excluding capital.

(3) At Higginsville, Open Pit cut-off grades vary between 0.8 g/t to 1.0g/t Au. The cut-off grade considers dilution, mine recovery, mining and processing/haulage costs. Dilution and recovery factors varied by deposit.

The Mineral Reserve is depleted for all mining to September 30, 2023.

FINANCIAL RESULTS

(in thousands of dollars except per share amounts)	Three months ended,		Twelve months ended,		
For the years ended December 31,	**2023**	2022	**2023**	2022	2021
Revenue	**$101,782**	$96,835	**$416,319**	$317,042	$264,186
Production and processing costs	**61,609**	54,306	**228,094**	179,265	121,893
Earnings (loss) before income taxes	**(4,525)**	9,804	**20,117**	16,650	46,064
Net earnings (loss)	**(1,705)**	9,560	**8,920**	9,901	27,467
Net earnings (loss) per share - basic	**(0.01)**	0.06	**0.05**	0.06	0.18
Net earnings (loss) per share - diluted	**(0.01)**	0.05	**0.05**	0.06	0.18
Adjusted EBITDA [1,2]	**24,854**	29,196	**129,314**	91,511	104,280
Adjusted EBITDA per share - basic [1,2]	**0.14**	0.17	**0.74**	0.56	0.70
Adjusted earnings [1,2]	**3,330**	8,699	**36,084**	21,121	48,639
Adjusted earnings per share - basic [1,2]	**0.02**	0.05	**0.21**	0.13	0.33
Cash flow provided by operating activities	**32,064**	36,538	**132,675**	88,224	106,460
Cash investment in property, plant and equipment and mineral property interests	**(32,428)**	(21,454)	**(103,143)**	(171,144)	(92,016)

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

Three and twelve months ended December 31, 2023 compared to three and twelve months ended December 31, 2022

REVENUE

For the three months ended December 31, 2023, the Company generated revenue of $101.8 million, a $4.9 million or 5% increase from the fourth quarter of 2022. Gold revenue totalled $101.4 million, $7.7 million or 8% higher than the 2022 fourth quarter, with the increase reflecting $13.5 million from rate factors, including the impact of a stronger US dollar as well as a 15% increase in the average US$ realized gold price, partially offset by the lower gold volume sold for the quarter. Beta Hunt contributed $86.2 million of total gold revenue in the fourth quarter of 2023, with HGO contributing $15.2 million. During the comparable period in 2022, Beta Hunt contributed $52.5 million of gold revenue, with the remaining $41.2 million coming from HGO.

For the twelve months ended December 31, 2023, revenue totalled $416.3 million, $99.3 million or 31% higher than $317.0 million for the same period in 2022. Gold revenue for the twelve months of 2023 totalled $408.3 million, a $98.9 million or 32% increase from a year earlier. Of the increase, $58.4 million related to a 19% increase in gold ounces sold, with rate factors contributing the remaining $40.5 million of revenue growth reflecting the 7% improvement in the average realized US$ gold price and the impact of a significantly stronger US dollar. Beta Hunt contributed $273.2 million of full year gold revenue, with HGO contributing $135.1 million. During the twelve months of 2022, Beta Hunt contributed $183.7 million of gold revenue, with $125.7 million coming from HGO.

PRODUCTION AND PROCESSING COSTS

For the three months ended December 31, 2023, production and processing costs totalled $61.6 million compared to $54.3 million in the comparable period in 2022. An increase in production and processing costs versus the fourth quarter of 2022 reflect the higher cost per unit of newly commenced short life mines at Two Boys and Pioneer, contributing to higher gross production costs; given short term life, no development capitalised at Two Boys. In addition, extra contract crushing costs associated with the crusher bridge failure, a write down of historic stockpiles carrying value, and continued cost pressures across Western Australia in areas such as labour, contractors, power and fuel, contributed to higher unit costs.

For the twelve months of 2023, production and processing costs were $228.1 million compared to $179.3 million for the same period in 2022, with the 27% increase reflecting 6% higher processing volumes and higher costs per unit. The higher costs per unit reflect primarily impact of temporary contract crushing services in the second half of 2023 at HGO during remediation of a crusher bridge failure, a $6.1 million write-down of historical low-grade stockpiles and continued cost pressures across Western Australia in areas such as labour, contractors, power and fuel.

ROYALTY EXPENSE

Royalty expense totalled $6.2 million in the fourth quarter of 2023 and $24.0 million for the twelve months of 2023, which compared to $5.0 million and $18.0 million for the same periods in 2022. Both increases reflect the higher revenue compared to the prior comparative periods (5% and 31% respectively) driven by the higher realised USD gold price in 2023 (14% and 7% respectively) and production areas for each period.

GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses totalled $9.0 million and $34.5 million for the three and twelve months ended December 31, 2023, respectively, compared to $7.7 million and $26.7 million, respectively, for the same periods in 2022. Higher general and administrative expenses in 2023 largely reflected the continued ramp up in workforce aligned with execution of the growth plan, as well as investments in projects aimed at enhancing management operating and information systems, as the Company executes its growth plan. Also contributing to increased employee and contractor costs in both the fourth quarter and twelve months of 2023 were continued tight labour markets in Western Australia. Many of these elevated costs are complete, noting that the fourth quarter includes a one-off provision for A$0.9 million related to employee entitlements in Western Australia arising from the interpretation of the Courts in a case involving BHP relating to public holidays. The full year costs included A$1.7 million investment in operational systems improvement related to a growth project which was completed in 2023.

SHARE-BASED COMPENSATION

For the three months ended December 31, 2023, general and administrative: share-based compensation expense was $3.3 million compared to $5.1 million for the same period in 2022. This in part reflected an annual share-based grant across the group designed to improve employee retention, mark to market of awards with a cash option (noting the 63% increase in share price in the final quarter of 2022) and expenses for executive end of service arrangements. For the twelve months ended December 31, 2023, general and administrative: share-based compensation expense was $10.4 million compared to $9.2 million for the comparable period in 2022. Expense or income from share-based compensation is largely driven by movements in the Company's share price during the respective periods.

IMPAIRMENT CHARGE

The Corporation considers both qualitative and quantitative factors when determining whether an asset may be impaired. Investment in exploration and development of underground access at the Two Boys underground mine project had delineated a mineral resource, however, mining the resource proved to be challenging and the Corporation reviewed the project. A decision was taken to revise the mine plan to a twelve-month underground mining project to target extraction of lower cost ore to maximise recovery of some of the exploration investment from the project. Following this decision in the fourth quarter of 2023, management determined that the Two Boys underground mine at Higginsville Gold Operation had indicators of impairment and performed an impairment test. An impairment charge of $9.1 million was recorded brining the carrying value of the project to its net realisable value.

DEPRECIATION AND AMORTIZATION

Depreciation and amortization expense for the three months and twelve months ended December 31, 2023 totalled $19.9 million and $68.2 million, respectively, compared to $18.2 million and $55.6 million, respectively, for the comparable periods in 2022. The increase in depreciation and amortization expense between comparative quarters is due to the higher proportion of Beta Hunt production for the current period and reflects the different production profile year-on-year. The increase in depreciation and amortization on a full year basis, reflects 19% higher levels of gold ounces sold, associated mining and processing volumes and the impact of additional investments in the Company's growth projects.

OTHER INCOME/EXPENSES, NET

For the three months ended December 31, 2023, other income net totalled $3.0 million, which mainly related to foreign exchange gain of $7.8 million, offset by a net finance expense of $2.0 million and an unrealised loss related to the derivative financial obligations of $2.6 million. Other income, net in the fourth quarter of 2022 totalled $3.3 million, which mainly related to foreign exchange gain of $8.7 million, offset by net finance expense of $1.8 million and loss on derivatives of $3.1 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.

For the twelve months ended December 31, 2023, other expenses, net totalled $21.5 million, which included foreign exchange losses of $5.5 million, loss on derivatives of $7.8 million, net finance expense of $8.0 million Including mid year debt term extension refinancing costs), and a $0.2 million unrealized loss related to the revaluation of marketable securities. In the twelve months of 2022, other expenses, net totalled $10.4 million reflecting $5.5 million of net finance expense, and $4.4 million loss on derivatives, partially offset by a $2.3 million foreign exchange gain for that period.

INCOME TAX EXPENSE

For the three months ended December 31, 2023, income tax recovery was $2.8 million compared to income tax expense of $0.2 million for the comparable period in 2022. On a full year basis, income tax expense in 2023 totalled $11.2 million versus $6.7 million a year earlier. The level of income tax expense in the fourth quarter and twelve months of 2023 reflected the level of taxable income generated by the Company's Australian operations.

NET EARNINGS (LOSS)

Net loss for the three months ended December 31, 2023 totalled $1.7 million or $0.01 per basic share, compared to net earnings of $9.6 million ($0.06 per basic share) for the three months ended December 31, 2022. The net loss in the fourth quarter of 2023, includes a non-cash $9.2 million impairment charge and $3.1 million inventory adjustment related to the non-cash write down of historic low-grade stockpiles. Other factors explaining the net loss in the fourth quarter of 2023 include the higher production and processing costs per unit (particularly in relation to contract crushing while the Higginsville crusher bridge is repaired), general and administrative, depreciation and amortisation, royalty, other and income tax expenses.

Net earnings for the twelve months ended December 31, 2023, was $8.9 million ($0.05 per basic share) compared to net earnings of $9.9 million ($0.06 per basic share) in the twelve months of 2022, despite a 37% of $44.4 million increase in operating margin more than offsetting the impact of higher general and administrative, depreciation and amortisation, royalty, other and income tax expenses.

ADJUSTED EARNINGS[1]

Adjusted earnings[1] for the three months ended December 31, 2023 totalled $3.3 million ($0.02 per share) versus $8.7 million ($0.05 per share) in the fourth quarter of 2022. The difference between net earnings and adjusted earnings[1] in the fourth quarter of 2023 resulted from the exclusion from adjusted earnings[1] of the after-tax impact of $3.2 million related to non-cash share-based payments, $9.2 million impairment charges, $2.6 million related to loss on derivatives, offset by the exclusion of $7.8 million foreign exchange gains.

For the twelve months ended December 31, 2023, adjusted earnings[1] totalled $36.1 million ($0.21 per share) versus $21.1 million ($0.13 per share) in the same period in 2022. The difference between net earnings and adjusted earnings[1] in the fourth quarter of 2023 largely resulted from the exclusion from adjusted earnings[1] of the after-tax impact of $10.0 million related to non-cash share-based payments, $9.2 million in impairment charges, $7.8 million related to loss on derivatives, and $5.5 million in unrealized foreign exchange loss. The increase in adjusted earnings[1] compared to the full year of 2022 mainly reflected the 37% increase in operating margin, driven by $98.9 million or 32% higher gold revenue.

SUMMARY OF QUARTERLY RESULTS

(in thousands of dollars)	2023				2022			
	Q4	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**
Revenues	**$101,782**	**$107,136**	**$110,595**	**$96,806**	$96,835	$81,326	$73,609	$65,272
Net earnings (loss)	**$(1,705)**	**$6,923**	**$6,643**	**($2,941)**	$9,560	$4,378	($328)	($3,709)
Net earnings (loss) per share - basic	**$(0.01)**	**$0.04**	**$0.04**	**($0.02)**	$0.06	$0.03	($0.00)	($0.02)
Net earnings (loss) per share - diluted	**$(0.01)**	**$0.04**	**$0.04**	**($0.02)**	$0.05	$0.03	($0.00)	($0.02)

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 twelve months of 2023 primarily reflected increased production (+20%) and sales (+19%) volume complemented by the 7% stronger USD gold price. Over this same period, production and processing and depreciation and amortization costs have increased largely reflecting higher volumes, the continuation of cost inflationary pressures in many areas, 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. Higher revenues and improvement in the Company's operating margin largely drove solid earnings performance in the twelve months of 2023, as well as the second half of 2022. The net loss in the current quarter was driven by the impairment charge with the net loss for first quarter of 2023 was largely related to other expenses, net, mainly reflecting non-cash losses on derivatives and foreign exchange as well as higher depreciation and amortisation expense. Contributing to net loss in the first two quarters 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

LIQUIDITY AND CAPITAL RESOURCES

CASH FLOWS

(in thousands of dollars)	Three months ended,		Twelve months ended,	
For the years ended December 31,	**2023**	2022	**2023**	2022
Cash provided by operations prior to changes in working capital	**$24,188**	$28,211	**$127,942**	$89,962
Changes in non-cash working capital	**7,930**	8,406	**4,841**	(739)
Asset retirement obligations	**-**	-	**-**	(441)
Income taxes paid	**(54)**	(79)	**(108)**	(558)
Cash provided by operating activities	**32,064**	36,538	**132,675**	88,224
Cash used in investing activities	**(32,292)**	(21,247)	**(102,736)**	(170,333)
Cash provided by (used in) financing activities	**(3,879)**	(4,216)	**(15,591)**	59,279
Effect of exchange rate changes on cash and cash equivalents	**2,486**	1,630	**(596)**	611
Change in cash and cash equivalents	**$(1,621)**	$12,705	**$13,752**	$(22,219)

OPERATING ACTIVITIES

For the three months ended December 31, 2023, cash provided by operating activities, prior to changes in working capital, totalled $24.2 million compared to $28.2 million for the same period in 2022. The decrease compared to the fourth quarter of 2022 largely reflected lower sales volume due to year end gold shipment timing, and increased processing costs related to the HGO contract crushing costs, general and administrative and royalty expenses. Changes in working capital represented a net source of cash totalling $7.9 million during the three months ended December 31, 2023, reflecting a $6.1 million increase in accounts payable due to increased operating and ongoing growth capital activity particularly in December 2023.

For the twelve months ended December 31, 2023, cash provided by operating activities, prior to changes in working capital, was $127.9 million compared to $90.0 million for the same period in 2022, with the increase mainly reflecting higher gold revenue and operating margin in the twelve months more than offsetting increases in royalty and general and administration expenses. Changes in working capital represented a $4.8 million net source of cash during the twelve months ended December 31, 2023 of which $3.4 million relates to reduced trade and other receivables reflecting no nickel sales for the final half. Changes in working capital in the twelve months of 2022 used $0.7 million, mainly represented by a $8.1 million increase in inventories and $2.7 million increase in trade and other receivables substantially offset by a $8.7 million increase in accounts payable and accrued liabilities.

INVESTING ACTIVITIES

Net cash used in investing activities for the three months ended December 31, 2023 totalled $32.3 million compared to a net use of cash of $21.2 million for the same period in 2022. The fourth quarter 2023 investments 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.

For the twelve months ended December 31, 2023, cash used for investing activities totalled $102.7 million compared to $170.3 million for the same period in 2022 (which included $64.2 million related to the Lakewood Mill acquisition in August 2022). The largest components of capital outflows in the first twelve months of 2023 were mine development at Beta Hunt, Lakewood and Higginsville mill and tailings storage facility ("TSF") upgrades, and equipment procurement.

FINANCING ACTIVITIES

For the three months ended December 31, 2023, financing activities used net cash of $3.9 million compared to using net cash of $4.2 million during the comparable period in 2022. The primary uses of cash in the fourth quarter of 2023 were $2.8 million related to payments on leases, $1.2 million of interest payments and $1.0 million for settlements in respect of derivative instruments. $1.2 million was received in relation to the exercise of options during the quarter. The $4.2 million of net cash provided from financing activities in the fourth quarter of 2022 resulted from $3.4 million of proceeds received from issuance of debt, offset by $3.5 million of debt issue costs, $1.7 million of debt repayments, and $1.2 million for lease payments.

For the twelve months ended December 31, 2023, financing activities used net cash of $15.6 million compared to providing net cash of $59.3 million in the twelve months of 2022. The $15.6 million of net cash used in the twelve months of 2023 mainly reflected $8.4 million of lease payments, $4.3 million of interest payments and $3.7 million for settlements in respect of derivative instruments. The $59.3 million of net cash provided by financing activities in the twelve months of 2022 mainly reflected the receipt of net proceeds of $65.1 million from the issuance of 14,375,000 common shares during the second quarter of 2022 through an offering associated with the Lakewood Mill acquisition.

NET CASH FLOW

In aggregate, operating, investing and financing activities for the three months ended December 31, 2023 used net cash of $1.6 million compared to providing net cash of $12.7 million in the fourth quarter of 2022. For the twelve months of 2023, operating, investing and financing activities, in aggregate, generated $13.8 million of net cash compared to using net cash of $22.2 million in the same period a year earlier. During the fourth quarter of 2023, there was a $2.5 million favourable impact on cash from foreign exchange rate changes compared to a $1.6 million favourable impact for the same period a year earlier. Foreign exchange rate changes had a $0.6 million unfavourable impact on cash in the twelve months of 2023 versus a $0.6 million favourable impact during the twelve months of 2022.

CAPITAL RESOURCES

(in thousands of dollars)	**2023**	2022	2021
Cash and cash equivalents	**$82,538**	$68,786	$91,005
Working capital [1]	**53,431**	38,020	64,447
Property, plant and equipment and mineral property interests	**465,509**	426,962	300,680
Total assets	**604,648**	557,112	436,333
Current liabilities excluding current portion of financial liabilities [2]	**68,198**	73,597	64,570
Non-current liabilities excluding non-current portion of financial liabilities [2]	**105,600**	86,222	78,762
Financial liabilities (current and non-current) [2]	**63,155**	48,650	41,636
Total liabilities	**236,953**	208,469	184,968
Shareholders' equity	**367,695**	348,643	251,365

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

As at December 31, 2023, the Company had working capital[1] of $53.4 million compared to $68.4 million at September 30, 2023 and $38.0 million at December 31, 2022. The increase in working capital from December 31, 2022 mainly reflected $13.8 million increase in cash, $4.5 million decrease in accounts payable and accrued liabilities, a $6.9 million increase in inventories reflecting the transfer of previously non-current stockpiles to current for processing in 2024, offset partially by a $3.4 million reduction in trade and other receivables.

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 March 20, 2024, the Company had 178,592,756 common shares issued and outstanding and had the following securities outstanding, which are exercisable for common shares:

As at March 20, 2024, the Company had	Number of Securities
Stock options	282,924

As at March 20, 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	591,927
Restricted share units	2,626,407
Performance share units	3,299,128

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 21, 2019 on file with the Canadian provincial regulatory authorities, available at www.sedarplus.ca), the Company is required to issue 1.6 million common shares to Marbaw upon the satisfaction of certain conditions. Such conditions have been satisfied other than the receipt by the Company of a notice from Marbaw requesting that these shares be issued.

OFF-BALANCE SHEET ARRANGEMENTS

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

RELATED-PARTY TRANSACTIONS

The following table reflects the remuneration of key management, which consists of the Company's directors and executive officers, and other related party transactions:

For the years ended December 31,	**2023**	2022
Cash compensation – salaries, short term incentives and other benefits	**$5,936**	$5,308
Long-term incentives – share based payments	**5,634**	5,395
Termination benefits	**1,333**	-
	$12,903	$10,703

CONTRACTUAL COMMITMNTS AND CONTINGENCIES

As at December 31, 2023	Payments by period				
	Less than 1 Year	1-3 Years	4-5 Years	More than 5 Years	Total
Accounts payable and accrued liabilities	$59,773	$-	$-	$-	$59,773
Long-term debt obligations	-	40,000	-	-	40,000
Lease obligations	11,154	14,568	297	362	26,381
Interest on long-term debt	3,990	1,973	-	-	5,963
Macquarie standby fee	600	298	-	-	898
Derivative liabilities	4,400	9,904	11,396	14,180	39,880
	$79,917	$66,743	$11,693	$14,542	$172,895

Royalties

Existing royalty obligations at Beta Hunt are (i) Consolidated Minerals, 3.0% of payable nickel at a nickel price under AU$17,500/t or 5.0% at a nickel price of AU$17,500 or greater until total royalty payments reach AU$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 land owners 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.

Spargos

On August 7, 2020, the Corporation completed the acquisition of Corona Resources Limited whose primary asset is the Spargos Reward Gold Project. The seller is entitled to AUD$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.

SUBSEQUENT EVENTS

As at the date of this MD&A, the Company does not have any subsequent events following the end of 2023.

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 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 December 31, 2023 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, 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 and the Audit Committee was advised by management that significant progress had been made as at December 31, 2023. 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 year ended December 31, 2023 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 December 31, 2023. 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

	Three months ended,		Twelve months ended,	
For the years ended December 31,	**2023**	2022	**2023**	2022
Production and processing costs	**$61,609**	$54,305	**$228,094**	$179,265
Inventory adjustment [1]	**(2,582)**	-	**(5,023)**	-
Royalty expense	**6,206**	5,039	**24,016**	17,987
By-product credits [2,3]	**(367)**	(3,105)	**(8,013)**	(7,642)
Operating costs (C$)	**$64,866**	$56,239	**$239,074**	$189,610
General and administrative expense – Australia [3,4]	**4,632**	3,552	**16,897**	10,157
Sustaining capital expenditures	**3,722**	600	**8,485**	2,804
All-in sustaining costs (C$)	**$73,220**	$60,391	**$264,456**	$202,571
Ounces of gold sold	**37,439**	39,900	**157,034**	132,098
Australian dollars per ounce sold				
Cash operating costs	**$1,954**	$1,573	**$1,699**	$1,589
All-in sustaining costs [5]	**$2,206**	$1,690	**$1,879**	$1,698
United States dollars per ounce sold				
Cash operating costs	**$1,272**	$1,034	**$1,128**	$1,099
All-in sustaining costs [5]	**$1,435**	$1,110	**$1,248**	$1,174
Average exchange rate				
C$:A$	**0.89**	0.89	**0.90**	0.90
A$:US$	**0.65**	0.66	**0.66**	0.69

1. Relates to an adjustment to net realizable value of gold stockpiles. Refer to note 6 of the December 31, 2023, audited consolidated financial statements
2. Refer to Note 25 of the December 31, 2023, audited consolidated financial statements
3. By-product credits for the three and twelve months ended December 31, 2023, include external toll treatment revenue of $nil and $2,527 respectively (same periods in 2022 - $141 and $460)
4. General and administrative expense for the three and twelve months ended December 31, 2022, periods exclude amounts related to research and development and due diligence expenses of $900 and $3,100 respectively
5. 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 periods ended December 31,	Three months ended, 2023	2022	Twelve months ended, 2023	2022
Production and processing costs [1,2]	**$43,315**	$29,562	**$138,784**	$99,586
Royalty expense [1]	**5,730**	3,445	**20,443**	14,240
By-product credits [1]	**(353)**	(2,929)	**(5,347)**	(7,067)
Operating costs (C$)	**$48,692**	$30,078	**$153,880**	$106,759
Ounces of gold sold	**31,818**	22,342	**104,820**	78,377
Australian dollars per ounce sold				
Cash operating costs	**$1,726**	$1,509	**$1,638**	$1,509
United States dollars per ounce sold				
Cash operating costs	**$1,123**	$992	**$1,088**	$1,045
Average exchange rate				
C$:A$	**0.89**	0.89	**0.90**	0.90
A$:US$	**0.65**	0.66	**0.66**	0.69

1. Refer to Note 25 of the December 31, 2023 audited consolidated financial statements
2. Includes $16,070 and $49,151 cost of processing the Betta Hunt ore at the HGO mills, respectively for the three and twelve months ended December 31, 2023 ($9,540 and $32,067 respectively, for same periods in 2022).

HGO

For the periods ended December 31,	Three months ended, 2023	2022	Twelve months ended, 2023	2022
Production and processing costs [1]	**$34,364**	$34,284	**$138,461**	$111,746
Adjustment for intercompany and toll milling costs [1, 2]	**(16,070)**	(9,681)	**(51,678)**	(32,527)
Inventory adjustment [3]	**(2,582)**	-	**(5,023)**	-
Royalty expense [1]	**476**	$1,594	**3,573**	3,747
By-product credits [1]	**(14)**	(36)	**(139)**	(115)
Operating costs (C$)	**$16,174**	$26,161	**$85,194**	$82,851
Ounces of gold sold	**5,621**	17,558	**52,214**	53,721
Australian dollars per ounce sold				
Cash operating costs	**$3,246**	$1,655	**$1,821**	$1,706
United States dollars per ounce sold				
Cash operating costs	**$2,112**	$1,088	**$1,209**	$1,179
Average exchange rate				
C$:A$	**0.89**	0.89	**0.90**	0.90
A$:US$	**0.65**	0.66	**0.66**	0.69

1. Refer to Note 25 of the December 31, 2023 audited consolidated financial statements.
2. Includes third party toll milling costs at Lakewood mill of $nil and $2,527, respectively for the three and twelve months ended December 31, 2023 (same periods in 2022 $141 and $460).
3. Relates to an adjustment to net realizable value for gold stockpiles in respect of prior periods. Refer to Note 6 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 (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; derivatives and foreign exchange loss; sustainability initiatives.

(in thousands of dollars except per share amounts)	Three months ended,		Twelve months ended,	
For the periods ended December 31,	**2023**	2022	**2023**	2022
Net earnings (loss) for the period - as reported	**$(1,705)**	$9,560	**$8,920**	$9,901
Finance expense, net	**2,024**	1,761	**7,950**	5,533
Income tax expense (recovery)	**(2,820)**	244	**11,197**	6,749
Depreciation and amortization	**19,919**	18,169	**68,165**	55,585
EBITDA	**17,418**	29,734	**96,232**	77,768
Adjustments:				
Non-cash share-based payments [1]	**3,235**	4,497	**10,020**	7,647
Impairment charge [1]	**9,204**	-	**9,204**	-
Unrealized loss (gain) on revaluation of marketable securities [2]	**304**	(6)	**207**	2,032
Other expense (income), net [2]	**(26)**	573	**3**	772
Loss on derivatives [2]	**2,576**	3,073	**7,841**	4,405
Foreign exchange loss [3]	**(7,832)**	(8,675)	**5,521**	(2,294)
Rehabilitation cost adjustment for closed sites [2]	**(112)**	-	**(1,044)**	-
Sustainability initiatives [4]	**87**	-	**1,330**	1,181
Adjusted EBITDA	**$24,854**	$29,196	**$129,314**	$91,511
Weighted average number of common shares - basic	**177,828,626**	173,372,371	**175,802,402**	164,437,670
Adjusted EBITDA per share - basic	**$0.14**	$0.17	**$0.74**	$0.56

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.

KARORA RESOURCES

(in thousands of dollars except per share amounts)	Three months ended,		Twelve months ended,	
For the periods ended December 31,	**2023**	2022	**2023**	2022
Net earnings (loss) for the period - as reported	**$(1,705)**	$9,560	**$8,920**	$9,901
Non-cash share-based payments [1]	**3,235**	4,497	**10,020**	7,647
Impairment charge [1]	**9,204**	-	**9,204**	-
Unrealized loss (gain) on revaluation of marketable securities [2]	**304**	(6)	**207**	2,032
Loss on derivatives [2]	**2,576**	3,073	**7,841**	4,405
Foreign exchange loss [3]	**(7,832)**	(8,675)	**5,521**	(2,294)
Rehabilitation cost adjustment for closed sites [2]	**(112)**	-	**(1,044)**	-
Sustainability initiatives [4]	**87**	-	**1,330**	1,181
Tax impact of the above adjusting items	**(2,427)**	250	**(5,915)**	(1,751)
Adjusted earnings	**$3,330**	$8,699	**$36,084**	$21,121
Weighted average number of common shares - basic	**177,828,626**	173,372,371	**175,802,402**	164,437,670
Adjusted earnings per share - basic	**$0.02**	$0.05	**$0.21**	$0.13

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)	**December 31, 2023**	December 31, 2022	December 31, 2021
Current assets	**$131,454**	$115,857	$135,426
Less: Current liabilities	**78,023**	77,837	70,979
Working capital	**$53,431**	$38,020	$64,447

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, 2022, 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, 2022 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, Group Geologist, 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