



NEWS RELEASE

Karora Reports Strong Third Quarter 2022 Results with Record Production and AISC of US\$1,069 per ounce as Costs Continue to Decline

Karora will host a call/webcast on November 7, 2022 at 10:00 a.m. (Eastern Time) to discuss the third quarter 2022 results. North American callers please dial: 1-888-394-8218, international callers please dial: (+1) 647-794-4605. For the webcast of this event click [\[here\]](#) (replay access information below).

TORONTO, November 7, 2022 – Karora Resources Inc. (TSX:KRR; OTCQX:KRRGF) ("Karora" or the "Corporation" or the "Company" - <https://www.commodity-tv.com/ondemand/companies/profil/karora-resources-inc/>) is pleased to announce its financial results and review of activities for the three and nine months ended September 30, 2022. All amounts are expressed in Canadian dollars, unless otherwise noted. For additional information please refer to Karora's Management's Discussion & Analysis ("MD&A") and unaudited condensed interim consolidated financial statements for the three and nine months ended September 30, 2022 and 2021.

Highlights

- Third quarter 2022 consolidated gold production was a record 38,437 ounces, beating the previous record set in Q2 by 25%. Production for the first three quarters of 2022 was 96,578 ounces, placing Karora in a strong position to deliver on improved full year consolidated 2022 gold production guidance of 120,000 to 135,000 ounces (assuming no significant interruption to operations as a result of the COVID-19 virus in the fourth quarter of 2022). Third quarter gold sales were 35,513 ounces due to timing of sales.
- Record tonnage performance at Beta Hunt for the second straight quarter with 313,000 tonnes mined during the third quarter. Tonnes mined through the single decline continued to increase as productivity and operational performance improved.
- Carbon neutrality will be achieved for the second straight year in 2022 for operations (Scope 1 emissions) and purchased electricity (Scope 2 emissions) through the purchase and retirement of 95,000 tonnes of verified carbon offsets. Concurrently, Karora is well underway with its emissions reduction plan, including the analysis of renewable and hybrid power solutions for its Higginsville operations.
- Net earnings of \$4.4 million, or \$0.03 per share, for the third quarter of 2022 was down \$5.9 million compared to third quarter 2021 net earnings of \$10.3 million, or \$0.07 per share. The decrease was mainly attributable to a materially higher depreciation and amortization as new mining operations commenced at Higginsville, increases in production and processing costs, and higher general and administrative costs.

- Adjusted earnings¹ of \$6.6 million, or \$0.04 per share for the third quarter of 2022, increased by \$2.0 million compared to the prior quarter and was down \$7.6 million compared to third quarter of 2021.
- Adjusted EBITDA¹ of \$27.5 million or \$0.16 per share for the third quarter of 2022, increased by \$4.9 million from the previous quarter and was down \$1.0 million from third quarter of 2021.
- Third quarter 2022 consolidated all-in-sustaining-costs (“AISC”)¹ per ounce sold improved to US\$1,069, a 10% decrease compared to second quarter 2022 AISC of US\$1,190 and a 23% decrease over the first quarter AISC of US\$1,396 which were heavily impacted by COVID-19 related disruptions.
- Cash flow from operating activities of \$28.3 million increased compared to \$27.9 million for the third quarter of 2021 and \$17.1 million higher than the previous quarter.
- Karora’s cash position remains strong at \$56.1 million as at September 30, 2022, after the planned deployment of capital into the Company’s growth plan, including the acquisition of the fully permitted 1.0 Mtpa Lakewood Mill and the advancement of the second decline at Beta Hunt.
- Karora closed a senior secured \$80 million Credit Agreement with Macquarie Bank Limited which provided for a \$40 million term loan and a \$40 million revolving credit facility. The term of the facility is to June 28, 2024, with an option to renew. The net proceeds of the term loan were used to refinance the previous \$30 million credit facility and for general working capital purposes.
- Construction of Beta Hunt’s second decline to double mine capacity to 2 Mtpa advanced by 1,205 metres during the third quarter. The project remains ahead of schedule with completion expected in the first quarter of 2023. Surface raise bore civil works were completed during the quarter and raise bore civil works have commenced on the 801-vent raise.
- Drilling at Beta Hunt has confirmed the continuity of the Western Flanks Main shear mineralization up to 250 metres below the current Mineral Resource. This system remains open at depth and along strike. Drill results from the new Mason zone has confirmed gold mineralization over a 300 metre strike length, including the best result to date of 12.0 g/t over 17.0 metres, demonstrating the potential for a new mining opportunity south of the Alpha Island Fault.
- A positive Preliminary Economic Assessment (“PEA”) for increased nickel production from the Beta Hunt Mine was announced during the third quarter on Karora’s initial Nickel Mineral Resource dated January 2022. Base case results (nickel price of US\$19,500/t) yielded a pre-tax NPV5% of A\$57 million and IRR of 105%. Upside case results, closer to nickel consensus pricing of US\$25,000/t, yielded a pre-tax A\$111 million NPV5% and IRR of 232%.
- Karora announced the appointment of Bevan Jones to the position of Chief Operating Officer, Australia. Bevan has over 27 years of expertise in mine management and leadership in mining. He joins Karora from Gold Fields where he was the General Manager of St Ives gold operation, located next to the Beta Hunt Mine.

Paul Andre Huet, Chairman & CEO, commented: “Another quarter of records for Karora. The third quarter was very strong operationally, setting both new Company production and processing records

while reducing unit costs. Given that the current operating environment has been difficult globally for an extended period of time, I am very pleased with the way in which the Karora team has responded. After a particularly challenging first quarter due to COVID-19 and supply chain interruptions, Karora has certainly resumed its operational momentum over the course of 2022 and I am confident that we will carry that momentum through to the completion of our growth plan in 2024.

Our third quarter gold production of 38,437 ounces is our second straight quarterly production record, beating the prior record by 25% and, with a boost following the acquisition of the Lakewood Mill at the end of July, we also set a new Karora processing record of 547 kt milled, 18% higher than the second quarter. AISC costs continued to trend down, achieving a 10% improvement in the third quarter compared to the second quarter and a 23% improvement compared to the first quarter.

Beta Hunt was once again the driving force behind our mined gold production for the third quarter, achieving a second straight record with output of 313,000 tonnes, beating the prior quarter by 8%. On an annualized basis, this equates to mined production of ~1.25 Mtpa, well above the targeted mining rate of 1.0 Mtpa in our growth plan from a single decline. This is a significant achievement by our operating team and provides further confidence in our ability to ramp up production to 2.0 Mtpa once construction of the second Beta Hunt decline is complete. Construction of that second decline continues to advance well and we remain on track to reach our accelerated completion date in the first quarter of 2023.

Beta Hunt is also progressing very well on the gold exploration and drilling front with several strong results being turned out over the last several months. Most recently, we announced the best intercept to-date from the new Mason Zone, parallel and west of the Larkin Zone, of 12.0 g/t over 17.0 metres, which provides additional confidence for a new mining opportunity south of the Alpha Island Fault. At Western Flanks, we reported the shear mineralization has now been extended 250 metres below the existing Mineral Resource. These results, plus several other potential new mining areas exemplify the growth potential of Beta Hunt.

We have also been very active in advancing the nickel side of the Beta Hunt story. Most recently, we reported high grade nickel drill results from the 4C Offset discovery, including an intercept of 6.5% Ni over 11.9 metres. The 4C Offset zone is only 25 metres from existing development at Western Flanks, meaning it has very real near-term mining potential. In August, we announced a nickel PEA for Beta Hunt that outlines the low-cost nickel potential of the mine for a modest capital investment of ~A\$18 million, with just A\$7 million expended in year one. This mine within a mine is a tremendous advantage for Karora and reflects the benefits of our dual-purpose infrastructure. Once fully ramped up, the nickel production from this initial PEA has the potential to reduce our AISC by A\$80 to A\$100 per ounce. As we continue to drill out the extents of our initial resource, there is potential for even stronger by-product credits.

Overall, I am extremely pleased with the record third quarter results across our critical operational metrics of mining, production and costs. We are well positioned to deliver on our 2022 guidance and with our strong team and balance sheet, advance toward our target of becoming a 200,000 ounce per year producer.”

1. Non-IFRS: the definition and reconciliation of these measures are included in the Non-IFRS Measures section of this news release and Karora's MD&A dated November 7, 2022.

COVID-19 Protocols

In response to the global COVID-19 pandemic, Karora's protocols and contingency plans have helped mitigate impacts of the pandemic but did not eliminate them. Karora's ongoing response to the COVID-19 pandemic continues to prioritize the safety of its workforce and host communities. The Australian government officially brought Australia's emergency response to COVID to an end on October 14, 2022 by removing the COVID-19 mandatory isolation requirements and the majority of rules for wearing face masks.

Results of Operations

Table 1 – Highlights of operational results for the periods ended September 30, 2022 and 2021

| For the periods ended September 30, | Three months ended, | | Nine months ended, | |
|--|---------------------|---------|--------------------|---------|
| | 2022 | 2021 | 2022 | 2021 |
| Gold Operations (Consolidated) | | | | |
| Tonnes milled (000s) | 547 | 358 | 1,403 | 1,074 |
| Recoveries | 94% | 94% | 94% | 94% |
| Gold milled, grade (g/t Au) | 2.33 | 2.81 | 2.28 | 2.63 |
| Gold produced (ounces) | 38,437 | 30,365 | 96,578 | 84,889 |
| Gold sold (ounces) | 35,513 | 28,935 | 92,198 | 84,894 |
| Average exchange rate (USD/CAD) | 1.3056 | 1.2600 | 1.2829 | 1.2514 |
| Average realized price (US \$/oz sold) | \$1,717 | \$1,778 | \$1,818 | \$1,788 |
| Cash operating costs (US \$/oz sold) ¹ | \$991 | \$887 | \$1,128 | \$902 |
| All-in sustaining cost (AISC) (US \$/oz sold) ¹ | \$1,069 | \$967 | \$1,202 | \$1,002 |
| Gold (Beta Hunt Mine)¹ | | | | |
| Tonnes milled (000s) | 306 | 224 | 834 | 678 |
| Gold milled, grade (g/t Au) | 2.36 | 3.22 | 2.30 | 3.06 |
| Gold produced(ounces) | 21,977 | 21,742 | 62,059 | 62,356 |
| Gold sold (ounces) | 20,767 | 20,692 | 56,035 | 62,438 |
| Cash operating cost (US \$/oz sold) ¹ | \$953 | \$761 | \$1,067 | \$812 |
| Gold (HGO Mine) | | | | |
| Tonnes milled (000s) | 241 | 134 | 569 | 396 |
| Gold milled grade (g/t Au) | 2.29 | 2.14 | 2.26 | 1.89 |
| Gold produced (ounces) | 16,460 | 8,623 | 35,397 | 22,533 |
| Gold sold (ounces) | 14,747 | 8,243 | 36,163 | 22,456 |
| Cash operating cost (US \$/oz sold) ¹ | \$1,043 | \$1,202 | \$1,223 | \$1,151 |

1. Non-IFRS: the definition and reconciliation of these measures are included in the Non-IFRS Measures section of this news release and Karora's MD&A dated November 7, 2022.

Consolidated Operations

For the third quarter of 2022, a record 547,000 tonnes of material was milled at an average grade of 2.33 g/t to produce a record 38,437 ounces of gold. Tonnes milled were 18% higher than the second quarter of 2022. The feed blend through the Higginsville mill during the third quarter of 2022 comprised 49% material from the Beta Hunt underground mine with an average grade of 2.50 g/t, with the remaining 51% feed coming from the HGO operations at an average grade of 2.68 g/t, for a combined

average grade of 2.59 g/t. The feed blend through the Lakewood mill during the third quarter of 2022 comprised 73% material from the Beta Hunt underground mine with an average grade of 2.27 g/t, with the remaining 27% feed coming from the HGO operations at an average grade of 0.70 g/t, for a combined average grade of 1.84 g/t. Lower grade stockpile material from Beta Hunt and HGO operations was also treated through the Lakewood mill prior to Karora's purchase during the third quarter of 2022 with an average grade of 1.28 g/t. The total average grade milled during the third quarter of 2022 was 2.33g/t.

Beta Hunt Mine Operations

Mined production was a record 313,000 tonnes during the third quarter of 2022 at an average grade of 2.40 g/t containing 24,188 ounces of gold, which was 40% greater than tonnes mined in the third quarter of 2021. The majority of mined tonnes during the third quarter came from Western Flanks and A Zone with production from several large, lower grade stopes, in line with the mine plan for 2022.

Production for the third quarter of 2022 was 306,000 tonnes milled at a grade of 2.36 g/t, a 4% and 10% increase respectively compared to the second quarter of 2022.

5,915 tonnes of nickel ore was mined at an estimated nickel grade of 1.76% during the third quarter of 2022. Nickel production was sourced from remnant nickel resources or extensions to previously mined stopes.

The Beta Hunt expansion to double mined tonnes to 2 Mtpa by 2024 is a key part of the Company's plan to increase gold production to a range of 185,000 – 205,000 ounces by 2024. Construction of a second decline commenced in the first quarter of 2022 and remains ahead of schedule with completion expected during the first quarter of 2023 (original expected completion date was for the second quarter of 2023) and on budget. Contract development on the second decline advanced 1,205 metres during the quarter. Surface raise bore civil works were completed during the quarter and raise bore civil works commenced on the 801-vent raise.

Higginsville (“HGO”) Mine Operations

HGO mined production was 171,000 tonnes during the third quarter of 2022, 28% higher than the third quarter of 2021, at an average grade of 3.05 g/t containing 16,746 ounces of gold. The higher tonnes were achieved during the quarter due to the treatment of lower grade stockpile at Lakewood mill.

Planned production ramped up by 36% at the Spargos open pit mine compared to the prior quarter. Planning and approvals are now underway to extend the Spargos open pit to underground. Two Boys and Aquarius underground operations also contributed to mined tonnes and ounces.

HGO material milled for the third quarter of 2022 was 241,000 tonnes at a grade of 2.29 g/t, 44% higher and flat, respectively, compared to the second quarter of 2022.

Processing Operations

Tonnes milled at the HGO mill during the third quarter of 2022 were 381,000 (49% from Beta Hunt and 51% from HGO) at an average grade of 2.59 g/t. Recovered gold was 29,839 ounces.

Tonnes milled at the Lakewood mill and a third-party mill during the third quarter of 2022 were 166,000 (71% from Beta Hunt and 29% from HGO) at an average grade of 1.72 g/t. Recovered gold was 8,598 ounces.

Total gold ounces sold were 35,514 ounces during the third quarter of 2022. The lag between produced and sold ounces was due to timing of sales.

Cash Operating Costs and AISC¹

For the third quarter of 2022 consolidated cash operating costs¹ and AISC¹ were US\$991 and US\$1,069 per ounce sold, decreases of 12% and 10%, respectively compared to the prior quarter.

Financial Highlights

Table 4 – Highlights of Third Quarter
(in thousands of dollars except per share amounts)

| For the periods ended June 30, | Three months ended | | Nine months ended | |
|---|--------------------|----------|-------------------|-----------|
| | 2022 | 2021 | 2022 | 2021 |
| Revenue | \$81,326 | \$68,360 | \$220,207 | \$197,214 |
| Production and processing costs | 42,430 | 30,508 | 124,959 | 89,379 |
| Earnings (loss) before income taxes ¹ | 7,946 | 16,005 | 6,846 | 36,541 |
| Net earnings (loss) | 4,378 | 10,340 | 341 | 21,355 |
| Net earnings (loss) per share – basic | 0.03 | 0.07 | 0.00 | 0.15 |
| Net earnings (loss) per share – diluted | 0.03 | 0.07 | 0.00 | 0.14 |
| Adjusted EBITDA ^{1,2} | 27,510 | 28,541 | 62,316 | 79,232 |
| Adjusted EBITDA per share – basic ^{1,2} | 0.16 | 0.19 | 0.39 | 0.54 |
| Adjusted earnings ¹ | 6,640 | 14,240 | 12,422 | 36,597 |
| Adjusted earnings per share – basic ¹ | 0.04 | 0.10 | 0.08 | 0.25 |
| Cash flow provided by operating activities | 28,294 | 27,916 | 51,686 | 72,945 |
| Cash investment in property, plant and equipment and mineral property interests | (89,822) | (31,050) | (149,690) | (66,225) |

1. Non-IFRS: the definition and reconciliation of these measures are included in the Non-IFRS Measures section of this news release and Karora's MD&A dated August 12, 2022.

2. Earnings before interest, taxes, depreciation, and amortization ("EBITDA").

Revenue for the third quarter of 2022 was \$81.3 million, a 19% increase over the comparable period in 2021. The increase in revenue in 2022 was mainly the result of higher gold ounces sold, reflecting higher production.

Net earnings of \$4.4 million for the three months ended September 30, 2022 decreased by \$5.9 million from the same period in 2021 reflecting primarily higher depreciation and amortization and general and administrative expenses.

Adjusted net earnings¹ for the third quarter of 2022 were \$6.6 million, or \$0.04 per share, a 53% decrease compared to the same period in 2021, primarily due to the aforementioned depreciation and amortization impact.

Adjusted EBITDA¹ for the third quarter of 2022 was \$27.5 million, or \$0.16 per share, down \$1.0 million, in the third quarter of 2021, with the reduction mainly due to higher general and administrative expenses.

Table 5 – Highlights of Karora’s Financial Position

(in thousands of dollars):

| For the period ended | September 30, 2022 | December 31, 2021 |
|---------------------------|--------------------|-------------------|
| Cash and cash equivalents | 56,081 | 91,005 |
| Working capital* | 49,204 | 64,447 |
| PP&E & MPI | 409,836 | 300,680 |
| Total assets | 520,126 | 436,333 |
| Total liabilities | 190,999 | 184,968 |
| Shareholders’ equity | 329,127 | 251,365 |

*Working capital is a measure of current assets (including cash and cash equivalents) less current liabilities.

Karora’s cash position decreased to \$56.1 million as at September 30, 2022 compared to \$91.0 million as at December 31, 2021. During the third quarter of 2022, the Company continued its planned deployment of capital into its growth plan, including the acquisition of the fully permitted 1.0 Mtpa Lakewood Mill (A\$80 million made up of A\$70 million cash and A\$10 million in Karora shares) and the advancement of the second decline at Beta Hunt.

For a complete discussion of financial results, refer to Karora’s MD&A and unaudited condensed interim financial statements for the three months ended June 30, 2022 and 2021.

Outlook

Karora’s full year 2022 consolidated production guidance is maintained at a range of between 120,000 – 135,000 ounces of gold. Full year 2022 AISC¹ guidance is maintained at a range of US\$1,100 – US\$1,200 per ounce sold. Payable nickel production guidance for 2022 remains at 450 to 550 tonnes, which is treated as a by-product credit in AISC¹.

On June 28, 2021 the Corporation announced three-year production guidance as part of a multi-year growth plan that is expected to see gold production increase from 99,249 ounces in 2020 to a range of 185,000 – 205,000 ounces in 2024 at an AISC¹ of US\$885 – US\$985 per ounce sold.

Table 3 – Consolidated Multi-Year Guidance to 2024

| Production & Costs | | 2022 | 2023 | 2024 |
|------------------------------------|---------|---------------|-----------|-----------|
| Gold Production | Koz | 120 – 135 | 150 – 170 | 185 – 205 |
| All-in sustaining costs | US\$/oz | 1,100 – 1,200 | 890 – 990 | 885 – 985 |
| Capital Investments | | | | |
| Sustaining Capital | A\$ (M) | 9 – 15 | 11 – 16 | 18 – 23 |
| Growth Capital | A\$ (M) | 57 – 70 | 47 – 57 | 30 – 40 |
| Exploration & Resource Development | A\$ (M) | 21 – 24 | 22 – 25 | 20 – 23 |

- (1) The 2022 guidance was updated August 12, 2022. 2023 and 2024 guidance was announced in January 2021 (see Karora news release dated January 19, 2021), is unchanged. This production guidance through 2024 is based on the 2020 year-end Mineral Reserves and Mineral Resources announced on December 16, 2020.
- (2) The Corporation expects to fund the capital investment amounts listed above with cash on hand and cashflow from operations, includes the capital required during the applicable periods to expand the capacity of the Higginsville mill to 2.5 Mtpa. See below for further detail regarding this expansion.
- (3) The material assumptions associated with the expansion of Beta Hunt mining production rate to 2.0 Mtpa in 2024 include the addition of a second ramp decline system driven parallel to the ore body, ventilation and other infrastructure that is required to support these areas, and an expanded trucking fleet.
- (4) The Corporation’s guidance assumes targeted mining rates and costs, availability of personnel, contractors, equipment and supplies, the receipt on a timely basis of required permits and licenses, cash availability for capital investments from cash balances, cash flow from operations, or from a third-party debt financing source on terms acceptable to the Corporation, no

significant events which impact operations, such as COVID-19, nickel price of US\$22,000 per tonne, as well as an A\$ to US\$ exchange rate of 0.70 in the second half of 2022 and 0.78 in 2023 and 2024. And A\$ to C\$ exchange rate of 0.91. Assumptions used for the purposes of guidance may prove to be incorrect and actual results may differ from those anticipated. See below "Cautionary Statement Concerning Forward-Looking Statements".

- (5) Exploration expenditures include capital expenditures related to infill drilling for Mineral Resource conversion, capital expenditures for extension drilling outside of existing Mineral Resources and expensed exploration. Exploration expenditures also includes capital expenditures for the development of exploration drifts.
- (6) Capital expenditures exclude capitalized depreciation.
- (7) AISC guidance includes Australian general and administrative costs and excludes share-based payment expense.
- (8) See "Non-IFRS Measures" set out at the end of this news release and Karora's MD&A dated for the period ended June 30, 2022.

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

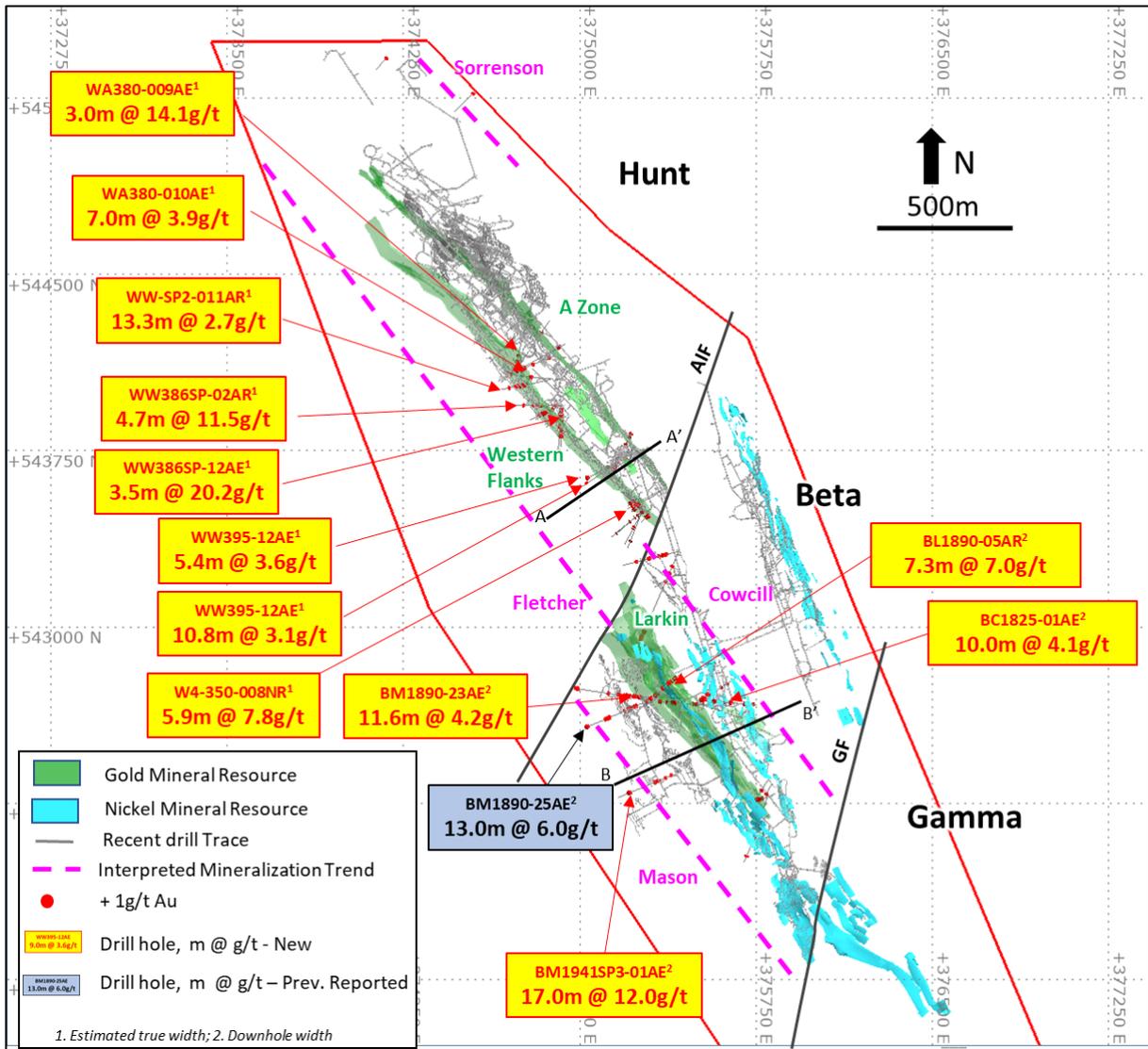
Further details on the growth plan can be found in Karora's news release dated June 28, 2021, and the third quarter MD&A.

Exploration and Resource Definition Drilling

At Beta Hunt, 15,426 metres of gold and nickel exploration and resource definition drilling was completed during the third quarter.

Gold drilling during the quarter focused on testing the down-dip extensions of Western Flanks and A Zone, targeting Larkin parallel shear zones known as Mason and Cowcill and infill drilling the Larkin Zone. Nickel exploration and resource definition activities targeted extensions to the 44C nickel trough and the 30C Ni Mineral Resource. A new nickel discovery, the 4C Offset, was intersected 25 metres west of active Western Flanks development and was intersected as part of infill drilling at the top of the Western Flanks gold mineral Resource.

Figure 1: Beta Hunt plan view highlighting recent gold results received for period July 24 – October 13, 2022



A number of significant gold and nickel intersections and discoveries were reported during and subsequent to the third quarter at Beta Hunt including:

- High grade gold drill results from the Larkin Zone, including 29.8 g/t over 7.8 metres (Karora news release dated July 19, 2022)
- Western Flanks drill results confirming the main shear gold mineralization extends up to 250 metres below the current gold Mineral Resource
- Mason and Cowcill interpreted as new gold mineralized shear zones parallel to the Larkin Mineral Resource. Previously highlighted drill results include 12.0 g/t over 17.0 metres and 6.0

g/t over 13.0 metres at Mason (Karora news releases dated August 23, 2022 and October 25, 2022)

- High grade nickel drill results from the 4C Offset discovery located above the Western Flanks Gold Mineral Resource and only approximately 25 metres from existing mining infrastructure. Results from the 4C Offset included 6.5% Ni over 11.9 metres and 3.0% Ni over 4.6 metres (Karora news release dated September 14, 2022)

On August 12, 2022, Karora reported the results of a Nickel Preliminary Economic Assessment (“PEA”) for the Beta Hunt Mine. The PEA supports an initial 8-year mine life producing 9,435 payable nickel tonnes. Highlights from the PEA include:

- Strong Economics on Initial Resource: Base case results (nickel price of US\$19,500/t) yields a pre-tax NPV5% of A\$57 million and IRR of 105%. Upside case results, closer to nickel consensus pricing of US\$25,000/t yields a pre-tax A\$111 million NPV5% and IRR of 232%.
- Leverage to Nickel Prices: A 20% increase in the nickel price increases pre-tax NPV5% to A\$95.2 million, or 66% compared to the Base Case.
- Low-Cost: Nickel net C1 cash costs are expected to be A\$14,542/t. Base Case net all-in sustaining costs are expected to be A\$16,946/t. On a per gold ounce produced basis, this equates to an approximate annual average of \$A80 to A\$100 per ounce.
- Upside Potential: The Beta Hunt Nickel Mineral Resource occurs in two main blocks, the Beta Block and Gamma Block, both of which have significant potential for Mineral Resource additions, including the 50C nickel trend where continuous nickel mineralization has been defined over 800 metres in strike length, with the potential to extend up to 2.6 km in strike length. The current PEA results are based on the current Beta Hunt Nickel Mineral Resource, with significant expansion potential remaining.
- Nickel drilling: Nickel-dedicated drilling for the remainder of the year will comprise both resource definition to upgrade the 40C and 50C Mineral Resource and exploration drilling targeting the 44C and 90C nickel troughs. The 44C is the interpreted position of the 40C trough, offset and north of the Alpha Island Fault and west of the Western Flanks gold deposit. The 90C represents the interpreted offset extension of the Beta West mineralization previously mined by Consolidated Minerals. Both the 44C and 90C are untested by existing drilling.

Conference Call / Webcast

Karora will be hosting a conference call and webcast today beginning at 10:00 a.m. (Eastern time). The accompanying presentation can be found on Karora’s website, www.karoraresources.com.

Live Conference Call and Webcast Access Information:

North American callers please dial: 1-888-394-8218

Local and international callers please dial: 647-794-4605

A live webcast of the call will be available through Cision’s website at:

[Webcast Link](https://app.webinar.net/E09BpJVpxXQ) (<https://app.webinar.net/E09BpJVpxXQ>)

A recording of the conference call will be available for replay through the webcast link, or for a one-week period beginning at approximately 1:00 p.m. (Eastern Time) on November 7, 2022, through the following dial in numbers:

North American callers please dial: 1-888-390-0541; Pass Code: 591863 #

Local and international callers please dial: 416-764-8677; Pass Code: 591863 #

Non-IFRS Measures

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

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

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

Mining Operations

Cash Operating and All-in Sustaining Costs

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

Consolidated Mining Operations

| For the periods ended September 30, | Three months ended, | | Nine months ended, | |
|---|---------------------|-------------------|--------------------|-------------------|
| | 2022 ⁴ | 2021 ⁴ | 2022 ⁴ | 2021 ⁴ |
| Production and processing costs | \$47,991 | \$36,149 | \$143,293 | \$108,086 |
| Royalty expense: Government of Western Australia | 2,313 | 1,679 | 5,763 | 4,767 |
| Royalty expense: Other | 2,815 | 2,972 | 7,185 | 7,995 |
| By-product credits | (1,352) | (2,821) | (4,219) | (6,371) |
| Adjustment ¹ | (5,835) | (5,641) | (18,608) | (18,707) |
| Operating costs (C\$) | \$45,932 | \$32,338 | \$133,414 | \$95,770 |
| General and administrative expense – Australia ^{2,3} | 2,465 | 1,916 | 6,605 | 5,799 |
| Sustaining capital expenditures | 1,186 | 994 | 2,203 | 4,793 |
| All-in sustaining costs (C\$) | \$49,583 | \$35,248 | \$142,222 | \$106,362 |
| Average exchange rate (C\$1 – US\$1) | 0.77 | 0.79 | 0.78 | 0.79 |
| Operating costs (US\$) | \$35,181 | \$25,665 | \$103,984 | \$76,563 |
| All-in sustaining costs (US\$) | \$37,978 | \$27,975 | \$110,838 | \$85,051 |
| Operating costs (A\$) | \$51,489 | \$34,941 | \$147,151 | \$100,930 |
| All-in sustaining costs (A\$) | \$55,581 | \$38,085 | \$156,881 | \$112,087 |
| Ounces of gold sold | 35,513 | 28,935 | 92,198 | 84,894 |
| Cash operating costs per ounce sold (US\$) | \$991 | \$887 | \$1,128 | \$902 |
| All-in sustaining cost per ounce sold (US\$) | \$1,069 | \$967 | \$1,202 | \$1,002 |
| Cash operating costs per ounce sold (A\$) | \$1,450 | \$1,208 | \$1,596 | \$1,189 |
| All-in sustaining cost per ounce sold (A\$) | \$1,565 | \$1,316 | \$1,702 | \$1,320 |

1. Negative adjustment for intercompany tolling transactions

2. G&A costs were reduced with R&D and Due Diligence costs

3. G&A: share-based payments were excluded in calculating AISC

4. Refer to note 18 of the September 2022 unaudited condensed interim consolidated financial statements

Beta Hunt Mine

| For the periods ended September 30, | Three months ended, | | Nine months ended, | |
|---|---------------------|-------------------|--------------------|-------------------|
| | 2022 ¹ | 2021 ¹ | 2022 ¹ | 2021 ¹ |
| Production and processing costs | \$22,810 | \$18,486 | \$70,024 | \$58,633 |
| Royalty expense: Government of Western | 1,551 | 1,382 | 3,777 | 3,691 |
| Royalty expense: Other | 2,810 | 2,786 | 7,017 | 7,414 |
| By-product credits | (1,327) | (2,804) | (4,140) | (6,311) |
| Operating costs (\$) | \$25,844 | \$19,852 | \$76,678 | \$63,427 |
| Average exchange rate (C\$1 – US\$1) | 0.77 | 0.79 | 0.78 | 0.79 |
| Operating costs (US\$) | \$19,795 | \$15,755 | \$59,761 | \$50,716 |
| Operating costs (A\$) | \$28,971 | \$21,450 | \$84,575 | \$66,775 |
| Ounces of gold sold | 20,767 | 20,692 | 56,035 | 62,438 |
| Cash operating costs per ounce sold (US\$) | \$953 | \$761 | \$1,067 | \$812 |
| Cash operating costs per ounce sold (A\$) | \$1,395 | \$1,037 | \$1,509 | \$1,069 |

1. Refer to note 18 of the September 2022 unaudited condensed interim consolidated financial statements

Higginsville Mine

| For the periods ended September 30, | Three months ended, | | Nine months ended, | |
|---|---------------------|-------------------|--------------------|-------------------|
| | 2022 ² | 2021 ² | 2022 ² | 2021 ² |
| Production and processing costs | \$25,181 | \$17,663 | \$73,269 | \$49,453 |
| Royalty expense: Government of Western Australia | 762 | 297 | 1,986 | 1,076 |
| Royalty expense: Other | 5 | 186 | 168 | 581 |
| By-product credits | (25) | (19) | (79) | (60) |
| Adjustment ¹ | (5,835) | (5,641) | (18,608) | (18,707) |
| Operating costs (\$) | \$20,088 | \$12,486 | \$56,736 | \$32,343 |
| Average exchange rate (C\$1 – US\$1) | 0.77 | 0.79 | 0.78 | 0.79 |
| Operating cost (US\$) | \$15,386 | \$9,910 | \$44,222 | \$25,847 |
| Operating cost (A\$) | \$22,518 | \$13,492 | \$62,576 | \$34,155 |
| Ounces of gold sold | 14,746 | 8,243 | 36,163 | 22,456 |
| Cash operating costs per ounce sold (US\$) | \$1,043 | \$1,202 | \$1,223 | \$1,151 |
| Cash operating costs per ounce sold (A\$) | \$1,527 | \$1,637 | \$1,730 | \$1,521 |

1. Negative adjustment for intercompany tolling transactions

2. Refer to note 18 of the September 2022 unaudited condensed interim consolidated financial statements

Quarterly Consolidated Mining Operations

| For the three months ended, | Sep 30, 2022 | Jun 30, 2022 | Mar 31, 2022 | Dec 31, 2021 | Sep 30, 2021 ⁴ |
|--|-----------------|-----------------|-----------------|-----------------|------------------------------|
| Production and processing costs | \$47,991 | \$47,193 | \$48,109 | \$38,855 | \$36,149 |
| Royalty expense: Government of Western Australia | 2,313 | 1,853 | 1,597 | 1,780 | 1,679 |
| Royalty expense: Other | 2,815 | 2,333 | 2,036 | 1,876 | 2,972 |
| By-product credits | (1,352) | (415) | (2,453) | (1,357) | (2,821) |
| Adjustment ¹ | (5,835) | (7,100) | (5,673) | (6,341) | (5,641) |
| Operating costs (\$) | \$45,932 | \$43,864 | \$43,616 | \$34,813 | \$32,338 |
| General and administration expense – Australia ³ | 2,465 | 1,908 | 2,232 | 2,503 | 1,916 |
| Sustaining capital expenditures | 1,186 | 406 | 611 | 422 | 994 |
| All-in sustaining costs (\$) | \$49,583 | \$46,178 | \$46,459 | \$37,738 | \$35,248 |
| Average exchange rate (C\$1 – US\$1) | 0.77 | 0.78 | 0.79 | 0.79 | 0.79 |
| Operating costs (US\$) | \$35,181 | \$34,355 | \$34,447 | \$27,623 | \$25,665 |
| All-in sustaining costs (US\$) | \$37,978 | \$36,168 | \$36,693 | \$29,944 | \$27,975 |
| Operating costs (A\$) | \$51,489 | \$48,128 | \$47,534 | \$37,910 | \$34,941 |
| All-in sustaining costs (A\$) | \$55,581 | \$50,668 | \$50,632 | \$41,096 | \$38,085 |
| Ounces of gold sold | 35,513 | 30,398 | 26,286 | 28,734 | 28,935 |
| Cash operating costs per ounce sold (US\$) | \$991 | \$1,130 | \$1,310 | \$961 | \$887 |
| All-in sustaining cost per ounce sold (US\$) | \$1,069 | \$1,190 | \$1,396 | \$1,042 | \$967 |
| Cash operating costs per ounce sold (A\$)² | \$1,450 | \$1,583 | \$1,808 | \$1,319 | \$1,208 |
| All-in sustaining cost per ounce sold (A\$)² | \$1,565 | \$1,667 | \$1,926 | \$1,430 | \$1,316 |

1. Negative adjustment for intercompany tolling transactions.

2. Quarterly costs in functional currency.

3. G&A: share-based payments were excluded in calculating AISC

4. Refer to note 18 of the September 2022 unaudited condensed interim consolidated financial statements

Adjusted EBITDA and Adjusted Earnings

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

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

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

| <i>(in thousands of dollars except per share amounts)</i> | Three Months Ended | | Nine Months Ended | |
|--|--------------------|-------------|-------------------|-------------|
| | 2022 | 2021 | 2022 | 2021 |
| For the periods ended September 30, | | | | |
| Net earnings for the period - as reported | \$4,378 | \$10,340 | \$341 | \$21,355 |
| Finance expense, net | 1,657 | 1,104 | 3,772 | 3,150 |
| Income tax expense | 3,568 | 5,665 | 6,505 | 15,186 |
| Depreciation and amortization | 14,973 | 6,389 | 37,416 | 21,390 |
| EBITDA | 24,576 | 28,498 | 48,034 | 61,081 |
| Adjustments: | | | | |
| Non-cash share-based payments ¹ | 1,218 | 856 | 3,150 | 4,306 |
| Unrealized loss on revaluation of marketable securities ² | 511 | (140) | 2,038 | 357 |
| Other expense (income), net ² | (29) | 108 | 199 | 123 |
| Loss on derivatives ² | 1,044 | 1,223 | 1,332 | 1,277 |
| Foreign exchange loss ³ | 190 | 2,383 | 6,381 | 11,475 |
| Sustainability initiatives ⁴ | - | 613 | 1,181 | 613 |
| Adjusted EBITDA | \$27,510 | \$28,541 | \$63,315 | \$79,232 |
| Weighted average number of common shares - basic | 171,809,550 | 148,593,430 | 161,426,709 | 147,194,673 |
| Adjusted EBITDA per share - basic | \$0.16 | \$0.19 | \$0.39 | \$0.54 |

1. Primarily non-recurring items which do not impact cash flow.

2. Non-operating in nature which does not impact cash flows.

3. Primarily related to intercompany loans for which the loss is unrealized.

4. Primarily related to non-recurring environmental initiatives.

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

| <i>(in thousands of dollars except per share amounts)</i> | Three Months Ended | | Nine Months Ended | |
|--|--------------------|-------------|-------------------|-------------|
| | 2022 | 2021 | 2022 | 2021 |
| For the periods ended September 30, | | | | |
| Net earnings for the period - as reported | \$4,378 | \$10,340 | \$341 | \$21,355 |
| Non-cash share-based payments ¹ | 1,218 | 856 | 3,150 | 4,306 |
| Unrealized loss on revaluation of marketable securities ² | 511 | (140) | 2,038 | 357 |
| Loss on derivatives ² | 1,044 | 1,223 | 1,332 | 1,277 |
| Foreign exchange loss ³ | 190 | 2,383 | 6,381 | 11,475 |
| Sustainability initiatives ⁴ | - | 613 | 1,181 | 613 |
| Tax impact of the above adjusting items | (701) | (1,035) | (2,001) | (2,786) |
| Adjusted earnings (loss) | \$6,640 | \$14,270 | \$12,422 | \$36,597 |
| Weighted average number of common shares - basic | 171,809,550 | 148,593,430 | 156,149,243 | 147,194,673 |
| Adjusted earnings (loss) per share - basic | \$0.04 | \$0.10 | \$0.08 | \$0.25 |

1. Primarily non-recurring items which do not impact cash flow.

2. Non-operating in nature which does not impact cash flows.

3. Primarily related to intercompany loans for which the loss is unrealized.

4. Primarily related to non-recurring environmental initiatives.

Working Capital

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

| <i>(in thousands of dollars)</i> | Sep 30, 2022 | Dec 31, 2021 | Dec 31, 2020 |
|----------------------------------|--------------|--------------|--------------|
| Current assets | \$109,417 | \$135,426 | \$109,857 |
| less: Current liabilities | 60,213 | 70,979 | 53,022 |
| Working Capital | \$49,204 | \$64,447 | \$56,835 |

Compliance Statement (JORC 2012 and NI 43-101)

The disclosure of scientific and technical information contained in this news release has been reviewed and approved by Stephen Devlin, FAusIMM, Group Geologist, Karora Resources Inc., a Qualified Person for the purposes of NI 43-101.

About Karora Resources

Karora is focused on increasing gold production to a targeted range of 185,000-205,000 ounces by 2024 at its integrated Beta Hunt Gold Mine and Higginsville Gold Operations ("HGO") in Western Australia. The Higginsville treatment facility is a low-cost 1.6 Mtpa processing plant, which is fed at capacity from Karora's underground Beta Hunt mine and Higginsville mines. Karora recently acquired the 1.0 Mtpa Lakewood Mill in Western Australia. At Beta Hunt, a robust gold Mineral Resource and Reserve are hosted in multiple gold shears, with gold intersections along a 4 km strike length remaining open in multiple directions. HGO has a substantial Mineral gold Resource and Reserve and prospective land package totaling approximately 1,900 square kilometers. The Corporation also owns the high grade Spargos Reward project, which came into production in 2021. Karora has a strong Board and management team focused on delivering shareholder value and responsible mining, as demonstrated by Karora's commitment to reducing emissions across its operations. Karora's common shares trade on the TSX under the symbol KRR and also trade on the OTCQX market under the symbol KRRGF.

Cautionary Statement Concerning Forward-Looking Statements

This news release contains "forward-looking information" including without limitation statements relating to the liquidity and capital resources of Karora, production guidance, full year consolidated 2022 production guidance and the potential of the Beta Hunt Mine, Higginsville Gold Operation, the Aquarius Project, the Spargos Gold Project, the Lakewood Mill, and the completion of the second Beta Hunt decline system.

Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Karora to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Factors that could affect the outcome include, among others: future prices and the supply of metals; the results of drilling; inability to raise the money necessary to incur the expenditures required to retain and advance the properties; environmental liabilities (known and unknown); general business, economic, competitive, political and social uncertainties; results of exploration programs; accidents, labour disputes and other risks of the mining industry; political instability, terrorism, insurrection or war; or delays in obtaining governmental approvals, projected cash operating costs, failure to obtain regulatory or shareholder approvals. For a more detailed discussion of such risks and other factors that could cause actual results to differ materially from those expressed or implied by such forward-looking statements, refer to Karora's filings with Canadian securities regulators, including the most recent Annual Information Form, available on SEDAR at www.sedar.com.

Although Karora has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Forward-looking statements contained herein are made as of the date of this news release and Karora 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.

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