

## KARORA RESOURCES REPORTS RECORD PRODUCTION, SALES AND REVENUE, STRONG GROWTH IN EARNINGS AND CASH FLOW IN SECOND QUARTER 2023

Toronto, Ontario – August 14, 2023 – Karora Resources Inc. (TSX: KRR) ("Karora" or the "Company" - <https://www.commodity-tv.com/ondemand/companies/profil/karora-resources-inc/>) today announced financial and operating results for the second quarter ("Q2 2023") and first six months ("YTD 2023") of 2023. The Company's full unaudited condensed interim financial statements and management discussion & analysis ("MD&A") are available on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Company's website at [www.karoraresources.com](http://www.karoraresources.com). All dollar amounts are in Canadian dollars, unless otherwise noted.

### RECORD QUARTERLY AND YTD GOLD PRODUCTION

- Record production of 40,823 ounces in Q2 2023 exceeded target levels and increased 33% from the second quarter of 2022 ("Q2 2022") and 3% from 39,827 ounces in the first quarter of 2023 ("Q1 2023" or "the previous quarter").
- YTD 2023 production totalled 80,650 ounces, 39% higher than 58,141 ounces in the first six months of 2022 ("YTD 2022"), with the Company ending the second quarter on track to achieve full-year 2023 production guidance of 145,000 – 160,000 ounces.

### IMPROVED UNIT COST PERFORMANCE – AISC ON TRACK TO ACHIEVE 2023 GUIDANCE

- Cash operating costs<sup>1</sup> and all-in sustaining costs ("AISC")<sup>1</sup> per ounce sold averaged US\$1,068 and US\$1,160, respectively, in Q2 2023 compared to US\$1,130 and US\$1,190, respectively, in Q2 2022 and US\$1,124 and US\$1,213 the previous quarter.
- Cash operating costs<sup>1</sup> and AISC<sup>1</sup> per ounce sold for YTD 2023 averaged US\$1,094 and US\$1,184, respectively, versus US\$1,214 and US\$1,285, respectively, for YTD 2022; YTD 2023 AISC<sup>1</sup> per ounce sold in line with full-year 2023 guidance of US\$1,100 – US\$1,250.

### RECORD QUARTERLY AND YTD REVENUE

- Revenue in Q2 2023 of \$110.6 million increased 50% and 14%, respectively, from Q2 2022 and Q1 2023 driven by record quarterly gold ounces sold of 42,172 ounces and a higher average gold price.
- YTD 2023 revenue totalled \$207.4 million, 49% higher than \$138.9 million in YTD 2022 mainly reflecting a 38% increase in gold sales to 78,317 ounces.

### SOLID OPERATING CASH FLOW GENERATION

- Cash flow provided by operating activities in Q2 2023 of \$34.4 million tripled from \$11.2 million in Q2 2022 and increased 65% from \$20.9 million in Q1 2023.
- YTD 2023 cash flow provided by operating activities of \$55.3 million more than doubled from \$23.4 million in YTD 2022.

### STRONG EARNINGS PERFORMANCE

- Net earnings of \$6.6 million (\$0.04 per share) compared to net loss of \$0.3 million (\$0.00 per share) in Q2 2022 and net loss of \$2.9 million (0.02 per share) in Q1 2023. Adjusted earnings of \$13.9 million (\$0.08 per share) more than doubled from \$4.7 million (\$0.03 per share) in Q2 2022 and \$4.8 million (\$0.03 per share) the previous quarter.
- Net earnings for YTD 2023 of \$3.7 million (\$0.02 per share) compared to net loss of \$4.0 million (\$0.03 per share) for the same period in 2022; Adjusted earnings totalled \$18.7 million (\$0.11 per share), more than triple the \$5.8 million (\$0.04 per share) reported in YTD 2022.

### CONTINUED PROGRESS WITH GROWTH PLAN

- Following completion of a second (west) decline and first of three ventilation raises at Beta Hunt during the first quarter of 2023, the second ventilation raise was completed in Q2 2023, with the expansion project remaining on track to support growth to an annualized production rate of 2.0 Mtpa during 2024.

## **ADDITIONAL EXPLORATION SUCCESS HIGHLIGHTS FUTURE POTENTIAL OF BETA HUNT**

- Drilling at Beta Hunt continued to extend mineralization with new, high-grade gold intersections being released from the Fletcher Shear Zone ("FSZ"), which extended the drill-supported strike potential of the FSZ by 900 metres for a total potential strike length of 1.4 km; Key intersections included 6.5 g/t over 26.0 metres and 46.5 g/t over 7.0 metres. Additional drill results released on August 7, 2023, included the intersection of strong mineralization in targeted areas, which provided further confidence in the continuity of the FSZ mineralization.

## **KALI METALS LIMITED**

- On May 8, 2023, the Company announced an agreement with Kalamazoo Resources Limited (ASX: KZR) ("Kalamazoo") to create a lithium and critical metals exploration company to be called Kali Metals Limited ("Kali"); The Company will own a 45% interest in Kali, with both Karora and Kalamazoo to vend their lithium exploration projects into the new company with a goal of creating a new, jointly owned but separately run lithium-focused, ASX-listed exploration company to be led by an experienced board and management team (see news release dated May 8, 2023).

1. Non-IFRS: the definition and reconciliation of these measures are included in the "Non-IFRS Measures" section of this news release and in the MD&A for the three and six months ended June 30, 2023.

***Karora will host a call/webcast on August 14, 2023 at 10:00 am (Eastern Time) to discuss the second quarter 2023 results. North American callers please dial: 1-888-664-6383; Local and international callers please dial: 416-764-8650. To join the conference call without operator assistance, you may register and enter your phone number at the [Callback Link](#) to receive an instant automated call back and be placed into the call. For the webcast of this event click***

***<https://app.webinar.net/JA2m9q2blwj>***

***(replay access information is provided below).***

**Paul Andre Huet, Chairman and CEO**, commented: "I am delighted with our team's performance during the second quarter, which included achieving record gold production, gold ounces sold and revenue, as well as significantly improved earnings performance and strong growth in cash flow. We ended the first half of 2023 well positioned to achieve our full-year guidance for 2023. We also continued to advance our Beta Hunt expansion on schedule and budget, with the second decline and two of three planned ventilation raises completed during the first half of 2023. We will complete the final ventilation raise before the end of the year and remain on track to grow Beta Hunt's annualized production rate to 2.0 Mtpa during 2024.

"Looking at our operating performance in more detail, Beta Hunt had another excellent quarter, with production growing 34% from Q2 2022 and cash operating costs improving by 10%, to US\$1,017. For the year to date, both production of 52,286 ounces and cash operating costs<sup>1</sup> per ounce sold of \$994 were considerably better than a year ago and outperformed target levels. At HGO, substantial improvement was achieved in the second quarter, with production growing 14% and cash operating costs<sup>1</sup> per ounce sold improving 18% compared to the previous quarter. We commenced production from the Mouse Hollow open pit in the second quarter and will begin mining from the Pioneer pit during the third quarter, both of which will support solid operating performance over the balance of the year.

"Finally, in addition to generating strong results from our gold operations during the first six months of 2023, we also continued to make progress with our plans to significantly increase nickel production at Beta Hunt. Development work to fully integrate key nickel zones into our existing mining infrastructure continues to advance on schedule and we remain on track to grow nickel production to 600 – 800 tonnes by next year. Also, during Q2 2023 we entered into an agreement with Kalamazoo Resources to vend our respective lithium assets into a new company, Kali Metals, that will be self-funding and will be run by an independent and highly experienced management team and board. Our 45% interest in Kali provides an important new opportunity for value creation. Going forward, Karora Resources will be a highly competitive gold producer with a growing nickel mining operation that also offers exposure to the rapidly growing lithium market."

## RESULTS OF OPERATIONS

Table 1. Results of Operations

	Three Months Ended,			Six Months Ended,	
	Jun 30, 2023	Jun 30, 2022	Mar 31, 2023	Jun 30, 2023	Jun 30, 2022
<b>Gold Operations (Consolidated)</b>					
Tonnes milled (000s)	536	462	502	1,038	856
Recoveries	95%	94%	94%	94%	94%
Gold milled, grade (g/t Au)	2.50	2.21	2.62	2.56	2.25
Gold produced (ounces)	40,823	30,652	39,827	80,650	58,141
Gold sold (ounces)	42,172	30,398	36,145	78,317	56,685
Average exchange rate (C\$/US\$) <sup>1</sup>	0.74	0.78	0.74	0.74	0.79
Average realized price (US \$/oz sold)	\$1,909	\$1,860	\$1,877	\$1,894	\$1,881
Cash operating costs (US \$/oz sold) <sup>2</sup>	\$1,068	\$1,130	\$1,124	\$1,094	\$1,214
All-in sustaining cost (AISC) (US \$/oz sold) <sup>2</sup>	\$1,160	\$1,190	\$1,213	\$1,184	\$1,285
<b>Gold (Beta Hunt)</b>					
Tonnes milled (000s)	319	295	298	618	528
Gold milled, grade (g/t Au)	2.62	2.14	2.92	2.77	2.26
Gold produced (ounces)	25,709	19,169	26,577	52,286	36,277
Gold sold (ounces)	26,330	19,140	23,077	49,407	35,269
Cash operating cost (US \$/oz sold) <sup>2</sup>	\$1,017	\$1,130	\$967	\$994	\$1,133
<b>Gold (HGO Mine)</b>					
Tonnes milled (000s)	217	167	204	420	328
Gold milled, grade (g/t Au)	2.31	2.32	2.18	2.25	2.24
Gold produced (ounces)	15,114	11,484	13,250	28,364	21,864
Gold sold (ounces)	15,842	11,257	13,068	28,910	21,416
Cash operating cost (US \$/oz sold) <sup>2</sup>	\$1,151	\$1,130	\$1,402	\$1,265	\$1,346

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 the MD&A for the three and six months ended June 30, 2023.

3. Numbers may not add due to rounding.

### Consolidated Operations

Consolidated gold production in the second quarter of 2023 was a record 40,823 ounces, a 33% increase from the second quarter of 2022 and 3% higher than 39,827 ounces the previous quarter. The increase from second quarter of 2022 resulted from a 16% increase in tonnes milled, reflecting the increase in milling capacity following the acquisition Lakewood Mill, and a 13% improvement in the average grade.

Cash operating costs<sup>1</sup> per ounce sold for the second quarter of 2023 averaged US\$1,068, a 5% improvement from both \$1,130 for the same period in 2022 and \$1,124 the previous quarter. The improvement from the second quarter of 2022 largely reflected the favourable impact of a higher average grade at Beta Hunt, which more than offset the higher costs related to continued cost pressures in such areas as labour, contractors, power and fuel. Lower cash operating costs<sup>1</sup> per ounce sold compared to the first quarter of 2023 related to a higher average grade and a lower cost production profile at HGO. AISC<sup>1</sup> per ounce sold in the second quarter of 2023 averaged \$1,160 compared to \$1,190 in the second quarter of 2022 and \$1,213 the previous quarter as the favourable impact of lower cash operating costs<sup>1</sup> per ounce sold was offset by higher general and administrative expenses and sustaining capital expenditures.

For the first six months of 2023, gold production totalled 80,650 ounces, 39% higher than 58,141 ounces in the first six months of 2022 reflecting a 21% increase in tonnes milled and a 14% improvement in the average grade. The Company ended the first half of 2023 well positioned to achieve full-year 2023 production guidance of 145,000 – 160,000 ounces.

Cash operating costs<sup>1</sup> per ounce sold for the first half of 2023 averaged \$1,094 compared to \$1,214 for the same period in 2022 with a higher average grade at Beta Hunt largely accounting for the year-over-year improvement. AISC<sup>1</sup> per ounce averaged US\$1,184 in the first six months of 2023 versus \$1,285 a year earlier.

### **Beta Hunt**

During the second quarter of 2023, Beta Hunt mined 297,100 tonnes at an average grade of 2.97 g/t containing 28,416 ounces of gold. The 28,416 contained ounces during the quarter increased 43% from 19,916 contained ounces in the second quarter of 2022 (based on mining 290,000 tonnes at an average grade of 2.14 g/t) and was 5% higher than the 27,100 contained ounces the previous quarter (based on mining 299,900 tonnes at an average grade of 2.81 g/t). The majority of the scheduled mined tonnes during the second quarter came from the A Zone and central section of Western Flanks with a 39% increase in grade compared to the second quarter of 2022 mainly resulting from mining high-grade ore from the A Zone 17 Level.

Gold production from Beta Hunt in the second quarter of 2023 totalled 25,709 ounces based on milling 319,500 tonnes at an average grade of 2.62 g/t. Production for the quarter increased 34% from the second quarter of 2022 reflecting a 22% improvement in the average grade as well as an 8% increase in tonnes processed. Production during the second quarter of 2023 compared to 26,577 ounces the previous quarter as the impact of higher tonnes processed was offset by a reduction in the average grade quarter over quarter consistent with the mine plan for the year.

Cash operating costs<sup>1</sup> per ounce sold at Beta Hunt averaged US\$1,017 in the second quarter of 2023, a 10% improvement from the second quarter of 2022 mainly reflecting the favourable impact of a higher average grade compared to the same period a year earlier. Cash operating costs per ounce sold in Q2 2023 compared to US\$967 the previous quarter, with a reduction in the average grade processed largely accounting for the increase quarter over quarter.

For the first six months of 2023, Beta Hunt mined 597,100 tonnes at an average grade of 2.89 g/t containing 55,527 ounces of gold, which compared to 520,100 tonnes mined at an average grade of 2.28 g/t containing 38,095 ounces of gold in the first half of 2022. Year-to-date gold production in 2023 totalled 52,286 ounces, a 44% increase from production of 36,277 ounces in the first half of 2022, which resulted from a 17% increase in tonnes processes and a 23% improvement in the average grade. Cash operating costs<sup>1</sup> per ounce sold averaged US\$994 versus \$1,133 in the first six months of 2022 with the improvement largely due to the favourable impact of a higher average grade.

In addition to gold production, Beta Hunt mined 6,071 tonnes of nickel ore at an estimated nickel grade of 2.47% during the second quarter of 2023 compared to 7,693 tonnes of nickel ore mined at an estimated nickel grade of 1.26% for the same period in 2022 and 7,331 tonnes of nickel ore at an estimated nickel grade of 2.22% the previous quarter. The level of nickel ore mined in the second quarter of 2023 was impacted by temporary restrictions on ventilation in planned mining areas, which had resolved by the end of the quarter. For the first six months of 2023, 13,402 tonnes of nickel ore were mined at an estimated nickel grade of 2.34%, which compared to 12,935 tonnes mined at an estimated average grade of 1.62% a year earlier.

Development of the second ventilation raise was completed during the second quarter of 2023. The raise boring team is on site and the third ventilation raise is expected to be completed before the end of the year. Overall, the Beta Hunt expansion project remained on track to support the mine's growth to an annualized production run-rate of 2.0 Mtpa during 2024.

### **Higginsville Mining Operations ("HGO")**

During the second quarter of 2023, HGO mined 178,100 tonnes at an average grade of 2.76 g/t containing 15,806 ounces, which compared to 106,000 tonnes mined at an average grade of 3.28 g/t containing 11,211 ounces in the second quarter of 2022 and 72,200 tonnes at an average grade of 3.85 g/t containing 8,927 ounces the previous quarter. The level of tonnes mined during the second quarter of 2023 largely reflected the commencement of mining at the Mouse Hollow open pit in April 2023, where a total of 115,300 tonnes were mined during the quarter, with the remaining tonnes mined coming from the Aquarius underground mining operation.

Production at HGO in the second quarter of 2023 totalled 15,114 ounces based on milling 216,900 tonnes at an average grade of 2.31 g/t. Production in the second quarter of 2023 increased 32% from 11,484 ounces in the second quarter of 2022, reflecting a 30%

increase in tonnes processed, and was 14% higher than the previous quarter, with both tonnes processed and the average grade increasing 6% compared to the first quarter of 2023.

Cash operating costs<sup>1</sup> per ounce sold at HGO averaged US\$1,151 in the second quarter of 2023 versus US\$1,130 for the same period in 2022, with the increase largely related to a higher-cost production profile compared to the second quarter of 2022 when close to half of tonnes processed were from the Spargos open pit. Cash operating costs<sup>1</sup> per ounce sold in the second quarter of 2023 improved 18% from US\$1,402 the previous quarter with the improvement mainly reflecting a lower-cost production profile largely due to the commencement of production from the Mouse Hollow open pit in April 2023 as well as the impact of costs related to stockpiled tonnes processed during the first quarter of 2023.

For the first six months of 2023, HGO mined 250,300 tonnes at an average grade of 3.07 g/t containing 24,733 ounces of gold, which compared to 193,015 tonnes mined at an average grade of 3.00 g/t containing 18,656 ounces of gold in the first half of 2022. Year-to-date gold production in 2023 totalled 28,364 ounces resulting from processing 420,400 tonnes at an average grade of 2.25 g/t versus gold production of 21,846 ounces based on processing 328,218 tonnes at an average grade of 2.24 g/t for the same period a year earlier. Cash operating costs<sup>1</sup> per ounce sold averaged US\$1,265 compared to \$1,346 in the first six months of 2022.

During the second quarter of 2023, development activities at Higginsville were concentrated on preparing for initial mining at the Pioneer open pit. Activities included haul road construction, pre-stripping and sterilization drilling to confirm the location of the planned mining waste storage area.

### **Processing Operations**

A total of 326,131 tonnes were milled at the Higginsville Mill during the second quarter of 2023 (with 34% of mill feed coming from Beta Hunt and 66% from HGO) at an average grade of 2.93 g/t. Recovered gold totalled 29,095 ounces. Throughput at the Lakewood Mill during the second quarter of 2023 totalled 210,300 tonnes (98% from Beta Hunt and 2% from HGO) at an average grade of 1.83 g/t. Recovered gold during the quarter totalled 11,728 ounces.

For the first six months of 2023, 707,000 tonnes were milled at the Higginsville Mill (with 43% of mill feed coming from Beta Hunt and 57% from HGO) at an average grade of 2.90 g/t. Recovered gold totalled 62,244 ounces. Throughput at the Lakewood Mill totalled 331,200 tonnes (94% from Beta Hunt and 6% from HGO) at an average grade of 1.83 g/t. Recovered gold during the quarter totalled 18,406 ounces.

At the HGO Mill, construction of a planned tailings storage facility lift progressed on schedule during the second quarter as part of the overall HGO capital plan which includes scheduled plant maintenance. At the Lakewood Processing Plant, preparation for the tie-in of the existing Dumford ball mill was advanced. The additional grinding capacity provided by the ball mill is expected to raise the nameplate capacity at Lakewood from ~0.85 Mtpa to ~1.2 Mtpa beginning in 2024.

1. Non-IFRS: the definition and reconciliation of these measures are included in the "Non-IFRS Measures" section of this news release and in the MD&A for the three and six months ended June 30, 2023.

## FINANCIAL REVIEW

**Table 2. Financial Overview**

<i>(in thousands of dollars except per share amounts)</i>	Three months ended,		Six Months Ended,	
For the periods ended June 30,	<b>2023</b>	2022	<b>2023</b>	2022
Revenue	<b>\$110,595</b>	\$73,609	<b>\$207,401</b>	\$138,881
Production and processing costs	<b>56,567</b>	40,093	<b>110,960</b>	82,529
Earnings (loss) before income taxes	<b>12,850</b>	1,053	<b>11,106</b>	(1,100)
Net earnings (loss)	<b>6,643</b>	(328)	<b>3,702</b>	(4,037)
Net earnings (loss) per share - basic	<b>0.04</b>	(0.00)	<b>0.02</b>	(0.03)
Net earnings (loss) per share - diluted	<b>0.04</b>	(0.00)	<b>0.02</b>	(0.03)
Adjusted EBITDA <sup>1,2</sup>	<b>38,812</b>	22,602	<b>67,448</b>	34,805
Adjusted EBITDA per share - basic <sup>1,2</sup>	<b>0.22</b>	0.14	<b>0.39</b>	0.22
Adjusted earnings <sup>1,2</sup>	<b>13,858</b>	4,662	<b>18,705</b>	5,782
Adjusted earnings per share - basic <sup>1,2</sup>	<b>0.08</b>	0.03	<b>0.11</b>	0.04
Cash flow provided by operating activities	<b>34,407</b>	11,242	<b>55,266</b>	23,392
Cash investment in property, plant and equipment and mineral property interests	<b>(23,911)</b>	(35,084)	<b>(43,765)</b>	(59,868)

1. Non-IFRS: the definition and reconciliation of these measures are included in the "Non-IFRS Measures" section of this news release and the MD&A for the three and six months ended June 30, 2023.

For the three months ended June 30, 2023, the Company generated revenue of \$110.6 million, a \$37.0 million or 50% increase from the second quarter of 2022. Gold revenue totalled \$108.3 million, \$35.1 million or 48% higher than the second quarter a year earlier, with \$28.4 million of the increase resulting from higher gold sales and \$6.8 million relating to rate factors, including the impact of a stronger US dollar compared to the Canadian dollar as well as a 3% increase in the average realized gold price. Beta Hunt contributed \$67.9 million of total gold revenue in the second quarter of 2023, with HGO contributing \$40.4 million. During the comparable period in 2022, Beta Hunt contributed \$46.1 million of gold revenue, with the remaining \$27.1 million coming from HGO.

For the six months ended June 30, 2023, revenue totalled \$207.4 million, \$68.5 million or 49% higher than \$138.9 million for the same period in 2022. Gold revenue for the first half of 2023 totalled \$200.0 million, a \$64.0 million or 47% increase from a year earlier. Of the increase, \$51.9 million related to a 38% increase in gold ounces sold, with rate factors contributing the remaining \$12.1 million of revenue growth mainly due to the impact of a significantly stronger US dollar compared to the Canadian dollar. Beta Hunt contributed \$126.1 million of year-to-date gold revenue, with HGO contributing \$73.9 million. During the first half of 2022, Beta Hunt contributed \$84.7 million of gold revenue, with \$51.3 million coming from HGO.

Net earnings for the three months ended June 30, 2023 totalled \$6.6 million (\$0.04 per basic share) compared to net loss of \$0.3 million (\$0.00 per basic share) for the three months ended June 30, 2022. The significant improvement in net earnings performance compared to the second quarter of 2022 mainly reflected a 61% increase in operating margin (revenue less production and processing costs), to \$20.5 million, and lower other expenses, net, which more than offset the impact of increased general and administrative, depreciation and amortization and royalty expenses as well as higher income tax expense.

Net earnings for the six months ended June 30, 2023, was \$3.7 million (\$0.02 per basic share) compared to net loss of \$4.0 million (\$0.03 per basic share) in the first half of 2022, with a \$40.1 million or 71% increase in operating margin more than offsetting higher depreciation and amortization, general and administrative and royalty expenses, as well as higher other expenses, net, and increased income tax expense.

Adjusted earnings<sup>1</sup> for the three months ended June 30, 2023 totalled \$13.9 million (\$0.08 per share) versus \$4.7 million (\$0.03 per share) in the second quarter of 2022. The difference between net earnings and adjusted earnings<sup>1</sup> in the second quarter of 2023 resulted from the exclusion from adjusted earnings<sup>1</sup> of the after-tax impact of \$7.1 million of foreign exchange losses and \$1.2 million

related to non-cash, share-based payments. The difference between net earnings and adjusted earnings<sup>1</sup> in the second quarter of 2022 largely resulted from the exclusion from adjusted earnings<sup>1</sup> of the after-tax impact of \$9.1 million of foreign exchange losses and \$1.2 million related to sustainability initiatives, partially offset by \$3.8 million of non-cash share-based payments. The increase in adjusted earnings<sup>1</sup> compared to the second quarter of 2022 mainly reflected the 61% increase in operating margin, driven by significantly higher revenue in the second quarter of 2023.

For the six months ended June 30, 2023, adjusted earnings<sup>1</sup> totalled \$18.7 million (\$0.11 per share) versus \$5.8 million (\$0.04 per share) in the same period in 2022. The difference between net earnings and adjusted earnings<sup>1</sup> for year-to-date 2023 reflected the exclusion from adjusted earnings<sup>1</sup> of the after-tax impact of \$10.9 million of foreign exchange losses and \$2.9 million related to non-cash share-based payments, partially offset by the exclusion from adjusted earnings<sup>1</sup> of a \$1.0 million unrealized loss on the revaluation of marketable securities. The difference between net earnings and adjusted earnings<sup>1</sup> in the first six months of 2022 mainly related to the exclusion from adjusted earnings<sup>1</sup> of the after-tax impact of \$6.2 million of foreign exchange losses, \$1.9 million of non-cash, share-based payments, a \$1.5 million unrealized loss on the revaluation of marketable securities and \$1.2 million related to sustainability initiatives. The 71% improvement in operating margin mainly accounted for the increase in year-to-date adjusted earnings<sup>1</sup>.

1. Non-IFRS: the definition and reconciliation of these measures are included in the "Non-IFRS Measures" section of this news release and in the MD&A for the three and six months ended June 30, 2023.

**Table 3. Highlights of Liquidity and Capital Resources**

<i>(in thousands of dollars)</i>	Three months ended,		Six Months Ended,	
For the periods ended June 30,	<b>2023</b>	2022	<b>2023</b>	2022
Cash provided by operations prior to changes in working capital	<b>\$38,987</b>	\$21,652	<b>\$67,629</b>	\$33,853
Changes in non-cash working capital	<b>(4,526)</b>	(9,988)	<b>(12,309)</b>	(9,692)
Asset retirement obligations	-	(94)	-	(441)
Income taxes paid	<b>(54)</b>	(328)	<b>(54)</b>	(328)
Cash provided by operating activities	<b>34,407</b>	11,242	<b>55,266</b>	23,392
Cash used in investing activities	<b>(23,766)</b>	(34,735)	<b>(43,456)</b>	(59,474)
Cash provided by (used in) financing activities	<b>(4,138)</b>	61,342	<b>(7,427)</b>	60,325
Effect of exchange rate changes on cash and cash equivalents	<b>(1,554)</b>	(1,855)	<b>(2,343)</b>	(1,154)
Change in cash and cash equivalents	<b>\$4,949</b>	\$35,994	<b>\$2,040</b>	\$23,089

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.

For the three months ended June 30, 2023, cash provided by operating activities, prior to changes in working capital, totalled \$39.0 million compared to \$21.7 million for the same period in 2022. The increase compared to the second quarter of 2022 largely reflected significantly higher operating margin, driven by strong revenue growth, partially offset by increased general and administrative and royalty expenses. Changes in working capital represented a net use of cash totalling \$4.5 million during the three months ended June 30, 2023, reflecting a \$5.1 million reduction in accounts payable and accrued liabilities, partially offset by the impact of lower inventories and prepaid expenses.

For the six months ended June 30, 2023, cash provided by operating activities, prior to changes in working capital, was \$67.6 million compared to \$33.9 million for the same period in 2022, with the increase mainly reflecting higher revenue and improved operating margin in the first half of 2023. Changes in working capital used \$12.3 million of cash during the six months ended June 30, 2023 reflecting a \$14.0 million reduction in accounts payable and accrued liabilities and a \$1.5 million increase in inventories, partially offset by lower trade and other receivables and prepaid expenses. Changes in working capital in the first half of 2022 used \$9.7 million of cash as a \$12.5 million reduction in accounts payable and accrued liabilities was only partially offset by lower levels of trade and other receivables, inventories, and prepaid expenses.

The Company had cash of \$70.8 million at June 30, 2023 compared to \$65.9 million at March 31, 2023 and \$68.8 million at December 31, 2022. During the second quarter of 2023, the Company paid a one-time stamp duty totalling \$4.0 million (A\$4.5 million) related to the acquisition of the Lakewood Mill in 2022.

## **OUTLOOK**

### **TWO-YEAR GUIDANCE (2023 – 2024)**

The Company is maintaining its 2023 and 2024 production and cost guidance. The targets included in the Company's outlook relate only to the 2023 to 2024 period. 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 its outlook depending on changes in metal prices and other factors.

**Table 4. Two-Year Guidance (2023 – 2024)**

		<b>2023</b>	<b>2024</b>
Gold Production	(Koz)	145 – 160	170 – 195
All-in Sustaining Costs	(US\$/oz sold)	1,100 – 1,250	1,050 – 1,200
Sustaining Capital	(A\$M)	10 – 15	15 – 20
Growth Capital	(A\$M)	57 – 68	63 – 73
Exploration & Resource Development	(A\$M)	18 – 22	20 – 25
Nickel Production	(Ni Tonnes)	450 - 550	600 – 800

1. Production guidance is based on the September 2022 Mineral Reserves and Mineral Resources announced on February 13, 2023.
2. The Company expects to fund the capital investment amounts listed above with cash on hand, cashflow from operations and through the financing 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 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 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, 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 2023 and 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 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 the MD&A for the three and six months ended June 30, 2023.

### **CONFERENCE CALL / WEBCAST**

Karora will be hosting a conference call and webcast today, August 14, 2023, beginning at 10:00 a.m. (Eastern time). The accompanying presentation can be found on Karora's website, [www.karoraresources.com](http://www.karoraresources.com).

Live Conference Call and Webcast Access Information:

North American callers please dial: 1-888-664-6383:

Local and international callers please dial: 416-764-8650

A live webcast of the call will be available through Cision's website at: <https://app.webinar.net/JA2m9q2blwj>

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 August 14, 2023, through the following dial in numbers:

North American callers please dial: 1-888-390-0541; Pass Code: 331851 #

Local and international callers please dial: 416-764-8677; Pass Code: 331851 #

### **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

For the periods ended June 30,	Three months ended,		Six months ended,	
	2023	2022	2023	2022
Production and processing costs <sup>1</sup>	\$66,977	\$47,193	\$131,904	\$95,302
Royalty expense <sup>1</sup>	6,142	4,186	11,895	7,820
By-product credits <sup>1,2</sup>	(2,255)	(415)	(4,901)	(2,868)
Adjustment for toll milling costs <sup>1,3</sup>	(10,410)	(7,100)	(23,471)	(12,773)
Operating costs (C\$)	\$60,454	\$43,864	\$115,427	\$87,481
General and administrative expense - Australia	5,034	1,908	8,834	4,140
Sustaining capital expenditures	205	406	728	1,018
All-in sustaining costs (C\$)	\$65,693	\$46,178	\$124,989	\$92,639
Ounces of gold sold	42,172	30,398	78,317	56,684
Operating costs (A\$) <sup>4</sup>	\$67,383	\$48,128	\$126,763	\$95,663
All-in sustaining costs (A\$) <sup>4</sup>	\$73,222	\$50,668	\$137,264	\$101,300
Cash operating costs per ounce sold (A\$)	\$1,598	\$1,583	\$1,619	\$1,688
All-in sustaining costs per ounce sold (A\$)	\$1,736	\$1,667	\$1,753	\$1,787
Operating costs (US\$) <sup>4</sup>	\$45,021	\$34,355	\$85,651	\$68,802
All-in sustaining costs (US\$) <sup>4</sup>	\$48,922	\$36,168	\$92,746	\$72,860
Cash operating costs per ounce sold (US\$)	\$1,068	\$1,130	\$1,094	\$1,214
All-in sustaining costs per ounce sold (US\$)	\$1,160	\$1,190	\$1,184	\$1,285

1. Refer to Note 19 of the June 30, 2023 unaudited condensed interim consolidated financial statements.

2. For the six months ended June 30, 2023, by-product credits exclude \$2,527 of third-party tolling revenue.

3. For the three and six months ended June 30, 2023, adjustments for toll treatment costs include \$10,410 and \$20,944, respectively, related to intercompany tolling costs and, for the six months ended June 30, 2023, \$2,527 related to third-party tolling costs at Lakewood mill.

4. Average exchange rates for the three and six months ended June 30, 2023 include C\$1-US\$1 of 0.74 and 0.74, respectively, and A\$1-US\$1 of \$0.67 and 0.68, respectively. Average exchange rates for the three and six months ended June 30, 2022 include C\$1-US\$1 of 0.78 and 0.79, respectively, and A\$1-US\$1 \$0.71 and 0.72, respectively.

For the periods ended June 30,	Three months ended,		Six months ended,	
	2023	2022	2023	2022
Production and processing costs <sup>1</sup>	\$33,013	\$24,475	\$61,008	\$47,214
Royalty expense <sup>1</sup>	\$5,166	\$3,535	9,980	6,434
By-product credits <sup>1</sup>	(2,218)	(393)	(4,834)	(2,814)
Operating costs (C\$)	\$35,961	\$27,617	\$66,154	\$50,834
Ounces of gold sold	26,330	19,140	49,407	35,268
Operating costs (A\$) <sup>2</sup>	\$40,083	\$30,302	\$72,650	\$55,567
Cash operating costs per ounce sold (A\$)	\$1,522	\$1,583	\$1,470	\$1,577
Operating costs (US\$) <sup>2</sup>	\$26,781	\$21,630	\$49,088	\$39,999
Cash operating costs per ounce sold (US\$)	\$1,017	\$1,130	\$994	\$1,133

1. Refer to Note 19 of the June 30, 2023 unaudited condensed interim consolidated financial statements.

2. Average exchange rates for the three and six months ended June 30, 2023 include C\$1-US\$1 of 0.74 and 0.74, respectively, and A\$1-US\$1 of \$0.67 and 0.68, respectively. Average exchange rates for the three and six months ended June 30, 2022 include C\$1-US\$1 of 0.78 and 0.79, respectively, and A\$1-US\$1 \$0.71 and 0.72, respectively.

For the periods ended June 30,	Three months ended,		Six months ended,	
	2023	2022	2023	2022
Production and processing costs <sup>1</sup>	\$33,964	\$22,718	\$70,896	\$48,088
Royalty expense <sup>1</sup>	\$976	\$651	1,915	1,386
By-product credits <sup>1,2</sup>	(37)	(22)	(67)	(54)
Adjustment for toll milling costs <sup>1,3</sup>	(10,410)	(7,100)	(23,471)	(12,773)
Operating costs (C\$)	\$24,493	\$16,247	\$49,273	\$36,647
Ounces of gold sold	15,842	11,258	28,910	21,416
Operating costs (A\$) <sup>4</sup>	\$27,300	\$17,827	\$54,112	\$40,059
Cash operating costs per ounce sold (A\$)	\$1,723	\$1,584	\$1,872	\$1,871
Operating costs (US\$) <sup>4</sup>	\$18,240	\$12,725	\$36,562	\$28,836
Cash operating costs per ounce sold (US\$)	\$1,151	\$1,130	\$1,265	\$1,346

1. Refer to Note 19 of the June 30, 2023 unaudited condensed interim consolidated financial statements.

2. For the six months ended June 30, 2023, by-product credits exclude \$2,527 of third-party tolling revenue.

3. For the three and six months ended June 30, 2023, adjustments for toll treatment costs include \$10,410 and \$20,944, respectively, related to intercompany tolling costs and, for the six months ended June 30, 2023, \$2,527 related to third-party tolling costs at Lakewood mill.

4. Average exchange rates for the three and six months ended June 30, 2023 include C\$1-US\$1 of 0.74 and 0.74, respectively, and A\$1-US\$1 of \$0.67 and 0.68, respectively. Average exchange rates for the three and six months ended June 30, 2022 include C\$1-US\$1 of 0.78 and 0.79, respectively, and A\$1-US\$1 \$0.71 and 0.72, respectively.

### **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; acquisition costs; derivatives and foreign exchange loss; sustainability initiatives.

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

For the periods ended June 30,	Three months ended,		Six Months Ended,	
	2023	2022	2023	2022
Net earnings (loss) for the period - as reported	\$6,643	\$(328)	\$3,702	\$(4,037)
Finance expense, net	2,107	1,070	3,877	2,115
Income tax expense	6,207	1,381	7,404	2,937
Depreciation and amortization	15,996	13,689	34,382	22,443
EBITDA	30,953	15,812	49,365	23,458
Adjustments:				
Non-cash share-based payments <sup>1</sup>	1,246	(3,836)	2,920	1,932
Unrealized loss (gain) on revaluation of marketable securities <sup>2</sup>	526	881	(1,011)	1,527
Other expense, net <sup>2</sup>	(27)	249	27	228
Loss (gain) on derivatives <sup>2</sup>	(946)	(827)	5,225	288
Foreign exchange loss <sup>3</sup>	7,060	9,142	10,922	6,191
Sustainability initiatives <sup>4</sup>	-	1,181	-	1,181
Adjusted EBITDA	\$38,812	\$22,602	\$67,448	\$34,805
Weighted average number of common shares - basic	174,874,236	157,838,797	174,573,254	156,149,243
Adjusted EBITDA per share - basic	\$0.22	\$0.14	\$0.39	\$0.22

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.

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

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

For the periods ended June 30,	Three months ended,		Six Months Ended,	
	2023	2022	2023	2022
Net earnings (loss) for the period - as reported	\$6,643	\$(328)	\$3,702	\$(4,037)
Non-cash share-based payments <sup>1</sup>	1,246	(3,836)	2,920	1,932
Unrealized loss (gain) on revaluation of marketable securities <sup>2</sup>	526	881	(1,011)	1,527
Loss (gain) on derivatives <sup>2</sup>	(946)	(827)	5,225	288
Foreign exchange loss <sup>3</sup>	7,060	9,142	10,922	6,191
Sustainability initiatives <sup>4</sup>	-	1,181	-	1,181
Tax impact of the above adjusting items	(671)	(1,551)	(3,053)	(1,300)
Adjusted earnings	\$13,858	\$4,662	\$18,705	\$5,782
Weighted average number of common shares - basic	174,874,236	157,838,797	174,573,254	156,149,243
Adjusted earnings per share - basic	\$0.08	\$0.03	\$0.11	\$0.04

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>	<b>June 30, 2023</b>	December 31, 2022
Current assets	<b>\$115,376</b>	\$115,857
Less: Current liabilities	<b>55,760</b>	77,837
Working Capital	<b>\$59,616</b>	\$38,020

### **Compliance Statement (JORC 2012 and NI 43-101)**

The technical and scientific information 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.

### **About Karora Resources**

Karora is focused on increasing gold production to a targeted range of 170,000-195,000 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. In July 2022, Karora 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 gold Mineral Resource and Reserve and prospective land package totaling approximately 1,900 square kilometers. The Company 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](http://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.



[www.karoraresources.com](http://www.karoraresources.com)

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