

Karora Reports First Quarter 2022 Results and Appointment of Meri Verli to the Board of Directors

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Karora will host a call/webcast on May 12, 2022 at 10:00 a.m. (Eastern Time) to discuss the first quarter 2022 results. North American callers please dial: 1-888-220-8474, international callers please dial: (+1) 647-484-0475. For the webcast of the call, click [here] (replay access information below).

TORONTO, May 12, 2022 - [Karora Resources Inc.](#) (TSX: KRR) (OTCQX: KRRGF) ("Karora" or the "Corporation") is pleased to announce its financial results and review of activities for the three months ended March 31, 2022. All amounts are expressed in Canadian dollars, unless otherwise noted. For additional information please refer to Karora's Management's Discussion and Analysis ("MD&A") and unaudited condensed interim financial statements for the three months ended March 31, 2022 and 2021.

Highlights

- First quarter 2022 consolidated gold production of 27,489 ounces was in line with the mine plan and budget despite temporary challenging COVID-19 related conditions, including lower labour availability, higher absenteeism due to COVID-19, and supply chain requirements and supply chain constraints. Karora remains on track to deliver on full year consolidated 2022 gold production guidance of 110,000 to 135,000 ounces (assumes no significant interruption to operations as a result of the COVID-19 pandemic and improved operating conditions in the second half of 2022).
- First quarter 2022 consolidated all-in-sustaining-costs ("AISC")¹ of US\$1,396 per ounce sold is a 33% increase compared to first quarter 2021 AISC of US\$1,049 per ounce sold (34% increase compared to fourth quarter 2021 AISC of US\$1,000 per ounce sold).
- First quarter AISC was negatively impacted by a number of cost pressures, many of which are expected to be temporary in nature including those caused by material COVID-19 related labour and supply shortages in Western Australia which impacted both direct and indirect costs. During the quarter, labour availability reached a low of approximately 60%, prompting the use of additional contract labour. As a result of labour shortages, additional higher cost stockpile were processed at Higginsville. Absenteeism is expected to improve during the second quarter.
- First quarter 2022 costs were also negatively impacted by the use of third party toll milling for approximately 15% of production during the first quarter to help offset the impact of Covid-19 related absenteeism at the Higginsville Mill. This added approximately US\$50 per ounce to AISC. In total, costs were negatively impacted by approximately US\$30 per ounce due to direct and indirect COVID related events. As with mining operations, absenteeism has improved during the second quarter. Full-year 2022 cost guidance remains unchanged at a range of US\$950 to \$1,050 per ounce sold.
- Net loss of \$3.7 million, or \$0.02 per share, for the first quarter of 2022 was down \$9.3 million compared to first quarter 2021 net earnings of \$5.6 million, or \$0.04 per share. The first quarter net loss was largely due to third-party toll milling and higher operating costs in part due to more ounces from HGO which have a higher cost per ounce, and a number of temporary cost pressures due to challenging COVID-19 related conditions, including lower labour availability, higher absenteeism, and supply chain constraints.
- Adjusted earnings¹ of \$1.1 million, or \$0.01 per share for the first quarter of 2022, down \$7.0 million compared to first quarter 2021 adjusted net earnings of \$8.1 million, or \$0.06 per share.
- Adjusted EBITDA¹ was \$12.2 million or \$0.08 per share for the first quarter of 2022, down \$9.0 million from \$21.2 million for the first quarter of 2021, largely due to higher costs (including transitory costs related to COVID) and non-cash adjustments related to share-based payments, derivatives and foreign exchange related to intercompany loans.
- Cash flow from operating activities of \$12.2 million, or \$0.08 per share, a 35% decrease compared to \$18.7 million for the first quarter of 2021.
- Karora's cash position remained strong at \$78.1 million as at March 31, 2022, after planned capital deployment to develop new mining areas at Higginsville, accelerated exploration programs and planned growth plan expenditures.
- Karora released an updated Nickel Resource at Beta Hunt. The Measured and Indicated Mineral Resource estimate as at January 31, 2022, increased 22% to 19,600 nickel tonnes and Inferred Mineral Resource increased by 52% to 133,000 tonnes ounces compared to the September 30, 2020 estimate.
- Karora published its inaugural Environmental Social and Governance (ESG) report in April 2022, which is available for download on Karora's website. The report was highlighted by Karora's achievement of becoming one of the first junior gold producers to achieve carbon neutrality in 2021 for Scope 1 and 2 at its own operations following the purchase and use of verified carbon offset credits.
- In March 2022, Karora was added to the NYSE Arca Gold Miners Index (GDMNTR), which is tracked by the VanEck Gold Miners EFT (GDX).
- Solid progress on key gold production growth plan initiatives:
 - Completed Beta Hunt second decline portal box cut approximately 75% complete and decline development from underground to surface advanced approximately 300 metres.
 - Critical path items on schedule for the Higginsville Mill expansion from 1.6 Mtpa to 2.5 Mtpa are on schedule, including advanced engineering design and the awarding of the contract for the SAG mill.

31, 2022, increased by 8% to 2.71 million ounces, compared to the September the 30, 2020 estimate. The updated Consolidated Inferred Gold Mineral Resource increased 43% to 1.21 million ounces compared to the prior estimate.

- Gold mineralization in the Fletcher Shear Zone, the third major

Beta Hunt Shear Zone, has been extended to over 500 metres along strike and 150 metres in vertical extent and remains open along strike and at depth (see Karora news release dated January 24, 2022).

- Gamma Block gold mineralization, proximal to the 50C nickel discovery,

confirmed over a 200 metre strike length with new resulting including 7.6 g/t over 8.4 metres and 3.4 g/t over 33.6 metres (see Karora news release dated January 24, 2022).

- Drilling at the high grade 50C nickel discovery which is part of the Gamma Block Nickel Mineral Resource (see Karora news release dated May 11, 2022) has confirmed significant nickel mineralization over 800 metres in strike with potential for a further 1.9 kilometres to 2.6 kilometres of strike.

Paul Andre Huet, Chairman & CEO, commented: "As anticipated when we adjusted our 2022 guidance in February, the first quarter of 2022 was significantly impacted by what in our view are temporary COVID-19 related cost and labour pressures. These pressures have been particularly severe in Western Australia where the entire mining industry has seen regional costs increase and domestic supply chains tighten further compounding global inflationary pressures. While we are confident in our previous 2022 guidance, we are not immune to these pressures and reiterate our previous expectation of a stronger second half of the year."

Following the state border reopening after 697 days of closure, Western Australia has experienced its first state-wide wave of COVID-19 infections. As a result, state-mandated isolation has driven significant worker absenteeism across all businesses, with Karora seeing up to 40% of its workforce unavailable at its operations during the first quarter. This has had a material impact on costs and was a driving factor in our move to adjust guidance earlier this year. Overall we saw over US\$300 per ounce in additional costs during the quarter as a result of direct and indirect costs associated with COVID-19.

Providing further colour, AISC costs were US\$354 per ounce higher during the first quarter compared to the prior quarter largely due to these COVID-19 related factors. Direct costs included COVID-19 testing, increased retention and recruitment expenses and additional contract mining labour. As a result of miner absenteeism, we also processed higher cost stockpiles at Higginsville outside of our planned ore sources which led to higher costs. Lastly, we processed 15% of our production through a third-party toll-milling facility which helped maintain gold production levels towards our 2022 targets, but increased our AISC by approximately US\$50 per ounce sold. Combined, these and other factors represent temporary AISC increases of over US\$300 per ounce sold.

Despite these tremendous challenges, I am extremely proud of our team for delivering a solid first quarter gold production result of 27,489 ounces which was in line with our budgeted ounce production plan. If there is one thing that has resonated through our business over the last two years, it's been delivery in the face of adversity. I would like to thank our operational teams for delivering our ounce targets despite unprecedented understaffing across the business.

Moving forward, as previously stated we continue to expect significantly lower AISC costs for the second half of 2022 and our full-year production and cost guidance remains unchanged at between 110,000 to 135,000 ounces at AISC of US\$950 to US\$1,050 per ounce sold.

With regards to our projects, Karora ended the first quarter with a strong cash balance of \$78.1 million, after deploying capital as planned into our growth plan capital and preparing new mining areas at Higginsville. We continue to be well positioned to deliver our fully funded organic growth plan to increase production to between 185,000 and 205,000 ounces by 2024.

Our recently updated nickel Mineral Resource estimate for Beta Hunt substantially increased the Measured and Indicated Resource by 22% to 19,600 nickel tonnes and increased our Inferred Resource estimate by 52% to 13,200 nickel tonnes. The updated Mineral Resource is expected to support materially higher nickel production in future compared to our 2022 guidance of between 450 to 550 payable nickel tonnes. The most exciting part of our nickel story is the discovery of the 50C nickel trough in the Gamma Block which has now been delineated over a strike length of 800 metres with the potential to extend another 1.9 kilometers for a total strike length of up to 2.6 kilometres.

We are also very pleased to announce that Meri Verli is being appointed to the Karora Board of Directors effective May 16, 2022. She will also stand for election as a Director at the upcoming annual and special meeting of shareholders to be held on June 16, 2022. Meri is an experienced senior finance executive with an extensive background in financial management and reporting, financial and operational recovery, mergers and acquisitions, risk management and strategy development. Meri has held several senior management roles in the gold mining sector, including most recently as Senior Vice President for Business Operation Management Systems and previously as Senior Vice President Finance and Treasury at Kirkland Lake Gold, Chief Financial Officer of McEwen Mining Inc. and Vice President, Finance at Lake Shore Gold from 2007 to 2016. Meri will assume the position of Chair of Karora's Audit Committee.

Wendy Kei, current Director and Audit Committee Chair, is retiring from the Board effective May 16, 2022. On behalf of the Board, I would like to thank Wendy for her significant contributions to Karora since becoming a Director and Audit Committee Chair in 2018. We wish Wendy all the best in her future endeavors."

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 May 11, 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 not eliminate them. Karora's ongoing response to the COVID-19 pandemic continues to prioritize the safety of its workforce and host communities.

Results of Operations

Table 1 - Highlights of operational results for the periods ended September 30, 2021 and 2020

	Three months ended,	
	2022	2021
For the periods ended March 31,		
Gold Operations (Consolidated)		
Tonnes milled (000s)	394	371
Recoveries	94%	93%
Gold milled, grade (g/t Au)	2.31	2.16
Gold produced (ounces)	27,489	24,694
Gold sold (ounces)	26,286	25,547
Average exchange rate (USD/CAD)	1.2662	1.2660
Average realized price (US \$/ounce sold)	\$1,905	\$1,762
Cash operating costs (US \$/oz sold) ¹	\$1,310	\$952
All-in sustaining cost (AISC) (US \$/oz sold) ¹	\$1,396	\$1,049
Gold (Beta Hunt Mine)		
Tonnes milled (000s)	233	233
Gold milled, grade (g/t Au)	2.42	2.63
Gold produced (ounces)	17,109	18,261
Gold sold (ounces)	16,128	18,754
Cash operating cost (US \$/oz sold) ¹	\$1,137	\$899
Gold (HGO Mine)		
Tonnes milled (000s)	161	138
Gold milled grade (g/t Au)	2.12	1.57
Gold produced (ounces)	10,380	6,433
Gold sold (ounces)	10,158	6,793
Cash operating cost (US \$/oz sold) ¹	\$1,586	\$1,100

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 May 11, 2022.

Consolidated Operations

For the first quarter of 2022, Karora's gold operations milled 394,000 tonnes of material at an average grade of 2.31 g/t to produce 27,489 ounces of gold. Tonnes milled were 7% higher than the fourth quarter of 2021. During the quarter there were a number of temporary factors which increased AISC costs by over US\$300 per ounce sold during the first quarter. These factors included increased direct and indirect costs associated with COVID-19 including significant absenteeism, COVID-19 related personnel retention and recruitment costs, processing approximately 15% of production through a third-party mill facility, and a temporary change in the ratio of lower cost Beta Hunt and higher cost HGO material processed during the quarter as a result of lower miner availability.

Beta Hunt Mine Operations

Production for the first quarter of 2022 was 233,000 tonnes milled at a grade of 2.42 g/t, a 13% increase and 7% decrease, respectively, compared to the fourth quarter of 2021.

Nickel production remains limited to remnant nickel resources south of the Alpha Island Fault. Beta Hunt mined 5,243 nickel tonnes at an estimated nickel grade of 2.13% during the first quarter of 2022.

Higginsville ("HGO") Mine Operations

HGO material milled for the first quarter of 2022 was 161,000 tonnes, flat compared to the fourth quarter of 2021, while the grade was 2.12 g/t, a 13% decrease compared to the prior quarter. The Spargos Gold Mine was the largest contributor to HGO production during the first quarter with 58,154 tonnes mined for 5,431 ounces. The balance of production for the first quarter was from the Hidden Secret and Baloo open pits, with a limited contribution of ore from the Two Boys and Aquarius underground operations.

During the quarter an additional amount of higher cost Higginsville stockpiles were milled at Higginsville as a result of lower miner availability due to COVID-19, contributing to higher overall costs during the quarter. The Corporation expects these additional costs to be transitory.

Cash Operating Costs and AISC¹

For the first quarter of 2022 consolidated cash operating costs¹ and AISC¹ were US\$1,310 and US\$1,396 per ounce sold, increases of 38% and 33%, respectively compared to the first quarter of 2021. The cost performance for the first quarter was impacted by several factors, including temporary COVID-19 related labour and supply chain pressures as previously outlined.

Financial Highlights

Table 4 - Highlights of First Quarter
(in thousands of dollars except per share amounts)

For the periods ended March 31,	Three months ended	
	2022	2021
Revenue	\$65,272	\$59,284
Production and processing costs	42,436	29,301
Earnings (loss) before income taxes ¹	(2,319)	12,785
Net earnings (loss)	(3,709)	5,624
Net earnings (loss) per share - basic	(0.02)	0.04
Net earnings (loss) per share - diluted	(0.02)	0.04
Adjusted EBITDA ^{1,2}	12,203	21,210
Adjusted EBITDA per share - basic ^{1,2}	0.08	0.15
Adjusted earnings ¹	1,120	8,087
Adjusted earnings per share - basic ¹	0.01	0.06
Cash flow provided by operating activities	12,150	18,658
Cash investment in property, plant and equipment and mineral property interests	(24,784)	(18,193)

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 May 11, 2022.

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

Revenue for the first quarter of 2022 was \$65.3 million, a 10% increase over the comparable period in 2021. The increase in revenue in 2022 was the result of a higher gold ounces sold (3% increase) and a higher realized gold price (8% increase).

The net loss for the first quarter of 2022 was \$3.7 million, or \$0.02 per share, compared to net earnings of \$5.6 million, or \$0.04 per share, for the comparable period in 2021, a decrease of \$9.3 million. The decrease was partially due to increases in production and processing costs, general and administrative costs and depreciation and amortization. In particular, first quarter 2022 net earnings were negatively impacted by 1) a \$5.8 million, or \$0.04 per share, adjustment for non-cash share based payments; 2) an unrealized non-cash foreign exchange gain of \$3.0 million, or \$0.02 per share primarily related to intercompany loans which are subject to valuation changes due to quarter over quarter currency fluctuations, and 3) a non-cash derivatives loss of \$1.1 million, or \$0.01 per share.

Adjusted net earnings¹ for the first quarter of 2022 were \$1.1 million, or \$0.01 per share, a \$7.0 million decrease compared to the same period in 2021, primarily due to higher costs.

Adjusted EBITDA¹ for the first quarter of 2022 was \$12.2 million, or \$0.08 per share, compared to \$21.2 million, or \$0.15 per share, in the first quarter of 2021.

Table 5 - Highlights of Karora's Financial Position
(in thousands of dollars):

For the period ended	March 31, 2022	December 31, 2021
Cash and cash equivalents	78,100	91,005
Working capital*	53,806	64,447
PP&E & MPI	315,074	300,680
Total assets	441,899	436,333
Total liabilities	187,482	184,968
Shareholders' equity	254,417	251,365

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

Karora's cash position decreased to \$78.1 million as at March 31, 2022, a decrease of \$12.9 million compared to December 31, 2021, reflecting planned capital deployment to prepare new mining areas at Higginsville, accelerated exploration programs and growth plan expenditures. Karora had a working capital surplus of \$53.8 million as of March 31, 2022.

For a complete discussion of financial results, refer to Karora's MD&A and unaudited condensed interim financial statements for the three months ended March 31, 2022 and 2021.

Outlook

Karora is maintaining its previously announced full year consolidated 2022 production guidance of between 110,000 - 135,000 ounces of gold at an AISC¹ range of US\$950 to US\$1,050 per ounce.

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. On February 7, 2022 the Corporation announced production guidance for 2022 is between 110,000 to 135,000 ounces of gold at an AISC¹ of US\$950 to US\$1,050 per ounce sold and a payable nickel production guidance of 450 to 550 tonnes, which will be treated as a by-product credit in AISC¹.

Table 3 - Consolidated Multi-Year Guidance to 2024

Production & Costs		2022	2023	2024
Gold Production	Koz	110 - 135	150 - 170	185 - 205
All-in sustaining costs	US\$/oz	950 - 1,050	890 - 990	885 - 985
Capital Investments				
Sustaining Capital	A\$ (M)	9 - 15	11 - 16	18 - 23
Growth Capital	A\$ (M)	52 - 65	47 - 57	30 - 40
Exploration & Resource Development	A\$ (M)	21 - 24	22 - 25	20 - 23

(1) 2022 guidance was updated on February 7, 2022 (see Karora news release dated February 7, 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 Capital Investment amounts listed above, which the Corporation expects to fund 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. The Capital Investment amounts listed above, which the Corporation expects to fund with cash on hand and cashflow from operations, include the capital required during the applicable periods to fund this production expansion. See below for further detail regarding this expansion.

(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\$16,000 per tonne, as well as an A\$ to US\$ exchange rate of 0.78 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 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 March 31, 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, which is expected to be expanded to a capacity of 2.5 Mtpa by 2024. Advanced internal study work and detailed engineering is progressing ahead of a formal construction decision by the Company.

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

Updated 2022 Resource Estimate

The continued expansion of the Beta Hunt Mineral Resource is an important component of our growth plan to increase production to our guided range of 185,000-205,000 ounces annually by 2024.

In April 2022, the Corporation announced an updated gold Mineral Resource estimate that was highlighted by the addition of the maiden Mineral Resource for the Larkin Zone which demonstrated a rapid progression from the initial discovery of the zone announced in September 2020 (see Karora news release dated September 10, 2020) to the development of the first Larkin Mineral Resource of 119,000 ounces in the M&I category and a further 162,000 ounces in the Inferred category.

As at January 31, 2022, Beta Hunt gold Measured and Indicated Mineral Resources totaled 13.21 million tonnes grading 2.6 g/t for 1,124,000 ounces, an increase of 69,000 ounces, or 7% compared to the 2020 Measured and Indicated Mineral Resource estimate. As at January 31, 2022, Beta Hunt's Inferred Mineral Resources totaled 9.43 million tonnes grading 2.6 g/t for 786,000 ounces, an increase of 249,000 ounces, or 46%, compared to the 2020 Inferred Mineral Resource estimate. The Beta Hunt Mineral Resource estimate is net of mine production depletion of 1.16 million tonnes grading 2.9 g/t for 108,000 ounces over the period October 1, 2020 to January 31, 2022.

On May 11, 2022, the Corporation announced an updated Nickel Mineral Resource estimate for the Beta Hunt Mine that increased Measured and Indicated Mineral Resources by 22% to 19,600 nickel tonnes and Inferred Mineral Resource by 52% to 13,200 nickel tonnes compared to the prior Mineral Resource estimate

dated September 30, 2020. As at January 31, 2022, the Beta Hunt Measured and Indicated Mineral Resource totalled 692,000 tonnes grading 2.8% for 19,600 nickel tonnes and the Inferred Mineral Resource totalled 492,000 tonnes grading 2.7% for 13,200 nickel tonnes. Please see Karora New Release dated May 11, 2022 for further details.

Exploration and Resource Definition Drilling

Beta Hunt Mine

At Beta Hunt, 5,884 metres of drilling was completed during the first quarter. Gold exploration and resource definition drilling was focused on extending A Zone strike to the north, identifying potential down-dip extensions and infill drilling at Western Flanks. Nickel exploration targeted extensions to the 25C nickel trough in the Beta Block.

During the first quarter the Corporation announced exploration drilling at the Fletcher Zone materially extended the strike length of gold mineralization to over 500 metres and up to 150 metres in vertical extent, with strike potential of up to 2 kilometres and remaining open at depth.

Also at Beta Hunt, nickel exploration results from the 50C nickel trough have extended the known strike length to over 200 metres and up to 120 metres in width. The new results include drilling along strike of the 50C discovery and the parallel 10C nickel trough. The new 50C nickel discovery is located 140 metres from existing mine development. Nickel mineralization remains open to the southeast beyond the 10C trough and newly defined 50C trough. The potential for more extensive strike lengths exist and is supported by a historic drill intersection of 11.4% Ni over 9.5 metres which is located approximately 1 kilometre southeast of our current drilling. An updated nickel Mineral Resource incorporating the 50C discovery and 10C upgrade planned for completion in the second quarter of 2022.

Higginsville Operations

At Higginsville, 12,660 metres of drilling was completed during the first quarter, which was primarily focused on resource development. Resource definition focused on infilling and extending near-mill resources within the Higginsville Central area. At Higginsville Greater, drilling was targeted at upgrading the deeper section of the Spargos deposit to further assess underground potential.

Conference Call / Webcast

Karora will be hosting a conference call and webcast today beginning at 10:00 a.m. (Eastern time). A copy of the accompanying presentation can be found on Karora's website at www.karoraresources.com.

Live Conference Call and Webcast Access Information:

North American callers please dial: 1-888-220-8474
Local and international callers please dial: 647-484-0475

A live webcast of the call will be available through Cision's website at:
Webcast Link (https://produceredition.webcasts.com/starthere.jsp?ei=1544859&tp_key=0dc6b249ea)

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 May 19, 2022, through the following dial in numbers:

North American callers please dial: 1-888-203-1112; Pass Code: 8417498
Local and international callers please dial: 647-436-0148; Pass Code: 8417498

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 March 31,	Three months ended,	
	2022	2021
Production and processing costs	\$48,109	\$36,077
Royalty expense: Government of Western Australia	1,597	1,388
Royalty expense: Other	2,036	2,367
By-product credits	(2,453)	(2,256)
Adjustment ¹	(5,673)	(6,776)
Operating costs (C\$)	\$43,616	\$30,800
General and administrative expense - Australia ^{2,3}	2,232	1,121
Sustaining capital expenditures	611	2,008
All-in sustaining costs (C\$)	\$46,459	\$33,929
Average exchange rate (C\$1 - US\$1)	0.79	0.79
Operating costs (US\$)	\$34,447	\$24,329
All-in sustaining costs (US\$)	\$36,693	\$26,800
Operating costs (A\$)	\$47,534	\$31,487
All-in sustaining costs (A\$)	\$50,632	\$34,686
Ounces of gold sold	26,286	25,547
Cash operating costs per ounce sold (US\$)	\$1,310	\$952
All-in sustaining cost per ounce sold (US\$)	\$1,396	\$1,049
Cash operating costs per ounce sold (A\$)	\$1,808	\$1,233
All-in sustaining cost per ounce sold (A\$)	\$1,926	\$1,358

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

Beta Hunt Mine

For the periods ended March 31,	Three months ended,	
	2022	2021
Production and processing costs	\$22,739	\$20,470
Royalty expense: Government of Western Australia	1,008	1,021
Royalty expense: Other	1,890	2,083
By-product credits	(2,421)	(2,234)
Operating costs (\$)	\$23,216	\$21,340
Average exchange rate (C\$1 - US\$1)	0.79	0.79
Operating costs (US\$)	\$18,336	\$16,856
Operating costs (A\$)	\$25,302	\$21,815
Ounces of gold sold	16,128	18,754
Cash operating costs per ounce sold (US\$)	\$1,137	\$899
Cash operating costs per ounce sold (A\$)	\$1,569	\$1,163

Higginsville Mine

For the periods ended March 31,	Three months ended,
Production and processing costs	20,222 \$25,800
Royalty expense: Government of Western Australia	569
Royalty expense: Other	286 286
By-product credits	(32) (32)
Adjustment ¹	(6,676) (6,676)
Operating costs (\$)	\$20,460 \$20,460
Average exchange rate (C\$1 - US\$1)	0.79
Operating cost (US\$)	\$7,673 \$7,673
Operating cost (A\$)	\$2,732 \$2,732
Ounces of gold sold	67,958 67,958
Cash operating costs per ounce sold (US\$)	\$1,566 \$1,566
Cash operating costs per ounce sold (A\$)	\$2,428 \$2,428

1. Negative adjustment for intercompany tolling transactions

Quarterly Consolidated Mining Operations

For the three months ended,	Mar 31, 2022	Dec 31, 2021	Sep 30, 2021	Jun 30, 2021	Mar 31, 2021
Production and processing costs	\$48,109	\$38,855	\$36,149	\$35,860	\$36,077
Royalty expense: Government of Western Australia	1,597	1,780	1,679	1,700	1,388
Royalty expense: Other	2,036	1,876	2,972	2,656	2,367
By-product credits	(2,453)	(1,357)	(2,821)	(1,294)	(2,256)
Adjustment ¹	(5,673)	(6,341)	(5,641)	(6,290)	(6,776)
Operating costs (\$)	\$43,616	\$34,813	\$32,338	\$32,632	\$30,800
General and administration expense - Australia ³	2,232	2,503	1,916	2,762	1,121
Sustaining capital expenditures	611	422	994	1,791	2,008
All-in sustaining costs (\$)	\$46,459	\$37,738	\$35,248	\$37,185	\$33,929
Average exchange rate (C\$1 - US\$1)	0.79	0.79	0.79	0.81	0.79
Operating costs (US\$)	\$34,447	\$27,623	\$25,665	\$26,569	\$24,329
All-in sustaining costs (US\$)	\$36,693	\$29,944	\$27,975	\$30,276	\$26,800
Operating costs (A\$)	\$47,534	\$37,910	\$34,941	\$34,502	\$31,487
All-in sustaining costs (A\$)	\$50,632	\$41,096	\$38,085	\$39,316	\$34,686
Ounces of gold sold	26,286	28,734	28,935	30,412	25,547
Cash operating costs per ounce sold (US\$)	\$1,310	\$961	\$887	\$874	\$952
All-in sustaining cost per ounce sold (US\$)	\$1,396	\$1,042	\$967	\$996	\$1,049
Cash operating costs per ounce sold (A\$) ²	\$1,808	\$1,319	\$1,208	\$1,134	\$1,233
All-in sustaining cost per ounce sold (A\$) ²	\$1,926	\$1,430	\$1,316	\$1,293	\$1,358

1. Negative adjustment for intercompany tolling transactions.

2. Quarterly costs in functional currency.

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

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.

(in thousands of dollars except per share amounts)

For the three months ended March 31,	2022	2021
Net earnings (loss) for the period - as reported	\$(3,709)	\$5,624
Finance expense, net	1,045	1,081
Income tax expense	1,556	4,712
Depreciation and amortization	8,754	7,283
EBITDA	7,646	18,700
Adjustments:		
Non-cash share-based payments ¹	5,768	1,142
Unrealized loss (gain) on revaluation of marketable securities ² 646		(360)
Other expense (income), net ²	(21)	15
Loss (gain) on derivatives ²	1,115	(2,860)
Foreign exchange loss (gain) ³	(2,951)	4,573
Adjusted EBITDA	\$12,203	\$21,210
Weighted average number of common shares - basic	154,440,916	146,254,253
Adjusted EBITDA per share - basic	\$0.08	\$0.15

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.

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)	Year ended	
For the three months ended March 31,	2022	2021
Net earnings (loss) for the period - as reported	\$(3,709)	\$5,624
Non-cash share-based payments ¹	5,768	1,142
Unrealized loss (gain) on revaluation of marketable securities ² 646		(360)
Loss (gain) on derivatives ²	1,115	(2,860)
Foreign exchange loss (gain) ³	(2,951)	4,573
Tax impact of the above adjusting items	251	(32)
Adjusted earnings	\$1,120	\$8,087
Weighted average number of common shares - basic	154,440,916	146,254,253
Adjusted earnings per share - basic		

\$0.01

\$0.06

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.

Working Capital

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

(in thousands of dollars) Mar,31,2022 Dec 31, 2021 Dec 31, 2020

Current assets	\$126,601	\$135,426	\$109,857
less: Current liabilities	72,795	70,979	53,022
Working Capital	\$53,806	\$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 doubling gold production to 200,000 ounces by 2024 compared to 2020 and reducing costs 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, expanding to a planned 2.5 Mtpa by 2024, which is fed at capacity from Karora's underground Beta Hunt mine and Higginsville mines. At Beta Hunt, a robust gold Mineral Resource and Reserve is 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 is anticipated to begin mining 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 and the potential of the Beta Hunt Mine, Higginsville Gold Operation, the Aquarius Project and the Spargos Gold Project, the commencement of mining at the Spargos Gold Project and the completion of the resource estimate.

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.

SOURCE [Karora Resources Inc.](#)

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