

Karora Resources Reports Record Revenue, Strong Earnings Growth In Fourth Quarter 2022

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TORONTO, March 23, 2023 - [Karora Resources Inc.](#) (TSX: KRR) ("Karora" or the "Company") today announced unaudited financial and operating results for the fourth quarter ("Q4 2022") and full-year ("2022") 2022. All dollar amounts are in Canadian dollars, unless otherwise noted.

- **SOLID FINANCIAL PERFORMANCE IN Q4 2022**
Record revenue of \$96.8 million, 45% increase from Q4 2021; net earnings growth of 56% to \$9.6 million (\$0.06 per share); Operating cash flow increased 30% over Q3 to \$36.5 million
- **RECORD GOLD PRODUCTION AND SALES IN 2022**
133,887 ounces of gold produced in 2022, 19% increase from 2021 and in line with top end of 2022 guidance (125,000 to 135,000 ounces); Gold sales increased 16% to 132,098 ounces
- **STRONG GROWTH IN ORE MINED AT BETA HUNT**
Record mine production at Beta Hunt in 2022, with 1.1 million tonnes mined, a 23% increase from 2021
- **EXCELLENT PROGRESS WITH GROWTH PLAN**
Processing capacity increased 63% with acquisition of Lakewood Mill; Beta Hunt expansion advancing on schedule and on budget with development of second decline completed in Q1 2023; PEA for nickel resources at Beta Hunt highlighting potential for profitable, high-return nickel mining operation
- **CONTINUED EXPLORATION SUCCESS**
Drilling at Beta Hunt extends gold mineralization 250 metres and 150 metres below known resources at Western Zone and A Zone, respectively, identifies new gold mining opportunity (Mason Zone) and discovers 4C Offset nickel zone
- **SOLID GROWTH IN RESERVES AND RESOURCES**
Gold Mineral Reserves at Beta Hunt increased 12% to 538,000 ounces, with growth in gold Measured and Indicated Mineral Resources of 20% to 1.35 million ounces; Nickel Measured and Indicated Mineral Resources increased 8% to 21 million tonnes
- **CARBON NEUTRALITY ACHIEVED IN 2022**
Carbon neutrality achieved for second consecutive year in 2022 following the purchase and retirement of 95,000 verified carbon offset credits

Paul Andre Huet, Chairman and CEO, commented: "I am very pleased with Karora's performance in 2022, including our record results during the fourth quarter. For the year, we achieved record production driven by strong growth in mined tonnes at Beta Hunt and increased processing capacity. During the fourth quarter, we generated record revenue and gold sales as well as our best net earnings performance of the year. I am also proud of the way our team managed external factors in 2022 such as supply chain disruptions caused by record COVID-19 cases in Western Australia early in the year, sector-wide inflationary pressures and volatile commodity markets. Our unit costs showed marked improvement in the second half of 2022, which positioned us to achieve our guidance for AISC of US\$1,100 - US\$1,200 per ounce sold.

We have refreshed our 2023 and 2024 production, cost and capex guidance to tighten up ranges and reflect the reality of current inflationary cost pressures since we originally provided the guidance in mid-2021 alongside our original growth plan announcement. Since then, we have materially de-risked our growth plan with the addition of the 1.0 Mtpa Lakewood Mill as well as the completion of the second decline at Beta Hunt ahead of schedule earlier this year. With these two critical components of our plan delivered, we remain on the path to ramp up production over 2023 and 2024 to deliver gold production growth into a range of 170,000 to 195,000 ounces at AISC of US\$1,050 - US\$1,200 per ounce sold by 2024.

During 2022, we significantly advanced plans to grow our nickel business, with the release of our Nickel PEA outlining the potential to grow low-cost nickel production that delivers attractive returns, increased price leverage and higher nickel by-product recovery to further improve our gold unit costs. We expect to ramp up nickel production meaningfully during 2H24 and 2025 once completion of development of the 50C/Gamma Zone is in place - enabled by the increased ventilation capacity to be installed during 2023.

Exploration was another key area of success, with drilling at Beta Hunt resulting in new discoveries, major extensions of

mineralization and, as recently announced, significant growth in gold Mineral Reserves and both gold and nickel Mineral Resources.

We are also very proud to have achieved Scope 1 and 2 carbon neutrality for the second straight year in 2022. In 2021 one of the first gold producers globally to become carbon neutral and, as we execute our growth plan, we will continue diligently to further reduce emissions with the goal of ultimately achieving a net zero mining future."

Karora will host a call/webcast on March 23, 2023 at 10:00 a.m. (Eastern Time) to discuss the unaudited fourth quarter year 2022 results. North American callers please dial: 1-888-204-4368, international callers please dial: (+1) 647-794-4368. Webcast of this event click [here] (replay access information below).

The Company's audited financial statements and management's discussion and analysis will be will be filed on SEDAR www.sedar.com and posted to the Company's website at www.karoraresources.com on Tuesday, March 28, 2023.

SUMMARY OF PERFORMANCE

Q4 2022

- Strong production growth to 37,309 ounces of gold, 34% higher than Q4 2021; Q4 2022 production compared to quarterly production of 38,437 ounces the previous quarter.
- Record gold sales of 39,900 ounces, a 39% increase from Q4 2021 and 12% higher than the previous quarter.
- Production and processing costs of \$54.3 million compared to \$32.5 million in last year's fourth quarter and \$42.4 million the previous quarter, with the increase from a year ago mainly reflecting increased input costs due largely to sector-wide inflationary pressures, particularly for diesel, as well as supply chain pressures, tight labour markets and COVID-19 disruptions during the first half of 2022.
- Cash operating costs¹ and AISC¹ per ounce sold averaged US\$1,031 and US\$1,100, respectively, compared to US\$1,042, respectively, for the same period in 2021 and US\$991 and US\$1,069, respectively, the previous quarter.
- Net earnings of \$9.6 million (\$0.06 per share) increased 55% from \$6.1 million (\$0.04 per share) in Q4 2021 as a result of an increase in revenue, driven by record gold sales, and the favourable impact of a foreign exchange gain more than offset by higher production and processing, depreciation and amortization and general and administrative costs; Q4 2022 net earnings increased from \$4.4 million (\$0.03 per share) in Q3 2022.
- Adjusted earnings¹ of \$8.7 million (\$0.05 per share) compared to \$12.0 million (\$0.08 per share) for the same period in 2021 and \$6.6 million (\$0.04 per share) in Q3 2022; The main differences between net earnings and adjusted earnings included the exclusion from adjusted earnings of the foreign exchange gain as well as non-cash share-based payment losses on derivatives.
- Adjusted EBITDA^{1,2} of \$29.2 million, an 17% increase from \$25.0 million a year earlier and 6% higher than \$27.5 million the previous quarter.
- Cash flow from operating activities totaled \$36.5 million, a 9% increase from the fourth quarter of 2021 and 29% higher than \$28.3 million in the third quarter of 2022.

Full-Year 2022

- Record gold production of 133,887 ounces achieved the top end of the Company's guidance range of 120,000 - 140,000 ounces and increased 19% from 2021 driven by higher tonnes processed following the acquisition of the Lakewood mine in July 2022.
- Production and processing costs of \$179.3 million compared to \$121.9 million in 2021, with the increase largely resulting from higher processing volumes, record tonnes mined at Beta Hunt, the ramp up of new mining areas at HGO as well as the impact of COVID-19 disruptions and sector-wide inflationary pressures.
- Cash operating costs¹ and AISC¹ per ounce sold averaged US\$1,099 and US\$1,171, respectively, compared to US\$1,012, respectively, in 2021 with the increases due to higher production and processing costs and the impact of COVID-19 disruptions, average grade, largely reflecting a lower-grade production profile at Beta Hunt in 2022 as well as the utilization of available milling capacity to process material from lower grade stockpiles.
- Net earnings of \$9.9 million (\$0.06 per share) compared to net earnings of \$27.5 million (\$0.18 per share) as a 20% decrease in revenue, driven by record gold sales of 132,047 ounces, was more than offset by higher production and processing, depreciation and amortization and general and administrative costs.
- Adjusted earnings¹ of \$21.1 million (\$0.13 per share) versus \$48.6 million (\$0.33 per share) in 2021; The main differences between net earnings and adjusted net earnings in 2022 included the exclusion from adjusted net earnings of non-cash share-based payments, losses on derivatives, unrealized losses on marketable securities and the impact of a foreign exchange gain.
- Adjusted EBITDA^{1,2} totaled \$91.5 million compared to \$104.3 million a year earlier.
- Cash flow from operating activities totaled \$88.2 million versus \$106.5 million in 2021.

- Cash at December 31, 2022 totaled \$68.8 million, a \$12.7 million increase from September 30, 2022 and compared to \$56.1 million at December 31, 2021; The year-over-year reduction reflected significant capital investment during 2022 in accordance with the Company's growth plan, including \$64.2 million of cash consideration paid for the Lakewood Mill acquisition. Total cash and cash equivalents at December 31, 2022 totaled \$108.8 million comprised of cash as well as \$40.0 million related to an undrawn revolving credit facility.
- Working capital of \$38.0 million at December 31, 2022 versus \$64.4 million at December 31, 2021, with the reduction primarily due to the change in cash year over year related to growth plan deployments as well as higher levels of accounts payable and accrued liabilities.

1. Non-IFRS: the definition and reconciliation of these measures are included in the Non-IFRS Measures section of this news release for the three and twelve months ended December 31, 2022.

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

2022 Growth Highlights

- Acquisition of Lakewood Mill: Fully permitted and operating 1.0 Mtpa Lakewood Mill acquired in July 2022, increased processing capacity by 63%, to 2.6 Mtpa; Additional capacity in 2022 from Lakewood Mill was used to optimize feed at Beta Hunt, Spargos and Higginsville mines and process additional material from lower grade surface stockpiles.
 - Expansion of Beta Hunt: Development of a second (west) decline and related ventilation access commenced in the first quarter of 2022, with the decline being completed ahead of schedule and on budget to a length of 1,020 metres during the first quarter of 2023. In addition, the first of three ventilation raises, also critical to the mine's growth plans, was completed during the first quarter of this year, with two additional ventilation raises to be completed during the 2023. The project is on track to support the mine reaching an annualized production level of 2.0 Mtpa by the end of 2024.
 - Preliminary Economic Assessment ("PEA") for Nickel Resources at Beta Hunt: After announcing robust growth in mineral resources early in 2022, a positive PEA for nickel resources at Beta Hunt was released on August 12, 2022, which included solid growth in low-cost production, robust economics, including attractive returns and a low capital investment requirement, and attractive by-product credit potential from nickel production.
 - Excellent exploration success at Beta Hunt: Drilling in 2022 resulted in new discoveries as well as major extensions to existing zones. Highlights of the 2022 results include:
 - The discovery of a new gold zone, the Mason Zone, with the potential to be an important new source of gold production; the zone is located in the Hunt Block above the current mine development.
 - The extension of known mineralization to depth, including below current Mineral Resources as well as extending the current Mineral Resources, with both zones remaining open for future development.
 - The discovery of a new high-grade nickel zone, the 400m zone, which is located in the Hunt Block above the current mine development.
- Solid growth in Mineral Reserves and Mineral Resources at Beta Hunt: On February 13, 2023, new gold Mineral Reserve and Mineral Resource estimates were announced at Beta Hunt dated as of September 30, 2022.

The new estimates included a 12% increase in Proven and Probable Mineral Reserves to 538,000 ounces, a 20% increase in Measured and Indicated Mineral Resources to 1.35 million ounces and a 34% increase in Inferred Mineral Resources to 1.05 million ounces. On March 7, 2023, the Company announced an 8% increase in Beta Hunt nickel Measured and Indicated Mineral Resources to 21,100 nickel tonnes.

Other Corporate Highlights

- Carbon Neutrality: After becoming one of the world's first carbon neutral gold producers in 2021, carbon neutrality achieved for the second consecutive year in 2022 for the Company's own operations (Scope 1 emissions) and purchased electricity consumption (Scope 2 emissions) through the purchase and retirement of 95,000 tonnes of verified carbon credits. Karora will provide further updates on emissions reduction efforts underway in its 2022 ESG Report to be published in early Q2 2023.
- Inaugural Environmental Social and Governance (ESG) Report: Inaugural ESG Report published in April 2022 for 2021, outlines a comprehensive ESG strategy that serves as a key foundation for integrating critical ESG factors into the Company's governance and risk management systems and introducing key metrics and targets for internal monitoring and external reporting.
- Effective capital management During a period of extensive capital investment in support of future growth, important measures were taken in 2022 to ensure adequate capital strength and liquidity:
 - Senior secured \$80 million Credit Agreement (fully drawn on July 14, 2022) with an option to renew. Proceeds of the term loan were used for general working capital purposes
 - Over-subscribed bought deal financing (net proceeds) through the issuance of \$100 million of Lakewood Mill, a significant step in de-leveraging the balance sheet
- Normal course issuer bid ("NCIB") renewed on July 15, 2022, through which the Company can purchase up to 8,492,971 common shares (representing 5% of total issued and outstanding common shares) between July 20, 2022 and July 19, 2023

and July 19, 2023; During the second half of 2022, 157,660 common shares were acquired and cancelled through the NCIB at an average price of \$3.12 per share.

COVID-19 Protocols

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

RESULTS OF OPERATIONS (Unaudited)

Table 1. Results of Operations

	Three months ended,			Twelve months ended,	
	Dec. 31 2022	Dec. 31 2021	Sept. 30, 2022	Dec. 31 2022	Dec. 31 2021
Gold Operations (Consolidated)					
Tonnes milled (000s)	522	367	547	1,925	1,441
Recoveries	94 %	94 %	94 %	94 %	94 %
Gold milled, grade (g/t Au)	2.37	2.53	2.33	2.30	2.60
Gold produced (ounces)	37,309	27,925	38,437	133,887	112,814
Gold sold (ounces)	39,900	28,734	35,513	132,098	113,628
Average exchange rate (CAD/USD)	0.74	0.79	0.77	0.77	0.80
Average realized price (US \$/oz sold)	\$1,737	\$1,802	\$1,717	\$1,793	\$1,792
Cash operating costs (US \$/oz sold) ¹	\$1,031	\$961	\$991	\$1,099	\$917
All-in sustaining cost (AISC) (US \$/oz sold) ¹	\$1,100	\$1,042	\$1,069	\$1,171	\$1,012
Gold (Beta Hunt Mine)					
Tonnes milled (000s)	250	206	306	1,084	884
Gold milled, grade (g/t Au)	2.76	2.61	2.36	2.40	2.95
Gold produced (ounces)	20,870	16,120	21,977	79,125	78,476
Gold sold (ounces)	22,342	16,372	20,767	78,377	78,810
Cash operating cost (US \$/oz sold) ¹	\$987	\$944	\$953	\$1,044	\$840
Gold (HGO Mine)					
Tonnes milled (000s)	273	161	241	841	557
Gold milled grade (g/t Au)	2.01	2.43	2.29	2.18	2.05
Gold produced (ounces)	16,439	11,805	16,460	54,763	34,338
Gold sold (ounces)	17,560	12,362	14,746	53,721	34,818
Cash operating cost (US \$/oz sold) ¹	\$1,088	\$984	\$1,043	\$1,179	\$1,092

1. Non-IFRS: the definition and reconciliation of these measures are included in the Non-IFRS Measures section of this news release for the three and twelve months ended December 31, 2022

Consolidated Operations

Consolidated gold production in the fourth quarter of 2022 totalled 37,309 ounces, a 34% increase from the fourth quarter of 2021 and compared to record quarterly production of 38,437 ounces the previous quarter.

The increase from the fourth quarter of 2021 resulted from a 42% increase in tonnes milled, which more than offset a reduction in the average grade.

Full-year 2022 production was a record 133,887 ounces, a 19% improvement from 2021 and in line with the top end of the Company's 2022 production guidance. The increase in production from 2021 reflected significantly higher tonnes processed as the Company utilised increased milling capacity following the acquisition of Lakewood Mill, which more than offset a reduction in the average grade due mainly to the transition to a lower-grade production profile at Beta Hunt as well as the impact of utilising increased mill capacity to process material from low-grade stockpiles. These stockpiles were processed to generate additional positive cashflow for the Company while expansion of the Beta Hunt mine to 2.0 Mtpa progressed.

Cash operating costs¹ per ounce sold for the fourth quarter of 2022 averaged US\$1,031 per ounce sold compared to US\$961 for the same period in 2021 and US\$991 the previous quarter. The increase from the fourth quarter of 2021 was driven by higher inputs costs and the impact of a lower average grade. AISC¹ per ounce sold in the fourth quarter of 2022 averaged US\$1,100 versus US\$1,042 in the fourth quarter of 2021 and US\$1,069 the previous quarter, with the increases mainly reflecting higher cash operating costs.

Cash operating costs¹ per ounce sold for the year 2022 averaged US\$1,099 compared to US\$917 in 2021, with the increase reflecting higher input costs, disruptions caused by COVID-19 restrictions in the first half of the year as well as the impact of a lower average grade compared to the prior year. AISC¹ per ounce sold in 2022 averaged US\$1,171 versus US\$1,012 in 2021 as higher cash operating costs¹ per ounce sold more than offset the impact of lower sustaining capital expenditures.

Beta Hunt

During the fourth quarter of 2022, Beta Hunt mined 252,500 tonnes at an average grade of 2.84 g/t containing 23,100 ounces of gold. Mine production during the fourth quarter of 2022 increased 13% from 223,000 tonnes mined in the fourth quarter of 2021 at an average grade of 2.48 g/t and compared to 313,000 tonnes the previous quarter at an average grade of 2.40 g/t. The majority of the scheduled mined tonnes during the fourth quarter came from the A Zone and central section of Western Flanks with the 14% increase in grade compared to the previous quarter mainly reflecting mining in the high-grade ore from the A Zone 17 Level.

Gold production from Beta Hunt in the fourth quarter of 2022 totalled 20,871 ounces based on milling 250,000 tonnes at an average grade of 2.76 g/t.

Beta Hunt mined 5,755 tonnes of nickel ore at an estimated nickel grade of 2.01% during the fourth quarter of 2022. Nickel production was sourced from remnant nickel resources or extensions to previously mined stopes.

For full-year 2022, Beta Hunt mined a record 1,081,500 tonnes at an average grade of 2.45 g/t with ore mainly drawn from Western Flanks and the A Zone in line with the mine plan for the year. Gold production in 2022 totalled 79,125 ounces compared to 78,476 ounces in 2021 as the favourable impact of higher tonnes milled was offset by a slight reduction in the average grade consistent with the 2022 mine plan.

Cash operating costs¹ per ounce sold at Beta Hunt averaged US\$987 in the fourth quarter of 2022 compared to US\$944 in the fourth quarter of 2021 and US\$953 the previous quarter as higher input costs more than offset the favourable impact of an increase in the average grade and a stronger US dollar compared to the Canadian dollar. Cash operating costs¹ for full-year 2022 averaged US\$1,044 versus US\$840 in 2021, with the increase largely due to higher processing volumes, increased input costs, business disruptions early in the year due to COVID-19 and the impact of a lower average grade.

Higginsville Mining Operations ("HGO")

During the fourth quarter of 2022, HGO mined 106,000 tonnes at an average grade of 3.34 g/t, which compared to 317,000 tonnes mined in the fourth quarter of 2021 at an average grade of 1.66 g/t and 171,000 tonnes the previous quarter at an average grade of 3.05 g/t. The reduction in tonnes mined from both prior

periods largely reflected the completion of mining from the Spargos open pit early in the fourth quarter of 2022 and ramp up of new underground mining areas, primarily Aquarius and Two Boys. Mine production from Aquarius totalled 51,230 tonnes at an average grade of 3.33 g/t during the fourth quarter, representing 48% of total mine production during the quarter. An additional 46,050 tonnes at an average grade 3.16 g/t were mined from Spargos during the first half of the quarter.

During the fourth quarter of 2021, Hidden Secret was the primary ore source for mining and processing, accounting for close to 60% of total tonnes mined, with initial mine production and development material from the Spargos open pit accounting for most of the remaining production for the quarter. Mine production from Hidden Secret was completed in the first quarter consistent with the mine plan, with an extensional drilling program being completed over the balance of the year.

Production at HGO in the fourth quarter of 2022 totalled 16,438 ounces based on milling 272,600 tonnes at an average grade of 2.01 g/t.

For the full-year 2022, a total of 469,800 tonnes were mined at an average grade of 3.09 g/t, with the Spargos open pit accounting for approximately two-thirds of total mined tonnes (at an average grade of 3.25 g/t). Gold production at HGO totalled 54,763 ounces (841,200 milled tonnes at an average grade of 2.18 g/t), 59% higher than the previous year. Increased tonnes mined and milled during 2022 reflected the ramp up of the Spargos open pit operation and the commencement of stope production at Aquarius, the combined contribution from which far exceeded the reduction in tonnes from the completion of mining at Hidden Secret in the first quarter of 2022. The average grade of 2.18 g/t compared to an average grade of 2.05 g/t in 2021.

Cash operating costs¹ per ounce sold at HGO averaged US\$1,088 in the fourth quarter of 2022 versus US\$984 for the same period in 2021 and US\$1,043 the previous quarter with the increase from the fourth quarter of 2021 largely reflecting increased input costs, the impact of mine sequencing to higher-cost areas and a lower average grade. For the full-year 2022, cash operating costs¹ per ounce sold averaged US\$1,179 compared to US\$1,092 in 2021 with higher input costs and disruptions caused by COVID-19 restrictions early in the year largely accounting for the year-over-year increase.

Processing Operations

A total of 377,800 tonnes were milled at the Higginsville mill during the fourth quarter of 2022 (with 33% of mill feed coming from Beta Hunt and 67% from HGO) at an average grade of 2.53 g/t. Recovered gold was 28,836 ounces. For full-year 2022, 1,503,100 tonnes were processed (48% from Beta Hunt and 52% from HGO) at an average grade of 2.46 g/t for a total of 111,944 recovered ounces.

Throughput at the Lakewood Mill during the fourth quarter of 2022 totalled 144,400 tonnes (87% from Beta Hunt and 13% from HGO) at an average grade of 1.93 g/t. Recovered gold during the quarter totalled 8,473 ounces. During 2022, following the acquisition of Lakewood Mill in July, a total of 422,200 tonnes were processed (84% from Beta Hunt and 16% from HGO) at an average grade of 1.72 g/t for 21,943 recovered ounces.

1. Non-IFRS: the definition and reconciliation of these measures are included in the Non-IFRS Measures section of this news release for the three and twelve months ended December 31, 2022.

FINANCIAL REVIEW (Unaudited)

Table 2. Financial Overview

(in thousands of dollars except per share amounts) Three Months Ended Year Ended

For the periods ended December 31,	2022	2021	2022	2021
Revenue	\$96,835	\$66,972	\$317,042	\$264,186
Production and processing costs	54,306	32,514	179,265	121,893
Earnings before income taxes	9,804	9,523	16,650	46,064
Net earnings	9,560	6,112	9,901	27,467
Net earnings per share basic	0.06	0.04	0.06	0.18
Net earnings per share diluted	0.06	0.04	0.06	0.18
Adjusted EBITDA ¹	29,196	25,048	91,511	104,280
Adjusted EBITDA per share - basic ¹	0.17	0.16	0.56	0.70
Adjusted earnings ¹	8,699	12,042	21,121	48,639
Adjusted earnings per share - basic ¹	0.05	0.08	0.13	0.33
Cash flow provided by operating activities	36,538	33,515	88,224	106,460
Cash investment in property, plant and equipment and mineral property interests	(21,454)	(25,791)	(171,144)	(92,016)

1. Non-IFRS: the definition and reconciliation of these measures are included in the Non-IFRS Measures of this news release for the three and twelve months ended December 31, 2022.

For the three months ended December 31, 2022, the Company generated revenue of \$96.8 million, a \$29.9 million or 45% increase from the fourth quarter of 2021. Of total revenue in the fourth quarter of 2022, \$93.7 million was gold revenue, which compared to \$65.6 million in the fourth quarter a year earlier. Contributing to the increase in gold revenue was a \$25.5 million favourable impact from a 39% increase in gold sales, to 39,900 ounces. Rate factors contributed an additional \$2.6 million to revenue growth as a \$3.3 million reduction due to a lower US dollar average realized gold price was more than offset by the impact of a significantly stronger US dollar compared to the Canadian dollar. Beta Hunt contributed \$52.5 million of total revenue in the fourth quarter of 2022, with HGO contributing \$41.2 million. During the comparable period in 2021, Beta Hunt contributed \$37.5 million of total revenue, with the remaining \$28.1 million coming from HGO.

For the year ended December 31, 2022, the Company generated revenue of \$317.0 million, \$52.9 million or 20% higher than revenue of \$264.2 million in 2021. Of total revenue in 2022, \$309.4 million (\$256.5 million in 2021) represented revenue from gold sales, with the remainder mainly related to the sale of nickel mined at Beta Hunt. A 16% increase in gold sales, to 132,098 ounces, was the key driver of growth in gold revenue year over year, having a \$41.7 million favourable impact, with rate factors contributing an additional \$11.2 million of revenue growth, almost all of which resulted from a stronger US dollar in 2022 versus 2021. Of the \$317.0 million of revenue in 2022, Beta Hunt accounted for \$190.6 million, with HGO contributing \$148.3 million.

Net earnings for the three months ended December 31, 2022 totalled \$9.6 million (\$0.06 per basic share), a 56% increase from \$6.1 million (\$0.04 per basic share) for the three months ended December 31, 2021. The change in net earnings compared to the final quarter of 2021 reflected significantly higher revenue and the favourable impact of a foreign exchange gain, partially offset by increased production and processing costs and depreciation and amortization expense.

Net earnings for the twelve months ended December 31, 2022, was \$9.9 million (\$0.06 per basic share) compared to net earnings of \$27.5 million (\$0.18 per basic share) for the comparable period in 2021 as the

favourable impact of higher revenue was more than offset by increased production and processing costs and higher depreciation and amortisation and general and administrative expenses.

Adjusted earnings for the three months ended December 31, 2022 totalled \$8.7 million versus \$12.0 million in the fourth quarter of 2021. The difference between net earnings and adjusted earnings in the fourth quarter of 2022 resulted from the exclusion from adjusted earnings of after-tax amounts related to the \$8.7 million foreign exchange gain, as well as \$4.5 million of non-cash share-based payments and a \$3.1 million loss of derivatives. Adjusted earnings in the fourth quarter of 2021 excluded the after-tax impact of \$4.0 million of non-cash share-based payments, a \$2.6 million loss on derivative as well as an unrealized loss on the revaluation of marketable securities of \$0.6 million and a \$0.4 million foreign exchange gain.

For the year ended December 31, 2022, adjusted earnings totalled \$21.1 million compared to \$48.6 million in 2021. Excluded from adjusted earnings in 2022 were the after-tax impact of \$7.6 million of non-cash share-based payments, a \$4.4 million loss on derivatives, a \$2.3 million foreign exchange gain, a \$2.0 million unrealized loss on the revaluation of marketable securities and \$1.2 million of costs related to sustainability initiatives. The difference between net earnings and adjusted earnings in 2021 mainly reflected the after-tax impact of an \$11.0 million foreign exchange loss, \$8.3 million of non-cash share-based payments and a \$3.9 million loss on derivatives.

Table 3. Highlights of Financial Position

	December 31, 2022	December 31, 2021	December 31, 2020
(in thousands of dollars)			
Cash and cash equivalents	\$68,786	\$91,005	\$79,695
Working capital ¹	38,020	64,447	56,835
Property, plant and equipment and mineral property interests	426,962	300,680	239,044
Total assets	557,112	436,333	350,099
Current liabilities excluding current portion of financial liabilities ²	73,597	64,570	48,295
Non-current liabilities excluding non-current portion of financial liabilities ²	86,222	78,762	55,650
Financial liabilities (current and non-current) ²	48,650	41,636	38,950
Total liabilities	208,469	184,968	142,895
Shareholders' equity	348,643	251,365	207,204

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.

Karora's cash position increased 23% to \$68.8 million as at December 31, 2022 compared to \$56.1 million at September 30, 2022. Cash at the end of 2022 compared to cash of \$91.0 million as at December 31, 2021, with the reduction mainly reflecting significant capital investment during the year in support of the Company's growth plan, including \$64.2 million of cash consideration paid for the Lakewood Mill acquisition.

OUTLOOK

The outlook and financial targets only relate 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 new release. This outlook, including expected

results and targets, is subject to various risks, uncertainties and assumptions, which may impact future performance and our achievement of the results and targets discussed in this section. The Company may update the outlook depending on changes in metal prices and other factors.

On March 23, 2023, the Company announced a tightening of the ranges for its previously announced production guidance for 2023 and 2024. The minor adjustment (<5%) to the upper end of the 2024 guided production ounce range is primarily due to a shift in production startup of the Spargos underground operations to mid-2024, vs. mid-2023 in prior guidance. The shift was driven by a reallocation of capital priorities to accelerate the nickel project at Beta Hunt, resulting in deferral of a portion of Spargos ounces into 2025.

AISC cost guidance and capital expenditure guidance was also updated to adjust for extensive sector-wide cost inflationary pressures, planned mine development, equipment additions, processing plant upgrades, tailings storage expansions and other growth related expenditures. The prior guidance for 2023 and 2024 was provided on June 28, 2021 with the new guidance more reflective of the currently elevated global cost environment.

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

		2023	2024
Gold Production	Koz	145 - 160	170 - 195
All-in sustaining costs	US\$/oz	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
Payable Nickel	Ni Tonnes	450 - 550	600 - 800

- (1) 2023 and 2024 guidance was announced in June 2021 (see Karora news release June 28, 2021), and updated on March 23, 2023. This production guidance through 2024 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 and cashflow from operations.
- (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 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 this news release and Karora's MD&A for the three and COMPREHENSIVE Annual Report for 2022.

Karora will be hosting a conference call and webcast today, March 23, 2023, 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: 1-888-204-4368
Local and international callers please dial: 647-794-4605

A live webcast of the call will be available through Cision's website at: <https://app.webinar.net/98VakoD16Lg>

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 March 23, 2023, through the following dial in numbers:

North American callers please dial: 1-888-203-1112; Pass Code: 9611891
Local and international callers please dial: 647-436-0148; Pass Code: 9611891

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 (Unaudited)

Cash Operating and All-in Sustaining Costs

The Company 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

For the periods ended December 31,	Three months ended, Twelve months ended,			
	2022 ⁵	2021 ⁵	2022 ⁵	2021 ⁵
Production and processing costs	\$57,819	\$38,855	\$201,112	\$146,941
Royalty expense	5,039	3,656	17,987	16,418
By-product credits	(3,095)	(1,359)	(7,313)	(7,725)
Adjustment ¹	(3,883)	(6,341)	(22,492)	(25,048)
Operating costs (C\$) ²	\$55,880	\$34,811	\$189,294	\$130,586
General and administrative expense - Australia ^{3,4}	3,133	2,503	9,738	8,302
Sustaining capital expenditures	600	422	2,804	5,215
All-in sustaining costs (C\$)	\$59,613	\$37,737	201,836	\$144,103
Average exchange rate (C\$1 - US\$1)	0.74	0.79	0.77	0.80
Operating costs (US\$)	\$41,155	\$27,621	145,139	\$104,189
All-in sustaining costs (US\$)	\$43,905	\$29,943	154,742	\$114,998
Operating costs (A\$)	\$62,632	\$37,910	209,782	\$138,844
All-in sustaining costs (A\$)	\$66,816	\$41,096	223,697	\$153,186
Ounces of gold sold	39,900	28,734	132,098	113,628
Cash operating costs per ounce sold (US\$)	\$1,031	\$961	\$1,099	\$917
All-in sustaining cost per ounce sold (US\$)	\$1,100	\$1,042	\$1,171	\$1,012
Cash operating costs per ounce sold (A\$)	\$1,570	\$1,319	\$1,588	\$1,222
All-in sustaining cost per ounce sold (A\$)	\$1,675	\$1,430	\$1,693	\$1,348

1. Negative adjustment for intercompany tolling transactions.

2. Operating costs for the three months and twelve months ended December 31, 2022 exclude \$0.4 million and \$0.6 million, respectively, of third-party tolling costs at the Lakewood Mill.

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

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

5. Numbers may not add to totals due to rounding.

BETA HUNT

	Three months ended, Twelve months ended,			
For the periods ended December 31,	2022 ¹	2021 ¹	2022 ¹	2021 ¹
Production and processing costs	\$29,562	\$18,027	\$99,586	\$76,660
Royalty expense	3,445	2,777	14,240	13,882
By-product credits	(3,059)	(1,320)	(7,198)	(7,630)
Operating costs (\$)	\$29,948	\$19,484	\$106,62	\$82,912
Average exchange rate (C\$1 - US\$1)	0.74	0.79	0.77	0.79
Operating costs (US\$)	\$22,057	\$15,460	\$81,819	\$66,176
Operating costs (A\$)	\$33,566	\$21,218	\$11	\$87,9
Ounces of gold sold	22,342	16,372	78,377	78,810
Cash operating costs per ounce sold (US\$)	\$987	\$944	\$1,044	\$840
Cash operating costs per ounce sold (A\$)	\$1,502	\$1,296	\$1,507	\$1,117

1. Numbers may not add to totals due to rounding.

HGO

	Three months ended, Twelve months ended,			
For the periods ended September 30,	2022 ^{2,3}	2021 ^{2,3}	2022 ^{2,3}	2021 ^{2,3}
Production and processing costs	\$28,257	\$20,828	\$101,526	\$70,281
Royalty expense	1,594	879	3,747	2,536
By-product credits	(36)	(37)	(115)	(98)
Adjustment ¹	(3,883)	(6,341)	(22,49)	(25,048)
Operating costs (\$) ²	\$25,932	\$15,328	\$82,666	\$47,671
Average exchange rate (C\$1 - US\$1)	0.74	0.79	0.77	0.80
Operating cost (US\$)	\$19,099	\$12,162	\$63,320	\$38,010
Operating cost (A\$)	\$29,065	\$16,692	\$91,640	\$50,847
Ounces of gold sold	17,558	12,362	53,721	34,818
Cash operating costs per ounce sold (US\$)	\$1,088	\$984	\$1,179	\$1,092
Cash operating costs per ounce sold (A\$)	\$1,655	\$1,350	\$1,706	\$1,460

1. Negative adjustment for intercompany tolling transactions.

2. Operating costs for the three months and twelve months ended December 31, 2022 exclude \$0.4 million and \$0.6 million, respectively, of third-party tolling costs at the Lakewood Mill.

3. Numbers may not add due to rounding.

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)	Three Months Ended		Year Ended	
For the periods ended December 31,	2022	2021	2022	2021
Net earnings for the period - as reported	\$9,560	\$6,112	\$9,901	\$27,467
Finance expense, net	1,761	871	5,533	4,021
Income tax expense	244	3,411	6,749	18,597
Depreciation and amortization	18,169	7,860	55,585	29,250
EBITDA	29,734	18,254	77,768	79,335
Adjustments:				
Non-cash share-based payments ¹	4,497	3,952	7,647	8,258
Unrealized loss (gain) on revaluation of marketable securities ²	(6)	545	2,032	902
Other expense , net ²	573	100	772	223
Loss on derivatives ²	3,073	2,644	4,405	3,921
Foreign exchange loss (gain) ³	(8,675)	(447)	(2,294)	11,028
Sustainability initiatives ⁴	-	-	1,181	613
Adjusted EBITDA	\$29,196	\$25,048	\$91,511	\$104,280
Weighted average number of common shares - basic	173,372,371	153,245,430	164,437,670	148,698,289
Adjusted EBITDA per share - basic	\$0.17	\$0.16	\$0.56	\$0.70

1. 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)	Three Months Ended		Year Ended	
For the periods ended December 31,	2022	2021	2022	2021
Net earnings for the period - as reported	\$9,560	\$6,112	\$9,901	\$27,467
Non-cash share-based payments ¹	4,497	3,952	7,647	8,258
Unrealized loss (gain) on revaluation of marketable securities ²	(6)	545	2,032	902
Loss on derivatives ²	3,073	2,644	4,405	3,921
Foreign exchange loss (gain) ³	(8,675)	(447)	(2,294)	11,028
Sustainability initiatives ⁴	-	-	1,181	613
Tax impact of the above adjusting items	250	(764)	(1,751)	(3,550)
Adjusted earnings	\$8,699	\$12,042	\$21,121	\$48,639
Weighted average number of common shares - basic	173,372,371	153,245,430	164,437,670	148,698,289
Adjusted earnings per share - basic	\$0.05	\$0.08	\$0.13	\$0.33

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

Working Capital

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

	December 31, December 31, December 31,		
(in thousands of dollars)	2022	2021	2020
Current assets	\$115,857	\$135,426	\$109,857
Less: Current liabilities	77,837	70,979	53,022
Working Capital	\$38,020	\$64,447	\$56,835

Compliance Statement (JORC 2012 and NI 43-101)

The technical and scientific information contained in this news release 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 2023 and 2024 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 needed 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.

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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

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