



NEWS RELEASE

Karora Announces Strong Second Quarter Financial and Operating Results, Reiterates 2020 Guidance

Karora will host a call/webcast on August 10, 2020 at 10:00 a.m. (Eastern Time) to discuss the second quarter results. North American callers please dial: 1-888-231-8191, international callers please dial: (+1) 647-427-7450. For the webcast of this event click [\[here\]](#) (replay access information below).

TORONTO, August 10, 2020 – Karora Resources Inc. (TSX: KRR) ("Karora" or the "Corporation"- <https://www.commodity-tv.com/ondemand/companies/profil/karora-resources-inc/>) is pleased to announce its financial results and review of activities for the three and six months ended June 30, 2020. All amounts are expressed in Canadian dollars, unless otherwise noted. For additional information please refer to Karora's Management's Discussion & Analysis ("MD&A") and unaudited condensed interim consolidated financial statements for the three and six months ended June 30, 2020 and 2019.

Highlights

- **Second quarter 2020 consolidated gold production of 24,078 ounces, 2020 gold production guidance of 90,000 to 95,000 ounces is maintained (assuming no significant interruption in operations as a result of the COVID-19 virus).**
- **Second quarter 2020 consolidated all-in-sustaining-costs ("AISC")¹ of US\$1,065 per ounce was at the lower end of the 2020 guidance, US\$1,050-\$1,200 per ounce. The Corporation continues to target AISC costs of approximately US \$1,000 per ounce by the end of 2020.**
- **Net earnings of \$9.8 million, or \$0.07 per share for the second quarter of 2020, up \$9.3 million from \$0.5 million in the first quarter of 2020.**
- **Adjusted earnings¹ of \$16.6 million, or \$0.12 per share for the second quarter of 2020, up \$4.0 million from \$12.6 million in the first quarter of 2020.**
- **Adjusted EBITDA¹ was \$17.3 million or \$0.13 per share for the second quarter of 2020, up \$3.7 million from \$13.6 million in the first quarter of 2020.**
- **Strengthened cash position and balance sheet: Karora ended the second quarter of 2020 with a strong cash position of \$50.2 million, and working capital of \$43.8 million, improvements of \$11.8 million and \$13.1 million respectively from March 31, 2020. The second quarter cash balance is net of payments into gold hedge agreements totalling \$3.5 million.**
- **Fully leveraged to gold price: Gold hedge agreements were concluded during the second quarter. Karora gold sales are now fully exposed to market gold prices.**
- **Closed acquisition of the Spargos Reward high-grade open pit gold Project in Western Australia on August 7, 2020.**
- **Royalty reductions: Eliminated the Morgan Stanley NSR gold royalty on the Higginsville**

(HGO) properties and have reached an agreement with Maverix Metals to reduce the Beta Hunt gold royalty by 2.75% (subject to certain conditions precedent).

- **Eric Sprott share investment: In connection with the agreement to reduce the Beta Hunt gold royalty, Eric Sprott increased his ownership in Karora by 26 million shares (prior to share consolidation) and, along with an additional institutional investor, effectively took up the entire planned share issuance announced June 30, 2020 as part of the agreement with Maverix Metals to reduce the Beta Hunt gold royalty.**
- **Sale of remaining interest in Dumont Nickel Project: on July 27, 2020, Karora closed the sale of its 28% interest in the Dumont Nickel Project for proceeds of up to \$47.6 million. Karora immediately received \$10.7 million in cash, comprised of \$7.4 million from Waterton for its interest and a \$3.3 million refund of Karora's share of the cash held within the Dumont Joint Venture. On a future sale or other monetization event, the Corporation will be entitled to receive 15% of the net proceeds from the transaction (net of certain agreed costs and deductions) up to a maximum of an additional \$40.2 million.**
- **Effective July 31, 2020, the corporation completed a consolidation of its outstanding common shares on the basis of one (1) post-consolidation common share for every four point five (4.5) pre-consolidation common shares (the "Consolidation"). The exercise price and the number of common shares issuable under any of the Corporation's outstanding share-based securities such as warrants, stock options and restricted share units, as applicable, have been proportionately adjusted.**

1. Non-IFRS: the definition and reconciliation of these measures are included in the Non-IFRS Measures section 14 of this MD&A.

Paul Andre Huet, Chairman & CEO, commented: "We have been extremely busy at Karora since the start of the second quarter, with yet another strong operational performance of sustainable gold production and steadily reducing costs, despite challenges associated with COVID-19. Not only did we return a strong financial quarter, but we also achieved several major corporate objectives which have transformed the Corporation into a top tier junior producer and have laid the foundation for the next stage of Karora's growth as a business.

As always, our success begins with delivering on our production results and the second quarter continued the trend of strong results since we acquired the Higginsville mine and mill one year ago. During the second quarter, we produced 24,078 ounces, bringing our total production during the first six months of 2020 to 48,895 ounces, or 54% of the lower end of our 2020 guidance. Not only did we deliver strong production, but we also continued our downward trend in AISC despite the elevated costs associated with important COVID-19 precautions we have initiated across our operations in Western Australia. AISC of US\$1,065 per ounce sold during the quarter was a US\$36 per ounce improvement over the first quarter of 2020 and continues our trend towards our gold of US\$1,000 per ounce by the end of 2020.

On the corporate front, we have completed a number of actions that will further strengthen our position as a gold focused producer and which leave us well positioned to deliver exceptional operational and financial performance in the second half of 2020. We eliminated the Morgan Stanley NSR gold royalty on the Higginsville properties and announced an agreement with Maverix Metals to reduce the Beta Hunt gold royalty by 2.75%, essentially unlocking HGO and Beta Hunt for renewed exploration growth. We also recently announced the closing of the Spargos high-grade gold project acquisition, which we expect to fast track into our production profile 2021.

Further bolstering our financial position and focus on gold, we announced the sale of our remaining 28% stake Dumont Nickel Project providing immediate cash of nearly \$11 million that can be re-invested in growing our gold business, while retaining significant upside exposure to the value of Dumont upon a potential future sale.

All these initiatives have already and are expected to continue to drive substantial value for our shareholders. Looking ahead, we expect to update the market with a resource and reserve update for our Australian operations during the fourth quarter of 2020.

With a quarter end cash balance of \$50.2 million, Karora is rapidly improving on an already strong financial position. I am pleased to announce that we are now unhedged on 100% of our gold production moving forward and we look forward to full exposure to the excellent gold prices in today's market."

COVID-19 Preparedness

Karora has continued to maintain strict control measures at its operations in response to the COVID-19 pandemic. Procedures are in place to ensure operating sites remain as prepared and responsive to the situation as possible. While the situation in Western Australia with respect to COVID-19 has broadly improved, Karora continues to actively monitor the advice of local health authorities and has employed a full-time nurse and supporting medical staff to monitor the status of individuals entering and leaving site. Furthermore, the company has adjusted rotations for personnel on site and has chartered Karora-only flights where prudent to ensure the health and safety of its employees and stakeholders, which remains the company's top priority.

Results of Operations

Table 1 - Highlights of operational results for the periods ended June 30, 2020 and 2019

For the periods ended June 30,	Three months ended,		Six months ended,	
	2020	2019	2020	2019
Gold Operations (Consolidated)				
Tonnes milled (000s)	326	89	640	139
Recoveries	92%	93%	93%	93%
Gold milled, grade (g/t Au)	2.26	3.32	2.30	3.17
Gold produced (ounces)	24,078	8,418	48,895	13,196
Gold sold (ounces)	23,185	8,482	47,811	14,857
Average realized price (US \$/ounce sold)	\$1,609	\$1,335	\$1,549	\$1,310
Cash operating costs (US \$/ounce sold) ¹	\$935	\$1,264	\$950	\$1,107
All-in sustaining cost (AISC) (US \$/ounce sold) ¹	\$1,065	\$1,316	\$1,084	\$1,193
Gold (Beta Hunt Mine)¹				
Tonnes milled (000s)	186	82	372	132
Gold milled, grade (g/t Au)	2.64	3.32	2.61	3.17
Gold produced(ounces)	16,818	8,114	33,988	12,892
Gold sold (ounces)	16,024	8,187	33,102	14,562
Cash operating cost (US \$/ounce sold) ¹	\$982	\$1,026	\$963	\$970
Gold (HGO Mine)				
Tonnes milled (000s)	140	7	268	7
Gold milled grade (g/t Au)	1.75	1.38	1.87	1.38
Gold produced (ounces)	7,260	304	14,907	304
Gold sold (ounces)	7,161	295	14,709	295
Cash operating cost (US \$/ounce sold) ¹	\$829	N/A ²	\$923	N/A ²

1. Non-IFRS: the definition and reconciliation of these measures are included in the Non-IFRS Measures section 14 of Karora's MD&A dated August 10, 2020.

Higginsville ("HGO")

During the second quarter of 2020, 140 kt of HGO material was milled at a grade of 1.75 g/t for production of 7,260 ounces of gold.

Production from Baloo continued throughout the second quarter with mining now at the 226RL north end and 228 RL south. The lower mined grade during the second quarter when compared to the first quarter was a result of processing of lower grade stockpiles due to heavy rainfall restricting access to mill feed from Baloo and Beta Hunt during the start of the second quarter. Despite these heavy rains and increased ground water inflows into the Baloo pit, the mining team performed exceptionally well by effectively managing the dewatering activities and limiting its impact on productivity, as reflected in the second quarter numbers. Recent grade control drilling has intersected additional high grade +2 g/t material at depth leading to a re-optimization of the entire pit. The re-optimization is expected to deliver further mineable ounces to the Baloo resource inventory. Completion of this work is expected during the third quarter of 2020.

The Fairplay North pit is currently being mined in two stages to optimize mining activities with final production originally expected to be completed by the end of the third quarter 2020. However, recent drilling has raised the potential for this to be extended.

As originally announced on February 27, 2020, Karora drilling has extended mineralization at the Hidden Secret and Mousehollow projects. Subsequent to the end of the second quarter, the

corporation began pre-stripping and mining at Hidden Secret which will provide a third source of mill feed from HGO for the Higginsville plant along with additional operational flexibility. Additional metallurgical test work has also been received confirming recoveries in excess of 90%.

An updated mineral resource estimate for the Hidden Secret and Mousehollow projects is expected to be delivered in fourth quarter of 2020 as part of the planned update for the Australian operations.

Beta Hunt

During the second quarter of 2020, 186 kt of Beta Hunt material was milled at a grade of 2.64 g/t for production of 16,818 ounces of gold.

Beta Hunt production continues to focus on the Western Flanks and A Zone mining areas. Mining areas within the Western Flanks have shown widths up to 20m wide which help underpin the increase in Beta Hunt mined production to approximately 65,000 tonnes per month compared to budget 50,000 to 55,000 tonnes per month.

Consolidated Milling

On a consolidated basis, 326 kt were milled in the second quarter of 2020 at an average gold grade of 2.26 g/t, to produce a total of 24,078 ounces of gold. Mill availability remained in a stable range, averaging over 95% which was consistent with prior quarters. Milling operations had a third consecutive quarter of improved cost performance with processing costs decreasing to \$21 per tonne compared to \$27 per tonne in the first quarter of 2020. This is despite wet and clayey oxide material from Fairplay North causing some throughput issues during the quarter. To overcome this issue, a number of mitigation methods have been put in place. These include the addition of a temporary screening plant which allows the fines to bypass the crushing circuit.

For the second quarter, the HGO mill feed was approximately 60% Beta Hunt and approximately 40% at HGO open pits. Longer term, the aim is a mill feed ratio of approximately 50:50 Beta Hunt to HGO, which will assist in fully optimizing the HGO plant.

Cash operating costs¹ and AISC¹ were US\$935 and US\$1,065 per ounce sold respectively on a consolidated basis for the second quarter of 2020.

Outlook

Following the strong first half of the year, Karora is maintaining its consolidated production and cost guidance for its Australian operations (Beta Hunt and HGO) of 90,000 to 95,000 ounces of gold at an average AISC¹ of US\$1,050 to US\$1,200 per ounce sold. Karora continues to target AISC¹ costs of approximately US\$1,000 per ounce sold by the end of 2020.

1. Reference is made to the Non-IFRS Measure section 14 of Karora's MD&A dated August 10, 2020.

HGO Royalty Elimination

On May 11, 2020 the Corporation announced it had reached an agreement with Morgan Stanley Capital Group Inc. ("Morgan Stanley") to acquire the remaining 1.75% NSR royalty for US\$9 million in cash which covers a large number of tenements at Karora's Higginsville Gold Operations. This transaction removed the remaining NSR royalty obligations in respect of the affected tenements, with the exception of the mandatory Western Australia state royalty of 2.5%. The current participation payment arrangement with Morgan Stanley remains in place. See Karora news release dated December 19, 2019 for details of the arrangement.

HGO Exploration

During the second quarter, resource, infill and extensional drilling at the current Baloo and Fairplay North open pit operations continued to support ongoing mining activities of both pits. Grade control drilling has also commenced at the Hidden Secret open pit, to be closely followed at Mousehollow. Mining of these pits is expected to commence in the third quarter of 2020 with all necessary approvals now in place. Both pits are within 10 km of the HGO treatment plant.

Resource definition drilling at the Pioneer deposit continues with the aim of advancing the project to mine ready as part of Higginsville pipeline of open pit projects. The HGO production pipeline strategy is to maintain a minimum of two open pits operating in tandem at any time, to ensure flexibility with production and fully optimize the feed blend into the HGO plant.

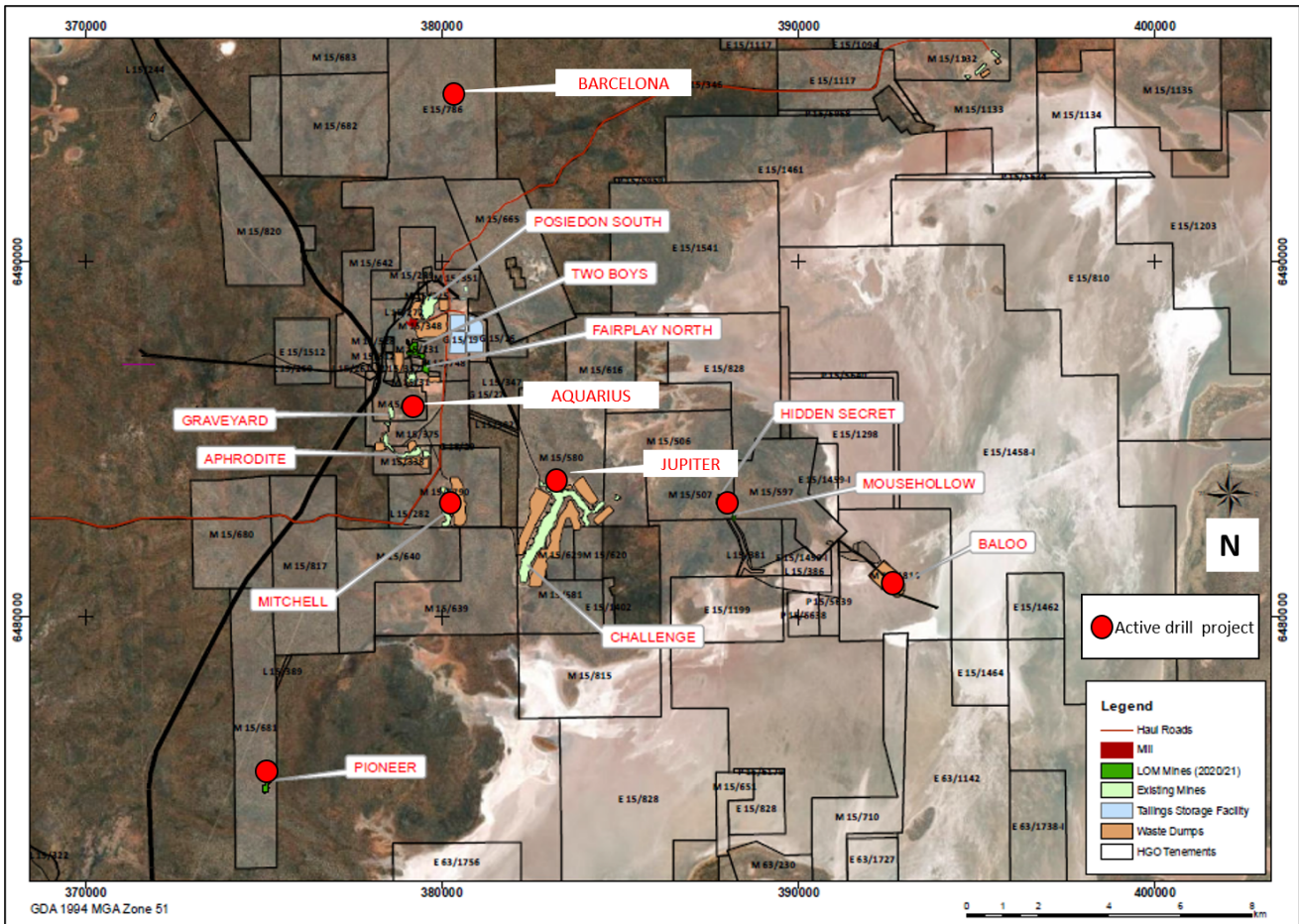
The Eundynie area which surrounds the Hidden Secret and Mousehollow pits has been identified as having significant exploration potential with particular interest around the old historic Eundynie mining centre located only 500m north of the planned pits. Last known mining at Eundynie occurred in 1915, with records showing multiple historic shafts, some extending to depths of up to 120m and grades as high as 210 g/t over approximately 0.9m. The exploration potential below these workings is yet to be tested and could provide an opportunity for additional high-grade mineralization. Drilling is planned for later in the year.

Figure 1 below shows some of the areas where Karora is either actively advancing or evaluating as high-priority exploration targets at HGO. In addition to ongoing exploration at Baloo and Fairplay North, a number of tenements covered under the now eliminated Morgan Stanley NSR royalty are now considered high priority. These areas include Aquarius, Hidden Secret, Mousehollow, Pioneer, the Two Boys extension, Paleochannel extensions and Barcelona.

Given the large number of exploration brown field and greenfield targets within close proximity of the HGO plant, the corporation is considering options to fast track exploration. A review to re-prioritize exploration targets is currently underway.

Preliminary observations from the work completed to date show significant and well-recognised structural trends associated with known economic primary mineralization plus substantial paleochannel systems. Karora plans to undertake a targeting study as the basis for a drill program.

Figure 1: Plan view of active HGO mines and exploration projects



Beta Hunt Royalty Reduction

On June 30, 2020, Karora and Maverix Metals Inc. ("Maverix") announced an agreement to reduce the gold royalty at Karora's Beta Hunt mine through the creation of a strategic partnership which align both parties in unlocking the significant value at Beta Hunt for their respective shareholders. Karora reached an agreement with Maverix to reduce the royalty on Beta Hunt gold production from 7.5% to 4.75% effective July 1, 2020, subject to certain conditions. The reduced royalty burden on the Beta Hunt mine will allow both Karora and Maverix shareholders to benefit from a renewed focus on exploration, development and potential future production growth at Beta Hunt. As consideration for the reduction, Karora will pay US\$18 million in cash to Maverix.

In connection with this transaction, which was to be paid in cash and shares issued to Maverix as previously announced (see Karora news release dated June 30, 2020), Karora worked alongside Maverix to effectively place the entire planned share issuance with Eric Sprott and one other institutional investor (see Karora news releases dated July 14 and July 17, 2020). Karora issued a total of 36.5 million common shares at \$0.506 per pre-consolidation share, which is the same price per share that had been agreed with Maverix Metals Inc. (see Karora news release dated June 30, 2020). The proceeds of the share issuance will be used to complete the Maverix transaction. As a result, no common shares of Karora will be issued to Maverix.

Spargos Reward Project Acquisition

On August 7, 2020, Karora completed the acquisition of the Spargos Reward Gold Project for A\$4 million, which the corporation elected to pay for in cash. Karora is subject to a minimum spending commitment of A\$2.5 million on exploration and development at the Spargos Reward project during the two-year period from the closing date. The seller is entitled to an additional (i) A\$1.5 million in Karora shares on commencement of gold production from Spargos, and (ii) A\$1.0 million in Karora shares if a new additional indicated gold resource of at least 165,000 ounces is delineated at the Project.

Spargos, located approximately 65 km from our Higginsville mill, is expected to provide a new high-grade source of feed for the HGO mill. Karora intends to fast tract Spargos into our growing production pipeline beginning in 2021. Follow up is planned on the exciting exploration upside at Spargos, as demonstrated by RC drillhole 19SPRRC004 intersection of 37.1 g/t over 18m (62m to 80m), including 93.1 g/t over 2m from 78m downhole^{1,2}. (See Karora news release dated August 7, 2020).

1. Historical drill information for hole 19SPRRC004, as provided in Corona Resources Limited news release (www.coronaresources.com.au), December 6, 2019.
2. Downhole thickness. True thickness cannot be estimated with available information.

Financial Highlights

Table 5 - Highlights of Second Quarter Financial Results

(in thousands of dollars except per share amounts)

For the periods ended June 30, 2020	Three months ended,		Six months ended,	
	2020	2019	2020	2019
Revenue	56,100	17,249	110,382	28,112
Production and processing costs	25,775	14,044	53,061	20,542
Earnings (loss) before income taxes	17,242	(14,348)	18,126	(15,925)
Net earnings (loss)	9,818	(14,452)	10,357	(16,029)
Net earnings (loss) per share - basic	0.07	(0.13)	0.08	(0.15)
Net earnings (loss) per share - diluted	0.07	(0.13)	0.07	(0.15)
Adjusted EBITDA ^{1,2}	17,348	(6,613)	30,929	(6,779)
Adjusted EBITDA per share - basic ^{1,2}	0.13	(0.06)	0.23	(0.06)
Adjusted earnings (loss) ¹	16,579	(7,033)	29,179	(7,406)
Adjusted earnings (loss) per share ¹	0.12	(0.06)	0.22	(0.07)
Cash flow provided by (used in) operating activities	21,822	(4,255)	33,298	(8,014)
Cash investment in property, plant and equipment and mineral property interests	10,523	5,651	18,225	13,394

1. Non-IFRS: the definition and reconciliation of these measures are included in the Non-IFRS Measures section of Karora's MD&A dated August 10, 2020.
2. Earnings before interest, taxes, depreciation and amortization ("EBITDA").

Adjusted EBITDA and Adjusted Earnings of \$17.3 million and \$16.6 million, respectively, were up from \$(6.6) million and \$(7.0) million in 2019. During the second quarter of 2019, bulk mining was temporarily ramped down at Beta Hunt for drilling and there was no contribution from HGO which was acquired in June 2019.

Table 6 - Highlights of Karora's Financial Position

(in thousands of dollars):

For the period ended	June 30, 2020	December 31, 2019
Cash and cash equivalents	50,167	34,656
Working capital ¹	43,759	26,506
PP&E & MPI	147,831	98,955
Total assets	231,699	177,777
Total liabilities	128,152	85,495
Shareholders' equity	103,547	92,282

¹ Working capital is a measure of current assets (including cash and cash equivalents) less current liabilities.

Karora ended the second quarter of 2020 with a strong cash position of \$50.2 million, an increase of \$11.8 million compared to March 31, 2019. As of June 30, 2020, the Corporation has zero gold ounces remaining in the hedge program and Karora is now hedge free. As at June 30, 2020, Karora had a working capital surplus of \$43.8 million compared to a \$26.5 million surplus as at December 31, 2019 for an improvement of \$17.3 million.

For a complete discussion of financial results, please refer to Karora's MD&A and unaudited condensed interim financial statements for the three and six months ended June 3, 2020 and 2019.

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: 1-888-231-8191

Local and international callers please dial: 647-427-7450

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

[Webcast Link](https://produceredition.webcasts.com/starthere.jsp?ei=1348439&tp_key=97f01a6d91) (https://produceredition.webcasts.com/starthere.jsp?ei=1348439&tp_key=97f01a6d91)

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 10, 2020, through the following dial in numbers:

North American callers please dial: 1-855-859-2056; Pass Code: 7790889

Local and international callers please dial: 416-849-0833; Pass Code: 7790889

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, Vice-President, Exploration & Growth, Salt Lake Mining Pty Ltd, a 100% owned subsidiary of Karora, a Qualified Person for the purposes of NI 43-101.

About Karora Resources

Karora is focused on growing gold production and reducing costs at its integrated Beta Hunt Gold Mine and Higgsville Gold Operations ("HGO") in Western Australia. The Higgsville treatment facility is a low-cost 1.4 Mtpa processing plant which is fed at capacity from Karora's underground Beta Hunt mine and open pit Higgsville mine. 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 historical gold resource and highly prospective land package totaling approximately 1,800 square kilometers. Karora has a strong Board and management team focused on delivering shareholder value. Karora's common shares trade on the TSX under the symbol KRR. Karora shares also trade on the OTCQX market under the symbol KRRGD.

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, Higgsville Gold Operation and Spargos Gold Project.

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.

Cautionary Statement Regarding the Higgsville Mining Operations

A production decision at the Higgsville gold operations was made by previous operators of the mine, prior to the completion of the acquisition of the Higgsville gold operations by Karora and Karora made a decision to continue production subsequent to the acquisition. This decision by Karora to continue production and, to the knowledge of Karora, the prior production decision were not based on a feasibility study of mineral reserves, demonstrating economic and technical viability, and, as a result, there may be an increased uncertainty of achieving any particular level of recovery of minerals or the cost of such recovery, which include increased risks associated with developing a commercially mineable deposit. Historically, such projects have a much higher risk of economic and technical failure. There is no guarantee that anticipated production costs will be achieved. Failure to achieve the anticipated production costs would have a material adverse impact on the Corporation's cash flow and future profitability. Readers are cautioned that there is increased uncertainty and higher risk of economic and technical failure associated with such production decisions.

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