



NEWS RELEASE

Karora Delivers Strong Start to Year with First Quarter 2021 Adjusted Earnings of \$0.06 Per Share, Adjusted EBITDA of \$0.15 Per Share as Operations Continue to Deliver in Line With 2021 Guidance and Phase I Mill Expansion Tracks Ahead of Schedule

Karora will host a call/webcast on May 7, 2021 at 10:00 a.m. (Eastern Time) to discuss the first quarter 2021 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, May 7, 2021 – 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 months ended March 31, 2021. 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 financial statements for the three months ended March 31, 2021 and 2020.

Highlights

- First quarter 2021 consolidated gold production of 24,694 ounces and gold sales of 25,547 ounces was precisely on track with budget, positioning the Company well to deliver 2021 guidance. Full year consolidated 2021 gold production guidance of 105,000 to 115,000 ounces is maintained (assumes no significant interruption in operations as a result of the COVID-19 virus).
- First quarter 2021 consolidated all-in-sustaining-costs ("AISC")¹ of US\$1,049 per oz. was in line with the full year 2021 guided range of US\$985-\$1,085 per ounce and sets the pace for continued strong cost performance during 2021.
- Net earnings of \$5.6 million or \$0.04 per share for the first quarter of 2021 compared to \$0.5 million in the first quarter of 2020. First quarter earnings were negatively impacted by a non-cash unrealized foreign exchange loss of \$4.5 million (or \$0.03 per share).
- Adjusted earnings¹ of \$8.1 million or \$0.06 per share for the first quarter of 2021.
- Adjusted earnings before interest, taxes depreciation and amortization ("EBITDA")¹ was \$21.2 million or \$0.15 per share for the first quarter of 2021, a \$1.8 million increase compared to \$19.4 million for the first quarter of 2020.
- Cash flow from operating activities of \$18.7 million or \$0.13 per share, a 53% increase compared to \$12.2 million for the first quarter of 2020.
- Cash Position and Balance Sheet: Karora ended the first quarter of 2021 with a strong cash position of \$76.7 million, and working capital of \$63.2 million, slightly lower by \$3.0 million and slightly higher by \$6.4 million respectively from December 31, 2020. The cash position decrease was due to timing of planned investment into Karora's assets as part of 2021's capital program as

well as a scheduled US\$2.5 million cash payment to Maverix Metals as part of the Beta Hunt royalty buy back agreement announced in 2020.

- Phase I mill expansion to increase capacity by 15%, or 550 tonnes per day, to 1.6 million tonnes per annum is proceeding ahead of schedule having already achieved an annualized production rate of 1.5 million tonnes per annum (up from the prior capacity of 1.4 million tonnes per annum).
- At Beta Hunt's Larkin Zone, drilling intersected 19.0 g/t gold over 9.0 metres, including 542 g/t over 0.3 metres in hole EL-EA2-023E with visible gold mineralization observed in the drill core. The Larkin Zone discovery was announced in September 2020.
- Second new high grade nickel discovery at Beta Hunt in the last six months, known as the "Gamma Zone - 50C", where 1.6% nickel over 4.6 metres, including 18.4% nickel over 2.2 metres was intersected in hole G50-22-005E. The drilling, which was targeting nickel, also intersected gold mineralization above and below the 50C trough and suggests the Beta Hunt gold mineralized system extends for over 3.5 kilometres of strike from the northern end of the A Zone.
- At the Lake Cowan prospect, air core drilling on the dry salt lake returned an interval of 1.35 g/t gold over 50 metres, including 3.64 g/t over 16 metres from hole HIGA8864, an excellent result from first pass drilling in this underexplored area.
- At the Spargos Reward Gold Project, continued strong drilling results were announced, including 6.1 g/t over 14.0 metres in hole SPDD0003, which confirmed the interpreted high grade gold plunging shoot thesis by extending the shoot to over 300 metres down-plunge (remains open down-plunge).

Paul Andre Huet, Chairman & CEO, commented: "I am pleased with Karora's first quarter performance, which places us on a very strong footing to achieve our full year 2021 gold production guidance of between 105,000 and 115,000 ounces and AISC¹ of US\$985-\$1,085 per ounce sold. First quarter gold production of just under 25,000 ounces was right on budget as we prepared new higher grade mining areas at Higginsville Central. Over the course of 2021, as we have previously stated, we expect quarterly grade improvements resulting from Spargos and Two Boys to drive increased production towards the second half of the year.

After recently visiting site upon my relocation to Australia, I am extremely happy to announce that our Phase I mill expansion is proceeding well ahead of schedule. We have already achieved an annualized production rate of 1.5 million tonnes per annum. Once completed, as previously announced, the Phase I expansion will increase production capacity at our Higginsville mill in 2021 by approximately 15%, or 550 tonnes per day, to 1.6 million tonnes per annum from the prior capacity of 1.4 million tonnes per annum.

Karora delivered a solid financial performance in the first quarter of 2021 with adjusted EBITDA of \$21 million or \$0.15 per share, operating cash flow of \$19 million or \$0.13 per share and consolidated AISC¹ of US\$1,049 per ounce sold. Net earnings of \$5.6 million or \$0.04 per share were negatively impacted by an unrealized non-cash foreign exchange loss of \$4.5 million or \$0.03 per share, primarily related to intercompany loans due to quarter over quarter currency fluctuations. We reiterate that these are unrealized intercompany loans as we do not transfer cash out of the Australian business unit. Adjusted for these fluctuations, earnings were \$8.1 million or \$0.06 per share. On the cost front, despite planned lower grades during the first quarter, we recorded yet another strong three month

period of disciplined cost control with AISC of US\$1,049 per ounce well within our 2021 guidance range.

With Karora's strong cash balance of \$76.7 million at the end of the first quarter, and much of the ground work to bring on higher grade mining areas over the balance of 2021 completed, we are in a very strong position to deliver on our 2021 organic growth commitments. In this regard, I am looking forward to delivering our multi-year growth profile to the market later in the second quarter."

1. Non-IFRS: the definition and reconciliation of these measures are included in the Non-IFRS Measures section 17 of Karora's MD&A dated May 7, 2021.

COVID-19 Protocols

In response to the global COVID-19 pandemic, Karora's protocols and contingency plans have mitigated impacts of the pandemic. Karora's operations continued at expected levels, consistent with the Corporation's full year 2021 guidance for the first quarter of 2021. Karora's ongoing response to the COVID-19 pandemic continues to prioritize the safety of its workforce and host communities while mitigating potential operational impacts.

Results of Operations

Table 1 - Highlights of operational results for the periods ended March 31, 2021 and 2020

For the periods ended March 31,	Three months ended	
	2021	2020
Gold Operations (Consolidated)		
Tonnes milled (000s)	371	314
Recoveries	93%	93%
Gold milled, grade (g/t Au)	2.16	2.35
Gold produced (ounces)	24,694	24,816
Gold sold (ounces)	25,547	24,626
Average realized price (US \$/oz sold)	\$1,762	\$1,493
Cash operating costs (US \$/oz sold) ¹	\$952	\$965
All-in sustaining cost (AISC) (US \$/oz sold) ¹	\$1,049	\$1,101
Gold (Beta Hunt Mine)¹		
Tonnes milled (000s)	233	186
Gold milled, grade (g/t Au)	2.63	2.58
Gold produced(ounces)	18,261	17,170
Gold sold (ounces)	18,754	17,078
Cash operating cost (US \$/oz sold) ¹	\$899	\$944
Gold (HGO Mine)		
Tonnes milled (000s)	138	128
Gold milled grade (g/t Au)	1.57	2.00
Gold produced (ounces)	6,433	7,646
Gold sold (ounces)	6,793	7,548
Cash operating cost (US \$/oz sold) ¹	\$1,100	\$1,013

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 May 7, 2021.

Consolidated Operations

For the first quarter of 2021, Karora's gold operations milled 371,000 of material at an average grade of 2.16 g/t to produce 24,694 ounces of gold, the Corporation's seventh consecutive quarter of consistent production of approximately 25,000 gold ounces since the acquisition of the Higginsville Mill in mid-2019. Cash operating costs for the first quarter were US\$952 per ounce.

The mill feed was made up of approximately 63% material from Beta Hunt underground and 37% material from Higginsville Central open pit compared to an average 55% from Beta Hunt and 45% from HGO in 2020. The increased weighting of Beta Hunt material was due primarily to increased productivity at Beta Hunt and a lower contribution from Higginsville Central as part of the planned ongoing transition to higher grade mining areas throughout 2021.

Beta Hunt

Production for the first quarter of 2021 was 219,000 tonnes mined, a 33% increase over the first quarter of 2020, and 233,000 tonnes milled, a 25% increase over the first quarter of 2020. Gold production was 18,261 ounces and cash operating costs of US\$899 per ounce sold.

The increased production is a direct reflection of improved mining techniques and a staged fleet replacement and upgrade program, including the addition of a CAT R2900 underground loader and two CAT AD60 trucks into the mining fleet. Two additional CAT R2900 underground loaders and two CAT AD60 trucks are planned for 2021 which are required as part of the continued production ramp up in 2021. The first of these two new trucks recently hauled its first load of ore at Beta Hunt in May.

Nickel production is currently limited to remnant nickel resources south of the Alpha Fault; however, recent drilling has identified a number of new areas including the high grade 30C Nickel Trough discovery where production can potentially be increased.

Furthermore, on April 6, 2021, Karora announced the second new high grade nickel discovery at Beta Hunt in the last six months, known as the "Gamma Zone - 50C", where 11.6% nickel over 4.6 metres, including 18.4% nickel over 2.2 metres was intersected in hole G50-22-005E. The drilling, which was targeting nickel, also intersected gold mineralization above and below the 50C trough and suggests the Beta Hunt gold mineralized system extends for over 3.5 kilometres of strike from the northern end of the A Zone.

Higginsville ("HGO") Central

During the first quarter, 138,000 of HGO material was milled at an average grade of 1.57 g/t to produce 6,433 ounces of gold and cash operating costs of US\$1,100 per ounce sold.

In the first quarter of 2021 mine production from Hidden Secret totaled 141,078 tonnes and metallurgical recoveries were aligned with expectations at 92-93%. At Mousehollow, grade control work commenced during the quarter which will provide valuable additional operational flexibility for mill feed optimization.

With Higginsville Central mining primarily focused at Hidden Secret, minimal production occurred during the first quarter of 2021 at Baloo. Mine production from Baloo totaled 21,355 tonnes for the quarter. A re-optimization of the pit was completed with additional mineralization identified in the northern portion of the pit which has driven the development of a new ramp from the south to allow additional open pit material to be mined from the North eastern corner. Karora continues to evaluate the underground potential at Baloo.

At Two Boys dewatering and exploratory work was significantly advanced during the first quarter of 2021. Mining is on track to commence as planned in the second quarter of 2021.

Karora continues to target the development of a starter pit at the high-grade Aquarius deposit, located less than two kilometres from the HGO treatment plant. As previously reported, near surface drilling identified a number of high grade supergene gold intersections, including 43.5 g/t over 3.0 metres and 5.7 g/t over 6.0 metres (see Karora news release dated November 9, 2020). A starter pit will be developed to access the higher grade underground gold mineralization. Development of the Aquarius starter pit could commence as early as mid 2021.

The existing Aquarius historical resource^{1,2} is 20 kt @ 19.5 g/t (Measured and indicated) and 43 kt @ 4.2g/t (Inferred) will be updated as part of the Corporation's 2021 resource report.

¹ Karora Resources profile at www.sedar.com technical report, February 6th, 2020.

² Westgold 2018 Annual Update of Mineral Resources & Ore Reserves dated October 2, 2018 and is available to view on the ASX (www.asx.com.au).

A qualified person has not done sufficient work on behalf of Karora to classify the historical estimate noted as current mineral resources and Karora is not treating the historical estimates as current mineral resources.

Spargos Reward Gold Project

The first stage of a reverse circulation ("RC") drilling program designed to test the offset southerly strike extension of the main Spargos Reward zone was completed in the first quarter. This program was part of HGO's larger resource definition program with the aim of improving the confidence of the Spargos Reward main zone ahead of mining activities schedule to begin by mid-year. An updated gold Mineral Resource statement is expected later in the second quarter of 2021.

Results from the RC drilling program were reported in Karora news release dated March 1, 2021. The intersection of 6.1 g/t over 14.0 metres in diamond drill hole SPDD003 supports the interpretation of high grade gold mineralization extending over a down-plunge distance of over 300 metres. The down-plunge extension of this shoot remains open at depth and highlights the underground growth opportunity remaining to be tested.

Cash Operating Costs and AISC¹

For the first quarter, consolidated cash operating costs¹ and AISC¹ were US\$952 and US\$1,049 per ounce sold, respectively (reductions of 1% and 5% compared to the first quarter of 2020). The first quarter cost performance is within full year 2021 AISC guidance range of US\$985-\$1,085 per ounce.

Outlook

Karora is maintaining its previously announced full year consolidated 2021 production guidance of between 105,000 - 115,000 ounces of gold at an AISC range of US\$985 to US\$1,085 per ounce. The high-end of 2021 production guidance represents a 21% increase over the high-end of 2020 guidance (19% mid-point to mid-point). The mid-point of 2021 AISC cost guidance represents an 8% reduction when compared to the mid-point of 2020 guidance. The reduced AISC guidance reflects Karora's continued focus on cost reduction initiatives following a very successful year of reducing AISC during 2020.

The above guidance assumes no significant disruption in operations as a result of the COVID-19 pandemic.

Exploration

Karora has identified multiple high priority exploration targets for 2021 as part of its significantly expanded A\$20 million exploration budget across its +1,900 km² land package. The increase in the drilling and exploration budget was driven by Karora's strong success in 2020 in increasing consolidated Reserves and Resources. Exploration is separated into brown fields drilling which is predominantly aimed at upgrading and extending existing Mineral Resources and greenfields exploration, which is targeting new +250k oz discoveries.

At Beta Hunt, 7,837 metres of exploration drilling during the first quarter continued to focus on upgrading and extending the northern, up-plunge margin of the A Zone Mineral Resource and the recently discovered Larkin Gold Zone. Drill results from both these areas are planned to be incorporated in the upcoming Beta Hunt Mineral Resource update expected in later in 2021.

At Beta Hunt's Larkin Zone, drilling intersected 19.0 g/t gold over 9.0 metres, including 542 g/t over 0.3 metres in hole EL-EA2-023E with visible gold mineralization observed in the drill core (see Karora news release dated February 1, 2021). The results support the potential of this mineralization as a third gold resource area in addition to the A Zone and Western Flanks Mineral Resource. The Larkin Zone discovery was initially announced in September 2020.

The second new high grade nickel discovery at Beta Hunt at Beta in the last six months, known as the "Gamma Zone - 50C", was announced on April 6, 2021. Drill hole G50-22-005E intersected 1.6% nickel over 4.6 metres, including 18.4% nickel over 2.2 metres. These results are 140 metres from existing mine development and reinforce the potential for a repeat of the Beta style mineralization south of the Gamma Island Fault, potentially representing a significant growth opportunity for by-product nickel production at Beta Hunt. Current Beta Hunt Measured and Indicated Resources total 561 kt @ 2.9% Ni for 16,100 contained nickel tonnes (see Karora's Technical Report dated February 1, 2021 available under Karora's profile on Sedar.com).

The drilling in Beta Hunt's 50C discovery area, which was targeting nickel, also intersected gold mineralization above and below the 50C trough and suggests the Beta Hunt gold mineralized system extends for over 3.5 kilometres of strike from the northern end of the A Zone. Significant gold

intersections included 2.7g/t over 12.0 meters, including 10.1g/t over 1.4 metres in hole G50-22-002E and 5.2 g/t over 3.2 metres in hole G50-22-005E.

At Higginsville, exploration efforts are focused on completing the scout lake aircore drilling program over the Lake Cowan dry salt lake area. Following the receipt of assays from this initial drilling program, Karora intends to prioritize targets generated with reverse circulation and diamond drill programs to further test geochemical anomalies and aircore results. The program is designed to test for anomalous gold (+0.02g/t), however Karora has already successfully identified several strong targets which exceeded expectations, including 3.65 g/t gold over 16 metres within an intersection of 1.35 g/t over 50 metres (see Karora news release, February 8, 2021).

Additional advanced targets for exploration during 2021 include the Spargos Project area, Mt Henry and the Sleuth trend which incorporates the Baloo deposit and the Nanook and Monsoon prospects. 2021 Resource Definition drilling will initially focus on testing targets within Higginsville Central, which includes the Aquarius, Two Boys and Trident deposits. In addition, further drilling is planned at Spargos to build upon the results from the Stage 1 drill program.

Financial Highlights

Table 2 - Highlights of First Quarter

(in thousands of dollars except per share amounts)

For the three months ended March 31,	2021	2020
Revenue	\$59,284	\$54,282
Production and processing costs	29,301	27,286
Earnings (loss) before income taxes ¹	10,336	884
Net earnings (loss)	5,624	539
Net earnings (loss) per share - basic	0.04	0.00
Net earnings (loss) per share - diluted	0.04	0.00
Adjusted EBITDA ²	21,210	19,434
Adjusted EBITDA per share - basic ²	0.15	0.14
Adjusted earnings ¹	8,087	10,655
Adjusted earnings per share – basic ¹	0.06	0.08
Cash flow provided by (used in) operating activities	18,658	12,204
Cash investment in property, plant and equipment and mineral property interests	(18,193)	(7,702)

1. Non-IFRS: the definition and reconciliation of these measures are included in the Non-IFRS Measures section of Karora's MD&A dated May 7, 2021.

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

Revenue for the first quarter of 2021, was \$59.3 million. During the comparable period in 2020, revenue of \$54.3 million. The increase in revenue in 2021 was the result of a combination of higher gold ounces sold and higher realized prices which increased by 4% and 18%, respectively.

Net earnings for the first quarter of 2021 were \$5.6 million (or \$0.04 per share) compared to net earnings of \$0.5 million (or \$0.00 per share) for the comparable period in 2020. First quarter net earnings were negatively impacted by a non-cash (unrealized) foreign exchange loss of \$4.5 million (or \$0.03 per share).

Adjusted EBITDA¹ for the first quarter of 2021 were \$21.2 million (or \$0.15 per share) compared to \$19.4 million (or \$0.14 per share) in the first quarter of 2021.

Table 3 - Highlights of Karora's Financial Position

(in thousands of dollars):

For the period ended	March 31, 2021	December 31, 2020
Cash and cash equivalents	76,747	79,695
Working capital ¹	63,215	56,835
PP&E & MPI	237,808	239,044
Total assets	347,612	350,099
Total liabilities	134,786	142,895
Shareholders' equity	212,826	207,204

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

Karora's cash position remained strong at \$76.7 million as at March 31, 2021. Karora had a working capital surplus of \$63.2 million as of March 31, 2021.

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, 2021 and 2020.

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=1457707&tp_key=bad1bad436)

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 7, 2021, through the following dial in numbers:

North American callers please dial: 1-855-859-2056; Pass Code: 6279266

Local and international callers please dial: 416-849-0833; Pass Code: 6279266

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 growing gold production 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 1.4 Mtpa processing plant which is fed at capacity from Karora's underground Beta Hunt mine and open pit Higginsville 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 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. Karora's common shares trade on the TSX under the symbol KRR. Karora shares 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.

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