

Karora Delivers Another Strong Quarter With Gold Production Of 24,078 Ounces And June 30, 2020 Cash Balance Of \$50.2 Million

TORONTO, July 16, 2020 /CNW/ - Karora Resources Inc. (TSX: KRR) ("Karora" or the "Corporation") is pleased to announce another strong quarter with consolidated gold production of 24,078 gold ounces for the second quarter of 2020 from its Beta Hunt and Higginsville mines in Western Australia. Gold sales for the second quarter were 23,185 ounces. The difference in ounces sold vs. produced was sold during the first week of the third quarter.

Karora's consolidated cash balance increased to \$50.2 million as at June 30, 2020, a 31% increase from \$38.4 million on March 31, 2020. The improved cash balance is after payments into gold hedge agreements during the second quarter. As of June 30, 2020, Karora is completely unhedged and will have full exposure to spot gold prices going forward.

Paul Andre Huet, Chairman & CEO, commented: "I am extremely pleased with our performance during the second quarter where, despite the logistical challenges all miners were faced due to COVID-19 precautions, we delivered yet another rock solid quarterly performance. In fact, this is our fourth straight quarter of strong, consistent gold production results since acquiring the Higginsville mill and mining operations in June of 2019.

Production for the first half of 2020 was 48,894 ounces placing us in a good position going into the second half of the year to achieve our 2020 gold production guidance of 90,000-95,000 ounces and AISC¹ of US\$1,050-\$1,200 per ounce sold.

There is no better measure of our success than our balance sheet. With cash now sitting at over \$50 million, net of delivery into the last of our hedges, we are in a stronger financial position than ever before.

We have also made significant progress in our efforts to aggressively reduce costs to achieve our target of lowering AISC costs to US\$1,000/oz by the end of 2020. As part of these efforts we have negotiated almost 10% in reductions to our royalty burden on our Western Australian operations, achieved significant savings in phase one of our initiatives with vendors, increased workforce productivity and are on track to achieve significant G&A savings.

We expect to see continued AISC cost reductions despite the costs of the temporary measures we have in place to mitigate the risks of the COVID-19 pandemic, including the hiring of additional medical personnel at our operating sites, special charter flights for on-site personnel and the building of ore stockpiles and supplies in front of our gold processing operations.

With a growing cash balance of over \$50 million, underpinned by steady state operations and our success in reducing costs in a rising gold price environment, Karora is in a very strong position to continue to deliver value to its shareholders and we are excited about our future."

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, 2020.

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 historical gold resource and highly prospective land package totaling approximately 1,800 square kilometers. In addition, Karora has a 28% interest in a nickel joint venture that owns the Dumont Nickel-Cobalt Project located in the Abitibi region of Quebec. Dumont contains the second largest nickel reserve and ninth largest cobalt reserve in the world. 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 and Dumont Nickel 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 Higginsville Mining Operations

A production decision at the Higginsville gold operations was made by previous operators of the mine, prior to the completion of the acquisition of the Higginsville 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.

SOURCE Karora Resources Inc.

For further information: Rob Buchanan, Director, Investor Relations, T: (416) 363-0649, www.karoraresources.com
