

Karora Resources Closes Royalty Reduction Agreement With Maverix Metals

TORONTO, Sept. 3, 2020 /CNW/ - Karora Resources Inc. (TSX: KRR) ("Karora" or the "Corporation") is pleased to announce it has closed the previously announced agreement (see Karora news releases dated June 30, 2020) with Maverix Metals Inc. to reduce the gold royalty at Karora's Beta Hunt mine, aligning both parties in unlocking the significant value at Beta Hunt for their respective shareholders. Maverix has agreed with Karora to reduce the royalty on Beta Hunt gold production from 7.5% to 4.75% effective July 1, 2020. In consideration for the royalty reduction, as previously announced, Karora agreed to pay Maverix US\$18 million in cash, US\$15.5 million of which was paid at closing and US\$2.5 million of which will be paid in January 2021.

Paul Andre Huet, Chairman & CEO of Karora, commented: "Having now materially reduced the royalty burden at Beta Hunt, we are excited to move forward with our exploration program underground. This transaction has the potential to unlock significant value for both Karora and Maverix shareholders by allowing our strong operational team to develop Beta Hunt to its full potential. We look forward to continue working with our partner, Maverix, at the Beta Hunt mine."

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. 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 timing of production and cash flow from the Spargos Gold Reward Project and the potential of the Beta Hunt Mine, Higginsville Gold Operation and Spargos Reward 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 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
