Karora Announces 21% Increase In Production Guidance For 2021 Following Record Annual Production Of 99,249 Ounces, Beating 2020 Guidance

Summary

- ***Karora achieves record gold production of 99,249 ounces and gold sales of 98,646 ounces in 2020***
- ***Year-end consolidated cash balance of C$79.5 million, an 18% increase vs. the third quarter,*** *net of a $2 million early debt repayment during the fourth quarter.*
- ***Consolidated 2021 Guidance:***
  - ***Production of 105,000-115,000 ounces,*** *an increase of over 20% when compared to 2020 production guidance.*
  - **All-in-sustaining-cost (AISC)[1]** ***of US$985-$1,085 per ounce,*** *an 8% reduction compared to 2020 cost guidance (at mid-point) following a robust year of significant cost reductions across Karora's Australian operations and corporate offices.*
- ***A 25% increase in drilling and exploration expenditures for 2021:***
  - *Drilling and exploration budget of A$20 million to be allocated across HGO, Beta Hunt and Spargos.*

TORONTO, Jan. 19, 2021 /CNW/ - Karora Resources Inc. (TSX: KRR) ("Karora" or the "Corporation") is pleased to announce consolidated gold production of 99,249 ounces for 2020 from its Beta Hunt and Higginsville mines in Western Australia, exceeding the mid-point of 2020 production guidance of 90,000 to 95,000 ounces by 7%. Gold sales for the 2020 totaled 98,646 ounces. For the fourth quarter of 2020, production was 25,637 ounces, the strongest quarter of production in 2020.

Karora's consolidated cash balance increased to $79.5 million as at December 31, 2020, an 18% increase from $67.3 million on September 30, 2020. The increase in cash was net of a $2 million early payment to reduce the Corporation's debt.

Karora is also pleased to announce that for the full year 2021, the Company is targeting consolidated production of between 105,000 to 115,000 ounces of gold at an average all-in-sustaining-cost (AISC)[1] 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 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.

Consolidated HGO, Beta Hunt and Spargos drilling and exploration expenditures for the full year 2021 are targeted to be approximately A$20 million, double the initial 2020 guidance and 33% higher than revised 2020 drilling and exploration guidance (see Korora news release dated September 10, 2020). The budget will be allocated towards further resource definition drilling and exploration across all three properties. The increase in the drilling and exploration budget was driven by Karora's success in 2020 of increasing consolidated Proven and Probable Mineral Reserves by 334% to 1.33 million gold ounces and Measured and Indicated Resources by 167% to 2.52 million ounces (see Karora news release dated December 16, 2020 for further details). Karora has a number of high-quality exploration targets slated for exploration drilling in 2021 across its +1,800 km^2 land package.

Paul Andre Huet, Chairman & CEO, commented: "I am extremely pleased to report full year 2020 production of just under 100,000 ounces, beating the top end of our 2020 production guidance by a substantial margin in our first full year of production with our Higginsville mill. I am also excited that we ended 2020 on a very strong note, producing 25,637 ounces which was our best quarterly result in 2020.

During the fourth quarter we added over $12 million to our cash position, net of a $2 million early debt repayment, bringing our total to $79.5 million in cash as of December 31, 2020.

For 2021, we are guiding to gold production approximately 20% higher than 2020 guidance and for AISC[1] to be approximately 8% lower. We expect gold grades will increase over the course of the year as we begin to move into higher grade areas at Higginsville Central and with the anticipated start-up of mining at the high grade Spargos project in the second quarter. As a result, the increase in 2021 gold production and grades is expected to be weighted towards the second half of the year.

During 2020, Karora focused on stabilizing both operations and building a reliable, long term production base. With a successful base established, we are now poised for significant production growth and look forward to rolling out our organic growth plan in the coming months. 2020 was certainly a transformational year, but we believe we are only just scratching the surface of our growth potential and I am looking forward to an even better year for Karora in 2021."

1. Non-IFRS: the definition and reconciliation of these measures are included in the Non-IFRS Measures section of Karora's MD&A dated November 12, 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 gold Mineral Resource and Reserve and prospective land package totaling approximately 1,800 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 timing for the completion of technical studies, 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 and the timing for production at the 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.

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