

Karora Intersects 19.0 G/T Gold Over 9.0 Metres Including 542 G/T Over 0.3 Metres With Visible Gold Mineralization Observed In Larkin Zone Drill Core At Beta Hunt

Highlights:

- At Beta Hunt, visible gold was observed in the Larkin Zone drill core from the infill drilling program (hole number EL-EA2-023E), further demonstrating the potential for a third gold resource in addition to A Zone and Western Flanks. Initial assay results^{1,2} include:
 - EL-EA2-023E: 19.0 g/t over 9.0 metres, including 542 g/t over 0.3 metres
 - EL-EA2-023E: 6.4 g/t over 3.0 metres, including 16.2 g/t over 1.0 metres
 - EL-EA2-023E: 2.3 g/t over 9.7 metres
 - EL-EA2-018E: 4.0 g/t over 3.0 metres

1. Downhole intervals. True widths are estimated to be 90% of downhole widths.

2. Tables showing complete results and drill holes can be found at the end of this news release.

TORONTO, Feb. 1, 2021 /CNW/ - Karora Resources Inc. (TSX: KRR) ("Karora" or the "Corporation") is pleased to announce strong drill results from the Larkin Zone at its Beta Hunt Mine. The results are part of an ongoing infill and step-out drilling program designed to convert the Larkin Zone discovery, announced in September 2020 (see Karora news release dated September 10, 2020), into Mineral Resources.

Paul Huet, Chairman and CEO of Karora said, "Today's high grade gold drill results continue to demonstrate the exciting potential in a new zone outside of the current production centres of Western Flanks and A Zone. The results reinforce our strong belief that the Beta Hunt mine has the potential for significant gold resource growth and expansion beyond the substantial increase in Reserves and Resources announced in December 2020. We are excited by the potential at Larkin and are keen to bring the zone into our Mineral Resource this year.

The new high grade gold intercepts announced today, including an intercept of 19.0 g/t over 9.0 metres and visible gold mineralization observed in drill core EL-EA2-023E, build upon the Larkin high grade gold discovery previously reported in our news release of September 10, 2020, which included 15.3 g/t over 3.5 metres in hole BE30-010 and a wall sample of 5.0 g/t over 14.4 metres. We look forward to receiving additional assay results from the Larkin Zone, which is open both at depth and along strike to the southeast.

The Larkin Zone has an important infrastructure advantage as development drifts were put in place historically to access proximal nickel mineralization. Preliminary engineering work is already underway to prepare this area as the next mining zone at Beta Hunt."

Larkin Zone Drilling

Resource definition drilling aimed to confirm and delineate the Larkin Zone for resource conversion commenced late last year as a follow-up to 2020's discovery (see Karora news release dated September 10, 2020). The discovery is interpreted as the faulted southern offset of the Western Flanks zone (Figure 1). The 30C nickel resource lies directly above the gold mineralization associated with the Larkin Zone (See Karora Technical Report, Feb. 1, 2021, www.sedar.com). To date 3,540 metres of a planned 6,100 metre program have been completed with the balance of the drilling due to be completed in the first half of 2021. Over the past several months, turn-around times on assay results have been adversely impacted by industry-wide laboratory capacity issues resulting from increased demand for their services and labour supply hurdles related to COVID 19 restrictions.

Assay results have been received for two holes with significant results detailed below:

- EL-EA2-023E: 19.0 g/t over 9.0 metres, including 542 g/t over 0.3 metres ²
- EL-EA2-023E: 2.3 g/t over 9.7 metres
- EL-EA2-018E: 4.0 g/t over 3.0 metres

1. Downhole intervals. True widths are estimated to be 90% of downhole widths.

2. Repeat assays over this interval (EL-EA2-023E, 277.16m – 227.42m) recorded grades up to 6,560 g/t Au highlighting the nuggety nature of the Larkin mineralization.

Preliminary interpretation of results to date indicate the Larkin Zone comprises two steep dipping, mineralized zones (Figure 2) of varying widths (3 metres to 10 metres). Observed mineralization in the Larkin Zone is similar in style to the A Zone and Western Flanks deposits with the

standout intersection from hole EL-EA2-023E associated with visible gold mineralization along the quartz vein/altered basalt contact (Figure 3).

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.

At Beta Hunt all drill core sampling is conducted by Karora personnel. Samples for gold analysis are shipped to SGS Mineral Services of Kalgoorlie for preparation and assaying by 50 gram fire assay analytical method. All gold diamond drilling samples submitted for assay include at least one blank and one Certified Reference Material ("CRM") per batch, plus one CRM or blank every 20 samples. In samples with observed visible gold mineralization, a coarse blank is inserted after the visible gold mineralization to serve as both a coarse flush to prevent contamination of subsequent samples and a test for gold smearing from one sample to the next which may have resulted from inadequate cleaning of the crusher and pulveriser. The lab is also required to undertake a minimum of 1 in 20 wet screens on pulverised samples to ensure a minimum 90% passing at -75µm. Wall samples are collected as rock chips using a G-pick along a horizontal sample traverse. All rock chip samples are submitted with at least one CRM (standard) every 20 samples. Where problems have been identified in QAQC checks, Karora personnel and the SGS laboratory staff have actively pursued and corrected the issues as standard procedure.

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 Mineral gold 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, commencement of production at the Spargos Gold Project, the potential of the Beta Hunt Mine, Higginsville Gold Operation, the Aquarius Project and 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.

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.

Table 1: Beta Hunt, Larkin Zone drill holes - gold assay results, January 2021

Hole ID	Sub interval	From (m)	To (m)	Downhole Interval (m)	Estimated True Width (m)	Au (g/t) ¹
EL-EA2-018E		143.0	144.0	1.0	0.7	1.84
		163.3	166.3	3.0	2.1	3.96
		194.0	195.0	1.0	0.7	1.02
EL-EA2-023E		140.6	142.3	1.7	1.6	2.61
		164.0	173.7	9.7	9.3	2.29
		186.0	188.2	2.2	2.1	2.22
		221.0	230.0	9.0	8.6	18.95
	including	227.16	227.42	0.26	0.25	542
	and	229.42	229.56	0.14	0.13	95
		248.9	251.0	2.1	2.0	4.36
		233.0	236.0	3.0	2.9	6.42
	including	234.0	235.0	1.0	1.0	16.18
		264.9	267.0	2.1	2.1	1.28
		271.6	272.6	1.0	1.0	1.7

1. Reported gold grades > 0.5 g/t over 1 metre.

Table 2: Beta Hunt, Larkin Zone drill holes - gold assay results, January 2021

Hole ID	Northing	Easting	mRL	AZI	DIP	Total Length (m)
EL-EA2-018E	375483	542854	-420.6	285.9	16.6	240.1
EL-EA2-025E	375483	542854	-420.6	291.1	5.4	290.7

Note: Eastings and Northings in MGA, Zone 51.

SOURCE Karora Resources Inc.

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Additional assets available online:  [Photos \(3\)](#)