

Karora Reports Strong Third Quarter Results Positioning The Company For A Record Year

Karora will host a call/webcast on November 8, 2021 at 10:00 a.m. (Eastern Time) to discuss the third quarter 2021 results. North American callers please dial: 1-888-664-6392, international callers please dial: (+1) 416-764-8659. For the [webcast of this event click here](#) (replay access information below).

TORONTO, Nov. 8, 2021 /CNW/ - Karora Resources Inc. (TSX: KRR) (OTCQX: KRRGF) ("Karora" or the "Corporation") is pleased to announce its financial results and review of activities for the three and nine months ended September 30, 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 and nine months ended September 30, 2021 and 2020.

Highlights

- Record third quarter 2021 consolidated gold production of 30,365 ounces and production of 84,889 ounces for the first three quarters of 2021 was ahead of budget, positioning the Corporation to deliver on full year consolidated 2021 gold production guidance of 105,000 to 115,000 ounces (assumes no significant interruption to operations as a result of the COVID-19 virus). Third quarter gold sales were 28,935 ounces compared to 30,412 ounces sold in the second quarter of 2021.
- Third quarter 2021 consolidated all-in-sustaining-costs ("AISC")¹ of US\$967 per ounce sold was a 7% reduction compared to third quarter 2020 AISC of US\$1,044 per ounce sold (3% reduction compared to second quarter 2021 AISC of US\$996 per ounce sold). For the first three quarters AISC was US\$1,002 per ounce sold, in line with the full year 2021 guided range of US\$985-\$1,085 per ounce.
- Net earnings of \$10.3 million, or \$0.07 per share was down \$24.6 million from \$34.9 million compared to the third quarter of 2020. Net earnings during the third quarter of 2020 included an impairment reversal of mineral properties of \$36.1 million.
- Adjusted earnings¹ of \$14.2 million, or \$0.10 per share for the third quarter of 2021, up \$0.5 million compared to the third quarter of 2020 and flat compared to the second quarter of 2021 (\$14.3 million or \$0.10 per share).
- Adjusted EBITDA¹ was \$28.5 million or \$0.19 per share for the third quarter of 2021, up \$3.9 million from \$24.7 million in the third quarter of 2020 and slightly lower than adjusted EBITDA of \$29.5 million in the second quarter of 2021, mainly due to lower gold ounces sold.
- Cash flow from operating activities of \$27.9 million, is a \$6.0 million, or 27%, increase compared to \$21.9 million for the third quarter of 2020 and up \$1.5 million, or 6%, compared to the second quarter of 2021.
- Karora increased its cash position to \$86.7 million as at September 30, 2021, after increased capital deployment to prepare new mining areas at Higginsville, accelerated exploration programs, and the receipt \$10.8 million from the exercise of warrants during the quarter.
- Karora became one of the world's first carbon neutral gold producers for 2021 emissions from its own operations (Scope 1 emissions) and purchased electricity consumption (Scope 2 emissions) following the purchase and retirement of 80,000 tonnes of verified carbon offset credits. The offset projects include reforestation and conservation initiatives in Australia, among other projects.
- Follow-up drilling at the Beta Hunt 50C nickel discovery has to-date defined a mineralized zone over a 150 metre strike length and 80 metre width, which remains open along a potential strike length of 2.6 kilometres. Significant new intersections include intercepts of 4.0% Ni over 3.5 metres and 5.3% Ni over 2.2 metres.
- In September at Beta Hunt, Karora announced that infill and step out drilling has extended the Larkin Gold Zone strike length to over 1 kilometre and down dip to 150 metres below the ultramafic/basalt contact zone. The Larkin zone remains open at strike and depth. Significant results include intercepts of 9.4 g/t over 11.0 metres, 20.5 g/t over 3.5 metres and 15.2 g/t over 1.6 metres.
- New early stage exploration drilling at Higginsville's Lake Cowan area returned strong initial results supporting the delineation of a 5 kilometre mineralized trend between the Monsoon prospect and the Baloo Mine. Significant drilling intersections include 21.1 g/t over 3 metres including 54.9 g/t over 1.0 metre (located 1 kilometre south along strike from previously announced aircore result of 1.35 g/t over 50 metres) and 9.0 g/t over 0.75 metres.

Paul Andre Huet, Chairman & CEO, commented: "During the third quarter we announced that Karora became one of the first junior gold producers to achieve carbon neutrality in 2021 for Scope 1 and 2 at its own operations. This is an achievement the entire Karora team is extremely proud of and is the starting point for our goal of developing a pathway to a long-term carbon emissions reduction strategy. We will include more information on our strategy in our inaugural ESG report expected in early 2022.

At our operations, we continued the trend of strong operational performance in the third quarter, setting a second straight quarterly gold

production record. We produced 30,365 ounces which is an improvement of 534 ounces compared to the previous record set last quarter. Production costs improved quarter-over-quarter to a very impressive US\$967 per ounce sold, US\$29 per ounce lower than the prior quarter and below the lower end of our 2021 guided AISC range. For the first nine months of 2021 gold production was 84,889 ounces and AISC¹ was US\$1,002 per ounce sold, placing us on strong footing to achieve our full year 2021 guidance.

Once again, I am very impressed with the commitment of our operating team, having demonstrated time and time again an ability to adapt and deliver on our targets despite the many challenging situations we have faced over the last two years. During the third quarter, our operations delivered an outstanding mill throughput of 358,000 tonnes. This improvement over the second quarter was achieved despite difficult weather conditions during July and into August which saw record rainfalls in the Kalgoorlie area.

Karora delivered another solid financial performance in the third quarter of 2021 with Adjusted EBITDA of \$28.5 million or \$0.19 per share and operating cash flow of \$27.9 million or \$0.19 per share. Our Adjusted earnings¹ were \$14.2 million or \$0.10 per share.

Karora ended the third quarter with a strong cash balance of \$86.7 million. With a very healthy balance sheet, we are well positioned to deliver our fully funded organic growth plan to double production from approximately 100,000 gold ounces in 2020 to approximately 200,000 ounces in 2024 (see below table 3 for related assumptions). As with the prior two quarters, we continued to deploy capital into the preparatory work for an expanded production base during the third quarter with new equipment deliveries and earthworks across the mining operations."

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 8, 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 to be consistent with the Corporation's full year 2021 guidance for the third 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 September 30, 2021 and 2020

For the periods ended September 30,	Three months ended		Nine months ended	
	2021	2020	2021	2020
Gold Operations (Consolidated)				
Tonnes milled (000s)	358	354	1,074	994
Recoveries	94%	92%	94%	92%
Gold milled, grade (g/t Au)	2.81	2.36	2.63	2.49
Gold produced (ounces)	30,365	24,717	84,889	73,612
Gold sold (ounces)	28,935	22,912	84,894	70,723
Average realized price (US \$/oz sold)	\$1,778	\$1,905	\$1,788	\$1,665
Cash operating costs (US \$/oz sold) ¹	\$887	\$972	\$902	\$957
All-in sustaining cost (AISC) (US \$/oz sold) ¹	\$967	\$1,044	\$1,002	\$1,071
Gold (Beta Hunt Mine)				
Tonnes milled (000s)	224	191	678	563
Gold milled, grade (g/t Au)	3.22	2.75	3.06	2.95
Gold produced (ounces)	21,742	15,525	62,356	49,514
Gold sold (ounces)	20,692	14,502	62,438	47,603
Cash operating cost (US \$/oz sold) ¹	\$761	\$1,035	\$812	\$985
Gold (HGO Mine)				
Tonnes milled (000s)	134	163	396	413
Gold milled grade (g/t Au)	2.14	1.91	1.89	1.88
Gold produced (ounces)	8,623	9,192	22,533	24,098
Gold sold (ounces)	8,243	8,410	22,456	23,120
Cash operating cost (US \$/oz sold) ¹	\$1,202	\$863	\$1,151	\$901

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 8, 2021.

Consolidated Operations

For the third quarter of 2021, Karora's gold operations milled 358,000 tonnes of material at an average grade of 2.81 g/t to produce 30,365 ounces of gold. Tonnes milled were 4% higher than the second quarter which had been impacted by a planned maintenance shut down and the impact of above average seasonal rains during the latter part of the second quarter.

The previously announced Phase I mill expansion of approximately 15%, or 550 tonnes per day, to 1.6 million tonnes per annum from the prior capacity is on track for completion during the fourth quarter of 2021. During the third quarter, the mill feed was made up of approximately 63% material from the Beta Hunt underground and 37% material from Higginsville Central open pit, in line with the feed ratios for the first two quarters of the year.

Beta Hunt

Production for the third quarter of 2021 was 224,000 tonnes milled at a grade of 3.22 g/t, a 1% increase and 4% decrease, respectively, compared to the second quarter of 2021.

Beta Hunt continued to focus on equipment reliability and expanding capacity. Recent upgrades included the midlife rebuild of a CAT AD60 truck and the addition of a new CAT 2900 Bogger and CAT AD60 truck under the staged fleet replacement program to support increased production capacity.

The new stage 1 ventilation upgrade is now in service after completion of two underground raise bores and associated development and infrastructure. Increased ventilation capacity is a critical component for future higher mining rates as part of the Beta Hunt growth plan.

During the third quarter of 2021 by-product credits from nickel increased, although nickel production remains limited to remnant nickel Mineral Resources south of the Alpha Island Fault. In future nickel production is expected to increase as new nickel areas such as the 30C and 50C discoveries are developed for mining.

Higginsville ("HGO") Central

HGO material milled during the third quarter of 2021 was 134,000 tonnes at a grade of 2.14 g/t, both 8% increases compared to the second quarter of 2021. The second quarter saw an increase in mined tonnes from Hidden Secret as two underground operations were prepared to come online in the second half of 2021.

At Hidden Secret, 139,573 tonnes were mined compared to 156,700 tonnes for the second quarter. Metallurgical recoveries were aligned with test work at 92-95%. At the nearby Mousehollow deposit, grade control work was completed and production is scheduled to commence in the fourth quarter of 2021

At the Aquarius underground mine, box cut and portal development work has been completed and decline development will continue through the fourth quarter. Initial level development material is expected to be mined in early 2022 with stope production starting shortly thereafter. The Aquarius deposit remains open along strike and at depth with follow up drilling to be carried out from lateral underground development which will provide optimal drill bay locations.

Mine development at Two Boys underground continued in the third quarter of 2021 with underground drilling set to commence before the end of the fourth quarter. Dewatering and rehabilitation of the lower levels remains a priority to enable access to the higher grade mineralized zones at depth. Drilling is also underway into surface mineralization adjacent to Two Boys which could extend into the upper levels of Two Boys.

Spargos Reward Gold Mine

At Spargos, mine production commenced early in the fourth quarter of 2021 having completed development works. Site infrastructure is now largely in place and equipment was successfully mobilized during the third quarter following awarding of the mining contract. The next stage of exploration drilling will focus on extending high grade gold mineralization outside the margins of the current Mineral Resource (see Karora news release dated June 28, 2021) and at depth to define the potential for a high grade underground operation at Spargos.

Cash Operating Costs and AISC¹

For the third quarter, consolidated cash operating costs¹ and AISC¹ were US\$887 and US\$967 per ounce sold, an increase of 1% and decrease of 3%, respectively compared to the second quarter of 2021. The cost performance for the first three quarters of 2021, at an AISC¹ of US\$1,002 per ounce sold, is in line with full year 2021 AISC¹ 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 AISC¹ range of US\$985 to US\$1,085 per ounce.

On June 28, 2021, the Corporation announced three-year consolidated production guidance as part of a multi-year growth plan that is expected to see gold production double from 99,249 ounces in 2020 to a range of 185,000 – 205,000 ounces in 2024, at an AISC¹ of US\$885 to US\$985 per ounce sold. Table 3 below outlines production, cost and capital investment guidance for 2021-2024.

Table 3 – Consolidated Multi-Year Guidance to 2024

Production & Costs		2021	2022	2023	2024
Gold Production	Koz	105 - 115	120 - 140	150 - 170	185 - 205
All-in sustaining costs	US\$/oz	985 - 1,085	900 - 990	890 - 990	885 - 985
Capital Investments					
Sustaining Capital	A\$ (M)	5 - 6	8 - 13	11 - 16	18 - 23
Growth Capital	A\$ (M)	40 - 46	45 - 55	47 - 57	30 - 40
Exploration & Resource Development	A\$ (M)	20 - 23	21 - 24	22 - 25	20 - 23

- (1) 2021 Guidance, which was announced in January 2021 (see Karora news release dated January 19, 2021), is unchanged. This production guidance through 2024 is based on the 2020 year-end Mineral Reserves and Mineral Resources announced on December 16, 2020.
- (2) The Capital Investment amounts listed above, which the Corporation expects to fund with cash on hand and cashflow from operations, includes the capital required during the applicable periods to expand the capacity of the Higginsville mill to 2.5 Mtpa. See below for further detail regarding this expansion.
- (3) The material assumptions associated with the expansion of Beta Hunt mining production rate to 2.0 Mtpa in 2024 include the addition of a second ramp decline system driven parallel to the ore body, ventilation and other infrastructure that is required to support these areas, and an expanded trucking fleet. The Capital Investment amounts listed above, which the Corporation expects to fund with cash on hand and cashflow from operations, include the capital required during the applicable periods to fund this production expansion. See below for further detail regarding this expansion.
- (4) The Corporation's guidance assumes targeted mining rates and costs, availability of personnel, contractors, equipment and supplies, the receipt on a timely basis of required permits and licenses, cash availability for capital investments from cash balances, cash flow from operations, or from a third-party debt financing source on terms acceptable to the Corporation, no significant events which impact operations, such as COVID-19, nickel price of US\$16,000 per tonne, as well as an A\$ to US\$ exchange rate of 0.78 and A\$ to C\$ exchange rate of 0.91. Assumptions used for the purposes of guidance may prove to be incorrect and actual results may differ from those anticipated. See below "Cautionary Statement Concerning Forward-Looking Statements".
- (5) Exploration expenditures include capital expenditures related to infill drilling for Mineral Resource conversion, capital expenditures for extension drilling outside of existing Mineral Resources and expensed exploration. Exploration expenditures also includes capital expenditures for the development of exploration drifts.
- (6) Capital expenditures exclude capitalized depreciation.
- (7) AISC guidance includes general and administrative costs and excludes share-based payment expense.
- (8) See "Non-IFRS Measures" set out at the end of Karora's MD&A dated for the period ended September 30, 2021.

The growth plan will be driven by an expansion of Beta Hunt underground mine production to 2.0 Mtpa by 2024, from 0.8 Mtpa recorded in 2020. Increased production from Beta Hunt will be complemented by ore from HGO Central and Spargos. The increased tonnage will be processed by the Higginsville mill, which will be expanded to a capacity of 2.5 Mtpa by 2024 (Phase II). This Phase II expansion will follow the current Phase I expansion to 1.6 Mtpa from 1.4 Mtpa. Advanced internal study work and detailed engineering is progressing ahead of a formal construction decision by the Board of Directors.

Further details on the growth plan can be found in Karora's news release dated June 28, 2021, and the third quarter MD&A.

Exploration and Resource Definition Drilling

At Beta Hunt, 9,183 metres of drilling was completed during the third quarter. Drilling continued to focus on 1) upgrading and extending the existing Western Flanks and A Zone Mineral Resources; 2) defining a new Mineral Resource at the Larkin Zone gold discovery; and 3) defining a new nickel Mineral Resource at the 30C discovery and following up on the high grade 50C Gamma Zone nickel discovery.

At Higginsville, resource definition drilling during the third quarter was focused on supporting life of mine objectives for the three active mining operations. Drilling targeted extensions and upgrades to the Two Boys and Aquarius deposits, and tested extensions to the Hidden Secret open

pit and Mousehollow Mineral Resource, with results expected before the end of the fourth quarter.

Exploration activities at Higginsville in the third quarter included significant new drill results and the completion of the CSA Global targeting study, focused on the Sleuth Trend, which extends over 25 kilometres and includes the Baloo open pit mine, Monsoon and Nanook prospects. The new drill results (see Karora release dated September 14, 2021) include RC drillhole KPBR0104 which intersected 21.2 g/t over 3 metres and diamond drillhole KPBD0364 which intersected primary mineralization of 9.0 g/t over 0.75 metres.

Financial Highlights

Table 4 - Highlights of Third Quarter

(in thousands of dollars except per share amounts)

For the periods ended September 30,	Three months ended		Nine months ended	
	2021	2020	2021	2020
Revenue	\$68,360	\$59,405	\$197,214	\$169,787
Production and processing costs	30,508	28,032	89,379	81,093
Earnings before income taxes ¹	16,005	50,208	36,541	68,334
Net earnings	10,340	34,867	21,355	45,224
Net earnings per share - basic	0.07	0.24	0.15	0.33
Net earnings per share - diluted	0.07	0.24	0.14	0.32
Adjusted EBITDA ^{1,2}	28,541	24,653	79,232	64,386
Adjusted EBITDA per share - basic ^{1,2}	0.19	0.17	0.54	0.47
Adjusted earnings ¹	14,240	13,783	36,597	33,175
Adjusted earnings per share - basic ¹	0.10	0.10	0.25	0.24
Cash flow provided by operating activities	27,873	23,794	79,013	56,043
Cash investment in property, plant and equipment and mineral property interests	(31,050)	(8,095)	(66,225)	(26,320)

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 8, 2021.

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

Revenue for the third quarter of 2021 was \$68.4 million, a 15% increase over the comparable period in 2020. The increase in revenue in 2021 was the result of a higher gold ounces sold (26% increase), partially offset by lower realized prices which decreased by 7%.

Net earnings for the third quarter of 2021 were \$10.3 million, or \$0.07 per share compared to net earnings of \$34.9 million, or \$0.24 per share, for the comparable period in 2020. The year-over-year decrease is primarily due to the impairment reversal of property, plant and equipment of \$36.1 million in 2020. Third quarter 2021 net earnings were negatively impacted by an unrealized non-cash foreign exchange loss of \$2.4 million, or \$0.02 per share, and a non-cash derivatives loss of \$1.2 million, or \$0.01 per share, primarily related to intercompany loans and derivatives, respectively, which are subject to valuation changes due to quarter over quarter currency fluctuations.

Adjusted net earnings¹ for the third quarter were \$14.2 million, or \$0.10 per share, a \$0.5 million improvement over the same period in 2020.

Adjusted EBITDA¹ for the third quarter of 2021 was \$28.5 million, or \$0.19 per share, compared to \$24.7 million, or \$0.17 per share, in the third quarter of 2020.

Table 5 - Highlights of Karora's Financial Position

(in thousands of dollars):

For the period ended	September 30, 2021	December 31, 2020
Cash and cash equivalents	86,719	79,695
Working capital ¹	72,785	56,835
PP&E & MPI	274,292	239,044
Total assets	397,962	350,099
Total liabilities	157,333	142,895
Shareholders' equity	240,629	207,204

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

Karora's cash position increased to \$86.7 million as at September 30, 2021, an increase \$7.0 million compared to December 31, 2020. Karora had

a working capital surplus of \$72.8 million as of September 30, 2021.

For a complete discussion of financial results, refer to Karora's MD&A and unaudited condensed interim financial statements for the three and six months ended September 30, 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: 1-888-664-6392

Local and international callers please dial: 647-764-8659

A live webcast of the call will be available through Cision's website at:

Webcast Link

(https://produceredition.webcasts.com/starthere.jsp?ei=1507453&tp_key=2fab18e1fd)

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 November 8, 2021, through the following dial in numbers:

North American callers please dial: 1-888-390-0541; Pass Code: 940826 #

Local and international callers please dial: 416-764-8677; Pass Code: 940826 #

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 doubling gold production to 200,000 ounces by 2024 compared to 2020 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 1.6 Mtpa processing plant, expanding to a planned 2.5 Mtpa by 2024, which is fed at capacity from Karora's underground Beta Hunt mine and Higginsville mines. 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 and responsible mining, as demonstrated by Karora's commitment to reducing emissions across its operations. Karora's common shares trade on the TSX under the symbol KRR and 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.

SOURCE Karora Resources Inc.

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