

Karora Resources Announces Agreement to Sell its Remaining 28% Interest in the Dumont Nickel Project for Proceeds of up to \$48 Million and Announces Share Consolidation

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TORONTO, July 22, 2020 - [Karora Resources Inc.](#) (TSX: KRR) ("Karora" or the "Corporation") is pleased to announce it has reached an agreement to sell its 28% interest in the Dumont Nickel Project ("Dumont") to two private funds advised by Waterton Global Resource Management, Inc. (collectively, "Waterton") for total consideration of up to \$48 million, subject to the terms and conditions of the sale agreement.

At closing Karora will receive \$10.7 million, comprised of \$7.4 million from Waterton for its interest and a \$3.3 million refund of Karora's share of the cash held within the Dumont Joint Venture. Karora will have the right to receive a portion of future proceeds of any future Dumont sale or other monetization event. On a sale or other monetization event, Karora will be entitled to receive 15% of the net proceeds from the transaction (net of certain agreed costs and deductions) up to a maximum of an additional \$40.2 million. Waterton will assume operation and management of the Dumont project through the existing management structure upon closing of the transaction, which is expected to occur before the end of July.

Paul Andre Huet, Chairman & CEO of Karora, commented: "The sale of Karora's remaining 28% stake in the Dumont project to Waterton is another clear demonstration of our focus on building a mid-tier, profitable gold company. The structure of the deal provides immediate cash to Karora of \$10.7 million to further invest in increasing our gold production, cost reduction initiatives and aggressively explore our numerous high-quality exploration targets at our Beta Hunt and Higginsville operations. It also allows our shareholders to participate in the upside potential of Dumont and any surge in nickel prices through an additional payment based on any future sale or monetization of Dumont by Waterton of up to \$40.2 million subject to the terms and conditions of the sale agreement.

Dumont has been the foundational asset during this company's early focus on nickel and it is very important to Karora that its shareholders retain exposure to the future value of such a robust development asset. Dumont remains an outstanding large-scale, low-cost, long-life, shovel ready and fully permitted nickel-cobalt-PGE development project. Dumont is expected to produce an average of 39,000 tonnes of nickel per year over 30 years at an AISC Cash Cost US\$3.80/lb.¹ This transaction will also simplify the Dumont management structure moving forward with a focus on maximizing the value of the project under Waterton's management. We look forward to participating in the value they unlock."

1) Reference is made to the Dumont Feasibility Study report dated July 11, 2019, entitled "Technical Report on the Dumont Ni Project, Launay and Trécesson Townships, Quebec, Canada" which can be found on Karora's website at www.karoraresources.com at www.sedar.com under Karora's profile.

Dumont Nickel Project Management and Operation

Waterton Global Resource Management, Inc. is the advisor to the two private funds that, on completion of this transaction, will own 100% of Magneto Investments Limited Partnership (Magneto). Since formation of Magneto in 2017, the Dumont Nickel Project and all associated assets, permits and agreements have been held 100% by Magneto and have been managed by Karora's team of nickel experts. As part of this transaction, the Dumont management team will fully transition to Magneto to ensure the continuity of technical expertise and stakeholder relations on the Dumont Project.

Additional information on the Dumont Nickel Project can be found on the Dumont Nickel website www.dumontnickel.com.

Karora Share Consolidation

Karora is also pleased to announce, as previously authorized by its shareholders and following a determination by its Board of Directors, the Corporation intends to file articles of amendment implementing a consolidation of its outstanding common shares on the basis of one (1) post-consolidation common share for every four point five (4.5) pre-consolidation common shares (the "Consolidation"). The Consolidation is subject to TSX approval. Karora will issue a further press release providing the date, expected in the next 7-14 days, on which the common shares will commence trading on a post-consolidation basis on the TSX. The exercise price and the number of common shares issuable under any of the Corporation's outstanding share-based securities such as warrants, stock options and restricted share units, as applicable, will be proportionately adjusted upon completion of the Consolidation. The CUSIP and ISIN numbers of the post-consolidation common shares and warrants will also change upon the completion of the Consolidation.

About Karora

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 KRRGF.

About Waterton Global Resource Management

Waterton Global Resource Management, Inc. ("Waterton") is the advisor to the two private funds that jointly own 100% of Magneto Investments L.P., the owner of the Dumont Project. Waterton is a leading private equity firm dedicated to developing high quality resource assets in stable jurisdictions. Waterton's founding team has a successful track record of originating, structuring, managing and exiting investments through acquisitions, joint ventures and partnerships, across a range of sectors and asset classes. Waterton's core strength is its cross-functional, fully-integrated, in-house team of professionals who possess significant mining, financial and legal expertise. Waterton's team employs a proactive approach to asset management, leveraging significant sector knowledge and extensive industry relationships to support the firm's investment activities.

Cautionary Statement Concerning Forward-Looking Statements

This release contains certain "forward looking statements" and certain "forward-looking information" as defined under applicable Canadian and U.S. securities laws. Forward-looking statements and information can generally be identified by the use of forward-looking terminology such as "may", "will", "should", "expect", "intend", "estimate", "anticipate", "believe", "continue", "plans" or similar terminology. The forward-looking information contained herein is provided for the purpose of assisting readers in understanding management's current expectations and plans relating to the future. Readers are cautioned that such information may not be appropriate for other purposes. Forward-looking statements and information include, but are not limited to, statements with respect to the additional consideration or payment on any future sale or monetization of Dumont by Waterton.

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.](#)

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