

Karora Resources Inc. Reports Record Revenue And Strong Cash Flow For Q1 2024

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TORONTO, May 13, 2024 - [Karora Resources Inc.](#) (TSX: KRR) ("Karora" or the "Company") today announced financial and operating results for the first quarter of 2024 ("Q1 2024"). The Company's unaudited condensed interim financial statements and management discussion & analysis ("MD&A") are available on SEDAR at www.sedarplus.ca and on the Company's website at www.karoraresources.com. All dollar amounts are in Canadian dollars, unless otherwise noted.

FIRST QUARTER 2024 HIGHLIGHTS

GOLD PRODUCTION AND SALES

- Pre reported Q1 2024 production of 36,147 gold ounces decreased 9% from 39,827 ounces in the first quarter of 2023, and 10% compared to production of 40,295 ounces in the fourth quarter of 2023 ("the previous quarter"). Production was negatively impacted by wet weather experienced across all three operating sites during the quarter and a regional interruption to state grid power impacting the Lakewood mill and Beta Hunt mine, affecting gold ounces produced. Gold sales for Q1 2024 were strong at 40,343 ounces, an increase of 12% compared to Q1 2023 and 8% higher than the previous quarter.

COSTS ON TRACK TO ACHEIVE WITH 2024 GUIDANCE

- Cash operating costs¹ and AISC¹ per ounce sold for Q1 2024 averaged US\$1,193 and US\$1,285, respectively, versus US\$1,272 and US\$1,435, respectively, for Q4 2023. The lower costs compared to the prior quarter primarily reflects the impact of higher nickel by-product credits (\$2.91 million or US\$54/oz nickel by-product credits in the current quarter compared to \$0.3 million US\$5/oz for the final quarter of 2023). The higher by-product credits reflect recommencement of nickel sales in the first quarter.

RECORD QUARTERLY REVENUE

- Revenue in Q1 2024 totaled \$115.5 million, a new quarterly record for the Company and 19% higher than the first quarter of 2023 and 14% from the previous quarter. The increase compared to both prior quarters reflected higher realized gold price and higher sales volumes.

SOLID OPERATING CASH FLOW GENERATION

- Q1 2024 cash flow provided by operating activities of \$42.6 million versus \$20.9 million in the first quarter of 2023 and \$32.1 million the previous quarter, driven by the improved gold sales volume and realized price.
- Cash at March 31, 2024 of \$87.3 million was an increase of \$4.8 million or 6% from \$82.5 million at December 31, 2023.

EARNINGS PERFORMANCE

- Net earnings for Q1 2024 of \$2.1 million (\$0.01 per share) compared to net loss of \$2.9 million (\$0.02 per share) for the same period in 2023 and net loss of \$1.7 million (\$0.01 per share) in the fourth quarter of 2023. The first quarter of 2024 was impacted by a non-cash \$6.3 million loss on derivatives and \$5.0 million foreign exchange loss.
- Adjusted earnings¹ for Q1 2024 of \$13.3 million (\$0.07 per share) compared to \$4.8 million (0.03 per share) in the first quarter of 2023 and \$3.3 million (\$0.02 per share) for the previous quarter, reflecting higher sales volumes and prices as noted above.

- Adjusted EBITDA^{1,2} for Q1 2024 of \$40.5 million (\$0.23 per share) was an increase of 42% from \$28.6 million in the first quarter of 2023 and 63% higher than the \$24.9 million in the fourth quarter of 2023.

1. Non-IFRS: the definition and reconciliation of these measures are included in the "Non-IFRS Measures" section of this news release and in the MD&A for the three months ended March 31, 2024.

2. Earnings before interest, taxes, depreciation and amortization

MERGER WITH WESTGOLD TO CREATE AUSTRALIA'S LARGEST UNHEDGED GOLD PRODUCER

- Karora and [Westgold Resources Limited](#) ("Westgold" ASX:WGX) agreed to combine in a merger pursuant to which Westgold will acquire 100% of the issued and outstanding common shares of Karora by way of a statutory plan of arrangement under the Canada Business Corporations Act ("CBCA"). The combination represents a transformational step change in growth for both Karora and Westgold shareholders, creating a globally investable ASX listed top 5 Australian gold producer based on the pro forma market capitalization. The merger is subject to procedural matters and conditional on receiving approval of 66 ⅔% of Karora shareholders at a meeting to occur in July. Please see Karora news release dated April 7, 2024 for further details.
- Under the proposed merger, Karora shareholders to receive a premium up front and own 49.9% of the combined +400,000 ozpa mid-tier gold producer.
- The combination of Karora and Westgold is expected to deliver substantial potential synergies of \$440 million.

Karora will host a call/webcast on May 13, 2024 at 10:00 am (Eastern Time) to discuss the first quarter 2024 results. North American callers please dial: 1-888-664-6383; Local and international callers please dial: 416-764-8650. To join the conference call without operator assistance, you may register and enter your phone number at the Callback Link to receive an instant automated call back and be placed into the call. For the webcast of this event click the Webcast Link

<https://app.webinar.net/qPWvB7E8zI7>

(replay access information is provided below).

Paul Andre Huet, Chairman and CEO, commented: "We are off to a strong start to 2024 with record quarterly revenue of over \$115 million in Q1. The record result was driven by robust gold sales of over 40,000 ounces for the first quarter, coupled with the current strong gold price environment resulting in operating cash flow of \$43 million. Our financial performance in the first quarter was solid with adjusted earnings of \$13.3 million (\$0.07 per share), up 177% from \$4.8 million from the same period a year ago and a \$10 million improvement compared to the prior quarter.

The Beta Hunt Mine continued to demonstrate why we consider it to be our cornerstone asset with gold production of 31,249 ounces in Q1. The mine's cost performance during the quarter was excellent, with cash operating costs of US\$869 per ounce, which was an improvement from the prior quarter and from the same period one year ago. The solid operating performance at Beta Hunt is a direct result of the effective execution of our growth plan by the operations team.

Beta Hunt also continued to generate very encouraging exploration results. Results from the Stage 2 infill program at the Fletcher zone continue to demonstrate why we are so excited about this area as a very significant new gold mineralized system just west of Beta Hunt's largest and most prolific zone to-date - Western Flanks. As a reminder, in the first quarter, we reported some exciting intersections at Fletcher (3.8 g/t over 33.0 metres, 15.2 g/t over 3.3 metres and 34.6 g/t over 2.0 metres, see Karora news release dated February 22, 2024). As we reported in March, we have commenced development of an exploration drive towards the Fletcher Shear Zone and expect to access this mineralization in the third quarter. The potential of this area is an exciting part of our 2024 mine plan and could provide additional flexibility with new working faces as we continue the ramp up towards 2.0 Mtpa at Beta Hunt.

Overall, our cost performance came in as planned for Q1 at US\$1,285 per ounce sold, well within our full year 2024 AISC guidance range of US\$1,250 to US\$1,375 per ounce. While we experienced cost pressures at our HGO mines in Q1 driven by extreme weather and additional waste stripping, we benefitted from higher

nickel by-product credits in Q1 of US\$54 per ounce compared to only US\$5 per ounce in the prior quarter, demonstrating why we are excited about the potential for nickel by-product credits from new nickel areas we plan to develop with mechanized mining. As a reminder we are at a competitive advantage at Beta Hunt, with our growing gold infrastructure and operations carrying the majority of the fixed costs required to access the proximal nickel areas, providing us with tremendous flexibility to exploit our very high-grade nickel zones throughout the same mine - an enviable position.

Finally, but most significantly, we announced a very exciting merger transaction with Westgold on April 7. This is very good news for Karora shareholders that delivers a premium price once approved and provides ongoing exposure to the strong gold market conditions through a 49.9% interest in the new merged Westgold/KRR which will be largest unhedged gold producer in Australia. The new merged company offers value to its shareholders in many ways, including substantial synergies potential in the order of \$440 million, rerating potential as a larger entity, expected buying from new TSX and ASX index inclusions and the flexibility to further unlock the growth potential of both sets of assets with a strong combined balance sheet and significantly expanded equipment fleet at Westgold. It is clear to me that together Karora and Westgold offer all our shareholders a compelling vehicle in which to participate in this historic gold price rally, unlocking significant value across both asset bases that could not be achieved as standalone companies."

RESULTS OF OPERATIONS

Table 1. Results of Operations

	Three Months Ended,		
	Mar. 31, 2024	Mar 31, 2023	Dec 31, 2023
Gold Operations (Consolidated)			
Tonnes milled (000s)	436	502	485
Recoveries	94 %	94 %	94 %
Gold milled, grade (g/t Au)	2.75	2.62	2.75
Gold produced (ounces)	36,147	39,827	40,295
Gold sold (ounces)	40,343	36,145	37,439
Average exchange rate (C\$/US\$) ¹	0.74	0.74	0.73
Average realized price (US \$/oz sold)	\$2,067	\$1,877	\$1,988
Cash operating costs (US \$/oz sold) ²	\$1,193	\$1,124	\$1,272
All-in sustaining cost (AISC) (US \$/oz sold) ²	\$1,285	\$1,213	\$1,435
Gold (Beta Hunt)			
Tonnes milled (000s)	271	298	363
Gold milled, grade (g/t Au)	3.81	2.92	3.13
Gold produced (ounces)	31,249	26,577	34,486
Gold sold (ounces)	34,310	23,077	31,819
Cash operating cost (US \$/oz sold) ²	\$869	\$967	\$1,123
Gold (HGO Mine)			
Tonnes milled (000s)	165	204	123
Gold milled, grade (g/t Au)	1.00	2.18	1.61
Gold produced (ounces)	4,898	13,250	5,809
Gold sold (ounces)	6,033	13,068	5,620
Cash operating cost (US \$/oz sold) ²	\$3,031	\$1,402	\$2,112

1. Average exchange rate refers to the average market exchange rate for the period.

2. Non-IFRS: the definition and reconciliation of these measures are included in the "Non-IFRS Measures" section of this news release and in the MD&A for the three and twelve months ended December 31, 2023.

3. Numbers may not add due to rounding.

Consolidated Operations

Consolidated gold production in the first quarter of 2024 was 36,147 ounces, an 9% decrease from the first quarter of 2023 (39,827 ounces) and 10% decrease from the 40,295 ounces in the previous quarter. The decrease from the first quarter of 2023 resulted primarily from the 13% decrease in tonnage partially offset by a 5% higher grade primarily driven by Beta Hunt (31% higher grade than the comparable quarter). Consolidated tonnage was 13% down on the comparative period in 2023 and 10% lower than the prior

quarter due to the impact of two weeks of extreme wet weather during the quarter and a two-week regional interruption to state grid power that directly impacted the Lakewood mill and Beta Hunt.

Cash operating costs¹ per ounce sold for the first quarter of 2024 averaged US\$1,193 compared to US\$1,124 for the same period in 2023 and US\$1,272 the previous quarter. The increase from the same period in 2023 reflects higher production processing costs slightly offset by higher grade. The lower cost compared to the prior quarter primarily reflects the impact of higher nickel by-product credits. Higher production costs reflect inclusion of all development costs in the shorter term Two Boys underground mine and additional waste movement at the Pioneer pit to improve wall stability and the impact of temporary contract crushing at Higginsville during the current quarter. The lower cost compared to the prior quarter reflects higher grade and higher by-product credits in the current quarter of US\$54/oz compared to US\$5/oz for the final quarter of 2023. The higher by-product credits reflect recommencement of nickel sales in the current quarter.

AISC¹ per ounce sold in the first quarter of 2024 averaged US\$1,285 compared to US\$1,213 in the first quarter of 2023 and US\$1,435 in the previous quarter, with the increase from the first quarter of 2023 reflecting higher cash operating cost per ounce, partially offset by higher gold sales volume. The lower AISC compared to the prior quarter reflects lower cash operating costs and higher gold sales volume in the current quarter.

Beta Hunt

During the first quarter of 2024, Beta Hunt mined 271,200 tonnes at an average grade of 3.73 g/t containing 32,485 ounces of gold and on track with the 2024 mine plan. This represented a 10% reduction from the first quarter of 2023 ore tonnes mined, and a 25% decrease from the prior quarter ore tonnes due to lower availability of some operating areas, planned power upgrades in the lower section of the mine and a number of unplanned local transmission network failures, now resolved. Despite the lower tonnage moved, contained gold was 20% higher than the first quarter of 2023 (299,900 tonnes at 2.81 g/t for 27,100 contained ounces) but 8% lower than the prior quarter (360,300 tonnes at 3.05 g/t for 35,286 contained ounces) reflecting the mining of a planned higher-grade section of Beta Hunt during the current quarter. The majority of the mined tonnes during the first quarter came from the central and southern section of Western Flanks and the scheduled higher grade ore zones from A Zone.

Gold production from Beta Hunt in the first quarter of 2024 totaled 31,249 recovered ounces based on milling 271,000 tonnes at an average grade of 3.81 g/t and 94% plant recovery. The higher grade offset lower processed tonnes, to deliver 18% higher gold recovery compared to the first quarter of 2023. The higher grade was offset by the lower processed tonnes when compared to the previous quarter which produced 9% higher gold production (34,486 ounces).

Cash operating costs¹ per ounce sold at Beta Hunt averaged US\$869 in the first quarter of 2024, which compared to US\$967 in the first quarter of 2023, and US\$1,123 the previous quarter. The reduction in cash operating costs per ounce from the same and previous quarters in 2023 reflects the positive impact of higher grades and higher sales volumes.

In addition to gold production, Beta Hunt mined 4,337 tonnes of nickel ore at an estimated grade of 2.5% nickel during the first quarter of 2024 compared to 7,331 tonnes of nickel ore mined at an estimated grade of 2.2% nickel for the same period in 2023 and 5,253 tonnes of nickel ore at an estimated grade of 2.3% nickel the previous quarter.

Higginsville Mining Operations ("HGO")

During the first quarter of 2024, HGO mined 45,400 tonnes at an average grade of 1.73 g/t containing 2,525 ounces, which compared to 72,200 tonnes mined at an average grade of 3.85 g/t containing 8,927 ounces in the first quarter of 2023 and 90,400 tonnes at an average grade of 1.76 g/t containing 5,129 ounces the previous quarter. The HGO tonnes mined during the first quarter of 2024 largely reflected continued open pit mining at Pioneer and the Two Boys underground. The operation was affected by two weeks of extreme weather which, in combination with some minor movements in the Pioneer open pit wall (now resolved), resulted in lower production and higher overall unit costs. Mining into the primary ore zone is now occurring during the second quarter.

Production at HGO in the first quarter of 2024 totalled 4,898 recovered ounces based on milling 164,700 tonnes at an average grade of 1.00 g/t. Production in the first quarter of 2024 decreased 63% from 13,250 ounces in the first quarter of 2023 (203,600 tonnes at 2.18 g/t), reflecting 19% lower tonnes processed and 54% lower grade. Production in the first quarter of 2024 was 16% lower than the previous quarter (122,800 tonnes at 1.61 g/t for 5,809 ounces) with 34% higher tonnes processed, reflecting 38% lower grade compared to the previous quarter. Tonnes processed were lower compared to both periods due to extreme wet weather, laying back sections of the Pioneer pit walls and reliance on historic stockpile feed sources.

Cash operating costs¹ per ounce sold at HGO averaged US\$3,031 in the first quarter of 2024 versus US\$1,402 for the first quarter of 2023, and US\$2,112 for the previous quarter. The increased unit cost reflects the temporary impact of the higher costs per tonne temporary contract crushing costs (now returned to primary crushing with the bridge repair completed in March), higher costs incurred on laying back the pit walls at Pioneer pit and lower processing grade. The current two operating mines at HGO, as part of the planned life of mine, currently have shorter mine lives reducing the capitalization ability of mining costs. Mining of the main ore zone at Pioneer commences in the second quarter, along with the ramp up of Two Boys underground, both of which are expected to positively impact cash operating costs.

Processing Operations

A total of 435,700 tonnes were milled² at an average grade of 2.75 g/t with average recoveries of 94% for production of 36,147 ounces during the first quarter.

Beta Hunt contributed 97% of the throughput at the Lakewood Mill during the first quarter of 2024, totalling 152,900 tonnes at an average grade of 5.00 g/t. Recovered gold during the quarter totalled 23,273 ounces. The balance of Beta Hunt was dedicated to the Higginsville processing plant with Beta Hunt contributing 42% of the mill throughput and HGO providing the remaining 58%. At Higginsville, 278,000 tonnes of material were processed at an average grade of 1.54 g/t for a recovered gold of 12,732 ounces.

1. Non-IFRS: the definition and reconciliation of these measures are included in the "Non-IFRS Measures" section of this news release and in the MD&A for the three months ended March 31, 2024.
2. Lakewood - there was no toll treatment during Q1. Throughput excludes external toll treatment ore processed during 2023.

FINANCIAL REVIEW

Table 2. Financial Overview

(in thousands of dollars except per share amounts)

For the three months ended March 31,	2024	2023	2022
Revenue	\$115,538	\$96,806	\$65,272
Production and processing costs	60,375	54,393	42,436
Earnings (loss) before income taxes	6,108	(1,744)	(2,153)
Net earnings (loss)	2,137	(2,941)	(3,709)
Net earnings (loss) per share - basic	0.01	(0.02)	(0.02)
Net earnings (loss) per share - diluted	0.01	(0.02)	(0.02)
Adjusted EBITDA ^{1,2}	40,533	28,636	12,203
Adjusted EBITDA per share - basic ^{1,2}	0.23	0.16	0.08
Adjusted earnings ^{1,2}	13,316	4,847	1,120
Adjusted earnings per share - basic ^{1,2}	0.07	0.03	0.01
Cash flow provided by operating activities	42,638	20,859	12,150
Cash investment in property, plant and equipment and mineral property interests	(31,689)	(19,854)	(24,784)

1. Non-IFRS: the definition and reconciliation of these measures are included in the " Non-IFRS Measures" section of this news release and the MD&A for the three months ended March 31, 2024.

For the three months ended March 31, 2024, the Company generated revenue of \$115.5 million, a \$18.7 million or 19% increase from the first quarter of 2023 (\$96.8 million). Gold revenue totaled \$112.5 million, \$20.9 million or 23% higher than the 2023 first quarter, with the increase reflecting \$10.2 million from rate factors, including the impact of a stronger US dollar as well as a 10% increase in the average US\$ realized gold price, and the 12% higher gold volume sold for the quarter. Beta Hunt contributed \$95.7 million of total gold revenue in the first quarter of 2024, with HGO contributing \$16.8 million. During the comparable period in 2023, Beta Hunt contributed \$58.1 million of gold revenue, with the remaining \$33.5 million coming from HGO.

Net earnings for the three months ended March 31, 2024 totalled \$2.1 million or \$0.01 per basic share, compared to net loss of \$2.9 million (\$0.02 per basic share) for the three months ended March 31, 2023. The net earnings in the first quarter of 2024, includes the higher production and processing costs per unit (particularly in relation to the two new mine developments at Higginsville and contract crushing while the Higginsville crusher bridge was repaired, completed in March 2024), foreign exchange loss and income tax expenses for the period.

Adjusted earnings¹ for the three months ended March 31, 2024 totalled \$13.3 million (\$0.07 per share) versus \$4.8 million (\$0.03 per share) in the first quarter of 2023. The difference between net earnings and adjusted earnings¹ in the first quarter of 2024 resulted from the exclusion from adjusted earnings¹ of the after-tax impact of \$3.2 million related to non-cash share-based payments, \$6.3 million related to loss on derivatives, and the exclusion of \$5.0 million foreign exchange loss.

1. Non-IFRS: the definition and reconciliation of these measures are included in the " Non-IFRS Measures" section of this news release and the MD&A for the three months ended March 31, 2024.

Table 3. Highlights of Liquidity and Capital Resources

(in thousands of dollars)

For the three months ended March 31,	2024	2023	2022
Cash provided by operations prior to changes in working capital	\$40,944	\$28,642	\$12,201
Changes in non-cash working capital	1,748	(7,783)	296
Income taxes paid	(54)	-	-
Asset retirement obligations	-	-	(347)
Cash provided by operating activities	42,638	20,859	12,150
Cash used in investing activities	(31,121)	(19,690)	(24,739)
Cash used in financing activities	(5,187)	(3,289)	(1,017)
Effect of exchange rate changes on cash and cash equivalents	(1,569)	(789)	701
Change in cash and cash equivalents	\$4,761	\$(2,909)	\$(12,905)

1. Working capital is calculated as current assets (including cash and cash equivalents) less current liabilities.

For the three months ended March 31, 2024, cash provided by operating activities, prior to changes in working capital, totalled \$40.9 million compared to \$28.6 million for the same period in 2023. The increase compared to the first quarter of 2023 largely reflected higher sales volume and realized price. Changes in working capital represented a net source of cash totalling \$1.8 million during the three months ended March 31, 2024, reflecting a \$4.1 million reduction of inventories offset partially by a \$1.3 million increase in receivables following recommencement of nickel sales in the quarter. The reduction in inventories primarily reflects a reduction in levels of gold in circuit from December 31, 2023 due to shipment timing.

The Company had cash of \$87.3 million as at March 31, 2024 compared to \$82.5 million as at December 31, 2023.

OUTLOOK

GUIDANCE (2024)

The Company updated 2024 production, cost and capital guidance on March 11, 2024. This outlook includes forward-looking information about the Company's operations and financial expectations and is based on management's expectations and outlook as of the date of this MD&A. This outlook, including expected results and targets, is subject to various risks, uncertainties and assumptions, which may impact future performance and the Company's ability to achieve the results and targets discussed in this section. The Company may update this outlook depending on changes in metal prices and other factors.

Table 4. Guidance (2024)

		2024
Gold Production	(Koz)	170 - 185
All-in Sustaining Costs	(US\$/oz sold)	1,250 - 1,375
Sustaining Capital	(A\$M)	11 - 16
Growth Capital	(A\$M)	80 - 90
Exploration & Resource Development	(A\$M)	18 - 23
Nickel Production	(Ni Tonnes)	200 - 300

1. Production guidance is based on the September 30, 2023 Mineral Reserves and Mineral Resources announced on November 21, 2023.
2. The Company expects to fund the capital investment amounts listed above with cash on hand, cashflow from operations and lease finance an additional up to A\$8 million of heavy equipment.
3. The material assumptions associated with the expansion of Beta Hunt mining production rate to 2.0 Mtpa during 2024 include the completion of ventilation and other infrastructure that is required to support these areas, and an expanded mining equipment and trucking fleet.
4. The Company'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 Company, no significant events which impact operations, an A\$ to US\$ exchange rate of 0.67 in 2024 and A\$ to C\$ exchange rate of 0.90. Assumptions used for the purposes of guidance may prove to be incorrect and actual results may differ from those anticipated. See below "Cautionary Statement Regarding Forward-Looking Information".
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 and equipment leases.
7. AISC calculations are for the Australian operations only, and exclude non-cash share-based payments expense, derivative settlements, and net realizable value adjustments to prior period stockpiles. The Company acquired the Lakewood mill in 2022 and embarked on an expansion program to grow the Beta Hunt gold mine to 2.0 Mtpa mining rate during 2024. Mine development for projects with greater than 1 year mine life and equipment acquisition are being attributed to growth capital during this growth phase.
8. See "Non-IFRS Measures" set out at the end of this news release and in the MD&A for the three months ended March 31, 2024.

CONFERENCE CALL 2024 WEBCAST

Karora will be hosting a conference call and webcast today, May 13, 2024, beginning at 10:00 a.m. (Eastern time). The accompanying presentation can be found on Karora's website, www.karoraresources.com.

Live Conference Call and Webcast Access Information:

North American callers please dial: 1-888-664-6383:
Local and international callers please dial: 416-764-8650

A live webcast of the call will be available through Cision's website at: <https://app.webinar.net/qPWvB7E8z17>

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 May 13, 2024, through the following dial in numbers:

North American callers please dial: 1-888-390-0541; Pass Code: 520835#
Local and international callers please dial: 416-764-8677; Pass Code: 520835#

Non-IFRS Measures

This news release refers to cash operating cost, cash operating cost per ounce, all-in sustaining cost, EBITDA, adjusted EBITDA and adjusted EBITDA per share, adjusted earnings, adjusted earnings per share and working capital which are not recognized measures under IFRS. Such non-IFRS financial measures do not have any standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other issuers. Management uses these measures internally. The use of these measures enables management to better assess performance trends. Management understands that a number of investors and others who follow the Corporation's performance assess performance in this way. Management believes that these measures better reflect the Corporation's performance and are better indications of its expected performance in future periods. This data is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

In November 2018, the World Gold Council ("WGC") published its guidelines for reporting all-in sustaining costs and all-in costs. The WGC is a market development organization for the gold industry and is an association whose membership comprises leading gold mining companies. Although the WGC is not a mining industry regulatory organization, it worked closely with its member companies to develop these non-IFRS measures. Adoption of the all-in sustaining cost and all-in cost metrics is voluntary and not necessarily standard, and therefore, these measures presented by the Corporation may not be comparable to similar measures presented by other issuers.

The following tables reconcile these non-IFRS measures to the most directly comparable IFRS measures:

MINING OPERATIONS

Cash Operating and All-in Sustaining Costs

The Company uses these measures internally to evaluate the underlying operating performance of its Australian operations. Management believes that providing cash operating cost data allows the reader the ability to better evaluate the results of the underlying operations.

Consolidated

For the three months ended	March 31, December 31,	
	2024	2023
Production and processing costs	\$60,395	\$61,609
Inventory adjustment ¹	-	(2,582)
Royalty expense	5,552	6,206
By-product credits ^{2,3}	(5,052)	(367)
Operating costs (C\$)	\$64,995	\$64,866
General and administrative expense - Australia ^{3,4}	3,260	4,632
Sustaining capital expenditures	5,750	3,722
All-in sustaining costs (C\$)	\$69,296	\$73,220
Ounces of gold sold	36,345	37,439
Australian dollars per ounce sold		
Cash operating costs	\$1,645	\$1,954
All-in sustaining costs ⁴	\$1,955	\$2,206
United States dollars per ounce sold		
Cash operating costs	\$1,123	\$1,272
All-in sustaining costs ⁴	\$1,285	\$1,435
Average exchange rate		
C\$:A\$	0.92	0.89
A\$:US\$	0.68	0.65

1. Relates to an adjustment to net realizable value of gold ore stockpiles. Refer to note 6 of the December 31, 2023, audited consolidated financial statements.

2. Refer to Note 20 of the March 31, 2024, unaudited condensed interim consolidated financial statements.

3. By-product credits for the three ended March 31, 2024, include \$nil external toll treatment revenue (same period in 2023 - \$2,527, and \$nil for the three months ended December 31, 2023)

4. AISC calculations are for the Australian operations only, exclude non-cash share-based payments expense, derivative settlements, and net realisable value adjustments to prior period stockpiles. The Company acquired the Lakewood mill in 2022 and embarked on an expansion program to grow the Beta Hunt gold mine to 2.0 Mtpa mining rate during 2024. All mine development, equipment acquisition, and growth leases are being attributed to growth capital during this growth phase.

Beta Hunt

	March 31, 2024	March 31, 2023	December 31, 2023
three months ended			
Production	\$27,995		\$43,315
Processing	4,814		5,730
Expense			
By-product	(2,616)		(353)
credits			
Operating	\$30,193		\$48,692
costs			
Units	23,077		31,818
of			
Australian			
dollars			
per	\$1,416		\$1,726
operating			
unit			
United			
States			
dollars	\$967		\$1,123
operating			
average			
exchange			
rate	0.92		0.89
A\$/\$	0.68		0.65

1. Refer to Note 20 of the March 31, 2024 unaudited condensed interim consolidated financial statements.

HGO

	March 31, 2024	March 31, 2023	December 31, 2023
three months ended			
Production	\$36,932		\$34,364
Processing	(13,061)		(16,070)
costs			
Intercompany			(2,582)
adjustment			
Royalty	939		476
expense			
By-product	(30)		(14)
credits			
Operating	\$24,805		\$16,174
costs			
Units	13,068		5,621
of			
Australian			
dollars			
per	\$2,052		\$3,246
operating			
unit			
United			
States			
dollars	\$1,402		\$2,112
operating			
average			
exchange			
rate	0.92		0.89
A\$/\$	0.68		0.65

1. Refer to Note 20 of the March 31, 2024 unaudited condensed interim consolidated financial statements.
2. Includes third party toll milling costs at Lakewood mill of \$nil for the three months ended March 31, 2024 (same period in 2023 \$2,527 and \$nil for the three months ended December 31, 2023).
3. Relates to an adjustment to net realisable value of gold ore stockpiles. Refer to note 5 of the December 31, 2023, audited consolidated financial statements.

Adjusted EBITDA and Adjusted Earnings

Management believes that adjusted EBITDA and adjusted earnings are valuable indicators of the Company's ability to generate operating cash flows to fund working capital needs, service debt obligations, and fund exploration and evaluation, and capital expenditures. Adjusted EBITDA and adjusted earnings exclude the impact of certain items and therefore is not necessarily indicative of operating profit or cash flows from operating activities as determined under IFRS. Other companies may calculate adjusted EBITDA and adjusted earnings differently.

Adjusted EBITDA is a non-IFRS measure, which excludes the following from comprehensive earnings (loss); income tax expense; interest expense and other finance-related costs; depreciation and amortization; non-cash other expenses, net; non-cash impairment charges and reversals; non-cash portion of share-based payments; derivatives, sustainability initiatives and foreign exchange loss.

(in thousands of dollars except per share amounts)

For the three months ended	March 31, 2024	December 31, 2023 2023
Net earnings (loss) for the period - as reported	\$2,137	\$(2,905)
Finance expense, net	1,675	2,020
Income tax expense	3,971	(2,820)
Depreciation and amortization	18,971	19,980
EBITDA	26,754	18,418
Adjustments:		
Non-cash share-based payments ¹	3,186	3,038
Impairment charge ²	-	9,204
Unrealized gain on revaluation of marketable securities ²	(718)	10,537
Other expense, net ²	10	(526)
Loss on derivatives ²	6,329	8,576
Foreign exchange loss ³	4,986	(7,862)
Rehabilitation cost adjustment for closed sites ²	(14)	(112)
Sustainability initiatives ⁴	-	87
Adjusted EBITDA	\$40,533	\$28,656
Weighted average number of common shares - basic	178,402,185	174,208,026
Adjusted EBITDA per share - basic	\$0.23	\$0.16

1. Primarily non-operating items which do not impact cash flow.
2. Non-operating in nature which does not impact cash flows.
3. Primarily related to intercompany loans for which the loss is unrealized.
4. Primarily related to non-operating environmental initiatives.

Adjusted earnings is a non-IFRS measure, which excludes the following from comprehensive earnings (loss): non-cash portion of share-based payments; revaluation of marketable securities; derivatives and foreign exchange loss; tax effects of adjustments; sustainability initiatives.

(in thousands of dollars except per share amounts)

For the three months ended	March 31, 2024	March 31, 2023	December 31, 2023
Net earnings (loss) for the period - as reported	\$2,137	\$(2,941)	\$(1,705)
Non-cash share-based payments ¹	3,186	1,674	3,235
Impairment charge ¹	-	-	9,204
Unrealized gain on revaluation of marketable securities ² (718)		(1,537)	304
Loss on derivatives ²	6,329	6,171	2,576
Foreign exchange loss ³	4,986	3,862	(7,832)
Rehabilitation cost adjustment for closed sites ²	(14)	-	(112)
Sustainability initiatives ⁴	-	-	87
Tax impact of the above adjusting items	(2,590)	(2,382)	(2,427)
Adjusted earnings	\$13,316	\$4,847	\$3,330
Weighted average number of common shares - basic	178,402,185	174,268,927	177,828,626
Adjusted earnings per share - basic	\$0.07	\$0.03	\$0.02

1. Primarily non-recurring items which do not impact cash flow.
2. Non-operating in nature which does not impact cash flows.
3. Primarily related to intercompany loans for which the loss is unrealized.
4. Primarily related to non-recurring environmental initiatives.

Working Capital

Working capital is calculated as current assets (including cash and cash equivalents) less current liabilities.

(in thousands of dollars) March 31, 2024 December 31, 2023 March 31, 2023

Current assets	\$132,054	\$131,454	\$110,758
Less: Current liabilities	73,668	78,023	66,830
Working capital	\$58,386	\$53,431	\$43,928

Compliance Statement (JORC 2012 and NI 43-101)

The technical and scientific information contained in this MD&A has been reviewed and approved by Steve Devlin, Group Geologist, [Karora Resources Inc.](#), and a qualified person for the purposes of National Instrument 43-101 - Standards of Disclosure for Mineral Projects.

The technical and scientific information related to operations matters contained in this MD&A has been reviewed and approved by Peter Ganza, Chief Operating Officer, [Karora Resources Inc.](#), and a qualified person for the purposes of National Instrument 43-101 - Standards of Disclosure for Mineral Projects.

About [Karora Resources](#)

Karora is focused on increasing gold production at its integrated Beta Hunt Gold Mine and Higgsinsville Gold Operations ("HGO") in Western Australia. The Higgsinsville treatment facility is a low-cost 1.6 Mtpa processing plant, which is fed at capacity from Karora's underground Beta Hunt mine and Higgsinsville mines. In July 2022, Karora acquired the 1.0 Mtpa Lakewood Mill in Western Australia. At Beta Hunt, a robust gold Mineral Resource and Reserve are hosted in multiple gold shears, with gold intersections along a 5 km strike length remaining open in multiple directions. HGO has a substantial Mineral gold Resource and Reserve and prospective land package totaling approximately 1,900 square kilometers. 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 on the OTCQX market under the symbol KRRGF.

Cautionary Statement Concerning Forward-Looking Statements

This news release contains "forward-looking information" which may include, but is not limited to, statements relating to the liquidity and capital resources of Karora, production and cost guidance including the Consolidated Multi-Year Guidance to 2024, the Company's multi-year growth plan, the potential of Beta Hunt, HGO, and Spargos and its exploration properties, successfully obtaining permitting, the future financial or operating performance of the Company and its projects, the future price of and supply and demand for metals, the estimation of mineral reserves and resources, the realization of mineral reserves and resources estimates, the timing and amount of estimated future production, costs of production, capital, operating and exploration expenditures, costs and timing of the development of new and existing deposits, costs and timing of future exploration as well as the potential of exploration at Beta Hunt, HGO, Spargos, and the Company's exploration properties, requirements for additional capital, government regulation of mining operations, environmental risks, reclamation expenses, the success of mining operations, economic return estimates and potential upside. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "does not anticipate" or "believes" or variations (including negative variations) of such words and phrases, or state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Readers should not place undue reliance on forward-looking statements.

Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company 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: project delays; general business, economic, competitive, political and social uncertainties; labour and operational disruptions due to any public health crises (including a resurgence of COVID-19), or other widespread public health issues, results of exploration programs; future prices of metals; availability of alternative metal sources or substitutions; actual metal recovery; conclusions of economic evaluations; changes in project parameters as plans continue to be refined; the future cost of capital to the Company; possible variations of ore grade or recovery rates; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the mining industry; political instability, terrorism, insurrection or war; delays in obtaining governmental approvals, necessary permitting or in the completion of development or construction activities, as well as those factors discussed in the section entitled "Risk Factors" in the Company's December 31, 2023 MD&A and Annual Information Form for the year ended December 31, 2023 filed on SEDAR+. Such forward-looking statements are also based on a number of material factors and assumptions, including: the availability of financing at rates and on terms and conditions otherwise acceptable to the Company; future metal prices; permitting and development consistent with the Company's expectations; foreign exchange rates; prices and availability of equipment; that contracted parties provide goods and/or services on the agreed time frames; that on-going contractual negotiations will be successful and/or be completed in a timely manner; and that no

unusual geological or technical problems occur.

Although the Company 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 MD&A and the Company 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. Given these risks and, investors should not place undue reliance on forward-looking statements as a prediction of actual results. Readers of this report are cautioned that actual events and results may vary.

SOURCE [Karora Resources Inc.](#)

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