# Karora Resources – Initiating coverage

**Karora Resources (TSX: KRR)  Initiating coverage**

City Investors Circle is initiating coverage of Karora Resources, a Canadian listed gold production and exploration company, located near Kalgoorlie in Western Australia.

Karora are a great fit with our ethos of investing in companies that are in production and growing organically, are cashflow positive, and are continuing to bring new deposits online from their cashflow, rather than dilution.

| Karora Resources | TSX: KRR |
|---|---|
| Stage | Production + Development + Exploration |
| Metals | Gold + Nickel |
| Market cap | c$610 m @ C$4.16 |
| Location | Kalgoorlie, Western Australia |

*Comment*

*I have followed the Karora story at the Beta Hunt mine in Western Australia for a few years now, and it's a story I have always liked. After recent meetings (virtually of course) with management, it looks as though the story is about to get a*

*whole lot better, in my opinion.*

*Originally, ore from the Beta Hunt mine was being toll milled locally, so although production was positive, they were taking a haircut on revenue, due to the toll milling fees.*

*That all changed in 2019 when the company completed a truly transformational transaction, and bought the Higginsville Gold Operations (HGO). This is local to Beta Hunt, and allows a spoke and hub type processing operation, rather than toll milling.*

*The HGO is comprised of a 1.4 million tonnes per annum gold treatment plant, a large historical resource inventory, and a substantial portfolio of gold tenements. These include the Baloo open pit mine that was brought into production in August 2019, and the Fairplay North open pit mine brought into production in December 2019.*

*Karora continues to focus on enhancing the operational synergies between the two operations as well as exploring additional opportunities in the region, such as the Spargos Reward Project.*

*Karora seem to be approaching a couple of catalysts, and I expect news sooner rather than later, which will hopefully rerate the stock, which looks quite cheap for a producing gold company with low AISC, and a decent margin.*

*The recent mill upgrade will take out the processing bottleneck, and increase production levels, adding to revenues moving forwards.*

*Underground exploration is extending the known gold resource, so a number of news events to look forward to as this year progresses.*

*In the current climate I am looking to invest in gold producers, and those funded through to production in the*

*construction and development stages. My favourite niche, however, is an early stage producer looking to use their cashflow to avoid dilution as they continue exploring and raising production levels through mill upgrades and new plants.*

*Karora fit perfectly into this strategy, and we will follow their newsflow as they have now been added to the watchlist.*

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## Karora Gold Company Overview

Karora's two primary gold producing operations are its 100% interests in the Beta Hunt Mine ("Beta Hunt") and the Higginsville Gold Operations ("HGO"), both located in Western Australia approximately 60km from Kalgoorlie and located along the prolific Norseman-Wiluna Greenstone Belt.

At Beta Hunt, a robust mineral resource is hosted in multiple gold shears, with gold intersections along a 4 km strike length remaining open in multiple directions. Beta Hunt has delivered a number of high-grade coarse gold discoveries including the Father's Day Vein discovery ("Father's Day Vein") announced in September 2018.

Karora acquired the HGO operations on June 10, 2019, which is comprised of a 1.4 million tonnes per annum ("Mtpa") gold treatment plant, a large historical resource inventory and a substantial portfolio of gold tenements, including the Baloo open pit mine that was brought into production in August 2019

and the Fairplay North open pit mine brought into production in December 2019.

Karora continues to focus on enhancing the operational synergies between the two operations as well as exploring additional opportunities in the region, such as the Spargos Reward Project.

By kind permission of Karora Resources

## Karora Resources Consolidated Gold Mineral Resources as at September 30, 2020

| MINERAL RESOURCE | MEASURED | | | INDICATED | | | MEASURED & INDICATED | | | INFERRED | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Kt | g/t | Koz | Kt | g/t | Koz | Kt | g/t | Koz | Kt | g/t | Koz |
| Beta Hunt | 630 | 2.4 | 49 | 11,369 | 2.8 | 1,006 | 11,999 | 2.7 | 1,055 | 6,146 | 2.7 | 537 |
| Higginsville | 13,362 | 1.4 | 604 | 16,633 | 1.6 | 862 | 29,994 | 1.5 | 1,466 | 4,581 | 2.1 | 310 |
| **Total** | **13,392** | **1.5** | **653** | **28,001** | **2.1** | **1,868** | **41,994** | **1.9** | **2,521** | **10,727** | **2.5** | **847** |

## Karora Resources Consolidated Mineral Reserves as at September

# 30, 2020

| MINERAL RESERVE | PROVEN | | | PROBABLE | | | PROVEN & PROBABLE | | |
|---|---|---|---|---|---|---|---|---|---|
| | Tonnes kt | Grade g/t | Ounces koz | Tonnes kt | Grade g/t | Ounces koz | Tonnes kt | Grade g/t | Ounces koz |
| Beta Hunt | 329 | 2.4 | 25 | 5,451 | 2.6 | 456 | 5,780 | 2.6 | 482 |
| Higginsville | 8,503 | 1.3 | 362 | 9,249 | 1.6 | 483 | 17,752 | 1.5 | 845 |
| **Total** | **8,832** | **1.4** | **387** | **14,700** | **2.0** | **940** | **23,531** | **1.8** | **1,327** |

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