CORMARK SECURITIES INC.

Nicolas Dion, CFA (416) 943-4220,
ndion@cormark.com

GOLD MINING

June 25, 2020

Karora Resources Inc.

Transformation Complete: The New RNC

Unless otherwise denoted, all figures shown in US$
We are using 0.69 US$/C$ and 0.65 US$/A$ conversion rates

Recommendation: **Buy (S)**

Target Price: **C$0.90**

Company Statistics:

Stock Symbol: **KRR-TSX**

Price: **C$0.49**

Shares Outstanding:
- Basic: **608.3 MM**
- Diluted: **674.4 MM**
- Management: **12.2 MM (~2%)**

Market Cap: **$218.0 MM (C$298.0 MM)**

Cash: **$26 MM**

Debt: **$23 MM**

Avg. Daily Trading Volume (30 day): **2.3 MM**

High – Low (52-Week): **C$0.73 - C$0.20**

Company Description:

Karora is a multi-asset gold producer with two operating gold mines in Western Australia (Beta Hunt and Higginsville) and a 28% stake in the Dumont nickel project in Quebec.

Disclosure statements located on pages 39 – 40 of this report

Karora Resources Inc. (**previously RNC Minerals Corporation**) is an emerging multi-asset gold producer in Australia, with optionality to the nickel price via the large and shovel-ready Dumont project in Quebec. It operates the Beta Hunt mine and the recently acquired Higginsville mine/mill, both located south of Kalgoorlie. Since the high-grade coarse gold Father's Day Vein (FDV) discovery at Beta Hunt in 2018 (~27,000 oz from 167 tonnes), Karora has transformed as a company and we believe a turnaround at the gold assets is well underway.

In mid-2019 the company both tripled the gold resource at Beta Hunt (to 1.35 MMoz) and acquired a mill at Higginsville (HGO) and its 1,800 km^2 land-package, 80 km to the south in one of Australia's most prolific mining regions. Not only has HGO added a second front of production and exploration, it has also lowered processing costs at Beta Hunt such that the mine's broader ~2.8 g/t resource is now economic (and coarse gold findings are "gravy"). The deal also catalyzed the elimination of an onerous royalty at HGO which had frozen production and exploration on much of the property for many years (and has recently restarted). Karora also brought in a gold-focused Management team, including Paul Huet (of Klondex Mines) in 2019.

Karora trades at just 0.43x NAV, based solely on the existing resources and no value given to exploration or likely coarse-gold discoveries. We believe a re-rate will occur as the company executes operationally, confirming the turnaround that we believe is already well underway. We are initiating coverage with a Buy (S) rating and a C$0.90 target based on a 0.80x P/NAV multiple at our $1,600/oz price deck.

YE Dec. 31	F2020E	F2021E	F2022E	F2023E
Gold Price ($/oz)	$1,595	$1,600	$1,600	$1,600
Prod. (000oz, 100% basis)	91	98	100	108
AISC ($/oz)	$1,170	$1,079	$1,046	$999
FCF ($MM)	($2)	$12	($2)	$42
NAV ($1,600/oz)	C$1.15			

Investment Highlights

Executive Summary

Emerging Gold Producer in Australia (With Nickel Optionality): Karora Resources (previously RNC Minerals) is an emerging multi-asset gold producer in Australia following the transformational Higginsville transaction in 2019 and the Father's Day Vein discovery in 2018. The company was built on, and previously focused on, the Dumont nickel project in Quebec (more below), but since 2018 has shifted its focus towards growing gold production at the Beta Hunt and Higginsville mines. We view Dumont nickel as inexpensive optionality on the nickel price, it accounts for 10% of our NAV.

Father's Day Vein Discovery; Coarse Gold Upside: In September 2018 Karora discovered the Father's Day Vein (FDV) at Beta Hunt, a pod of high-grade ("specimen") coarse gold that ultimately yielded ~27,000 oz from a 167 tonne cut (i.e. >5,000 g/t). This significantly improved Karora's balance sheet, took Beta Hunt off the selling block, and launched/funded a 40,000 m drilling program that led to a substantial gold resource increase in mid-2019 (+203% over the YE-2017 estimate, to 1.35 MMoz), setting the basis for a maiden reserve estimate in 2020 and our modelled 10-year LOM. We note that the reserve/resource estimate and our LOM do not include any high-grade coarse gold, which we consider "free" and likely upside to our NAV (more on this below).

Transformational Higginsville Transaction: In mid-2019, the company closed the Higginsville transaction (A$50 MM) which included a 1.3 MMtpa mill located ~80 km from Beta Hunt and a surrounding 1.9 MMoz resource. This not only added a second front of exploration and production to Karora, but also meant that Beta Hunt would no longer be at the mercy of toll-milling, reducing processing costs by ~35%, or >$100/oz. This has enabled Karora to profitably mine the ~2.8 g/t material in bulk at Beta Hunt, taking coarse gold pods as upside ("gravy"), rather than chasing and relying on them as in the past while the broader ~2.8 g/t resource was uneconomic. Higginsville also provides a centrally located mill in the Kalgoorlie region, opening up the potential for further tuck-in acquisitions (see commentary on Spargos, below).

Re-Negotiated Royalties Unlock Exploration Potential: Thanks to multi-asset production, Karora has already been able to essentially eliminate the Morgan Stanley royalty at Higginsville which for years had included an onerous participation payment that had placed exploration and production on ~70% of the 1,800 km^2 land-package at a standstill. We note that Maverix Metals has a 7.5% royalty at Beta Hunt. The resource at Beta Hunt remains open at depth and along strike, while at Higginsville Karora has launched a A$9.5-10 MM (45,000-50,000 m) program which has already yielded positive results on a number of the deposits/targets. Higginsville lies in one of Australia's most prolific regions, south of Kalgoorlie, with numerous >5MMoz deposits.

New Management Team: Coincident with the events above, Karora has brought in a new gold-focused Management team including Paul Huet as Chairman and CEO (formerly CEO of Klondex mines) and Graeme Sloan as Managing Director of Australian Operations (formerly CEO of Perseverance, which built Fosterville).

Turnaround Well Underway; Mill Expansion Expected: Since the integration of Higginsville and the revised strategy at Beta Hunt, the company has already reported a number of consecutive quarters of stable production and declining costs. Guidance for 2020 is 90,000-95,000 oz at $1,050-1,200/oz AISC and we expect costs to continue to improve, with management targeting AISC to decline to <$1,000/oz. We assume Karora expands the Higginsville mill to 2 MMtpa (from 1.3 MMtpa) in 2023/24 for ~A$40 MM.

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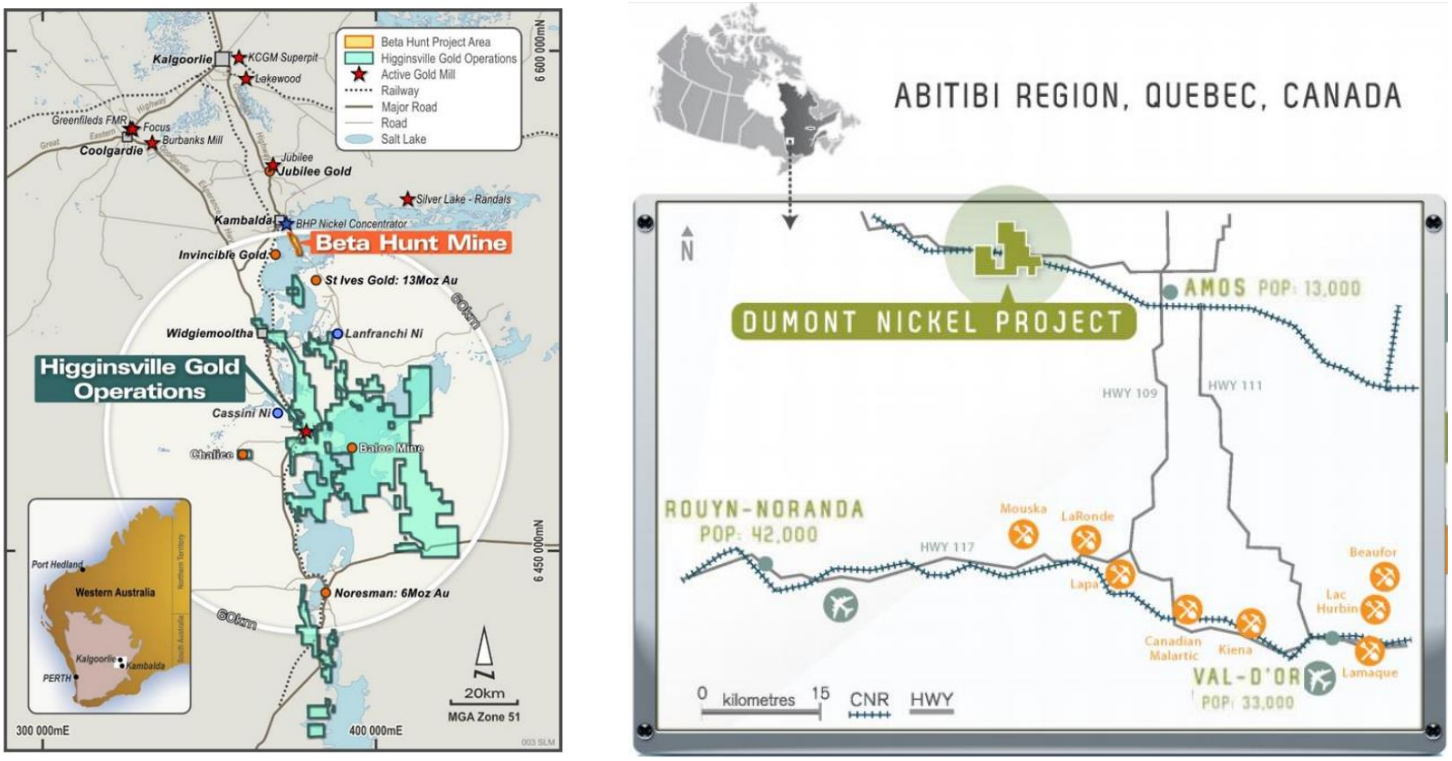
Balance Sheet at its Strongest in Years: In large part thanks to the Father's Day Vein discovery, the balance sheet is now in a strong position and as of Q4/19 had entered both a positive working capital and a net-cash position.

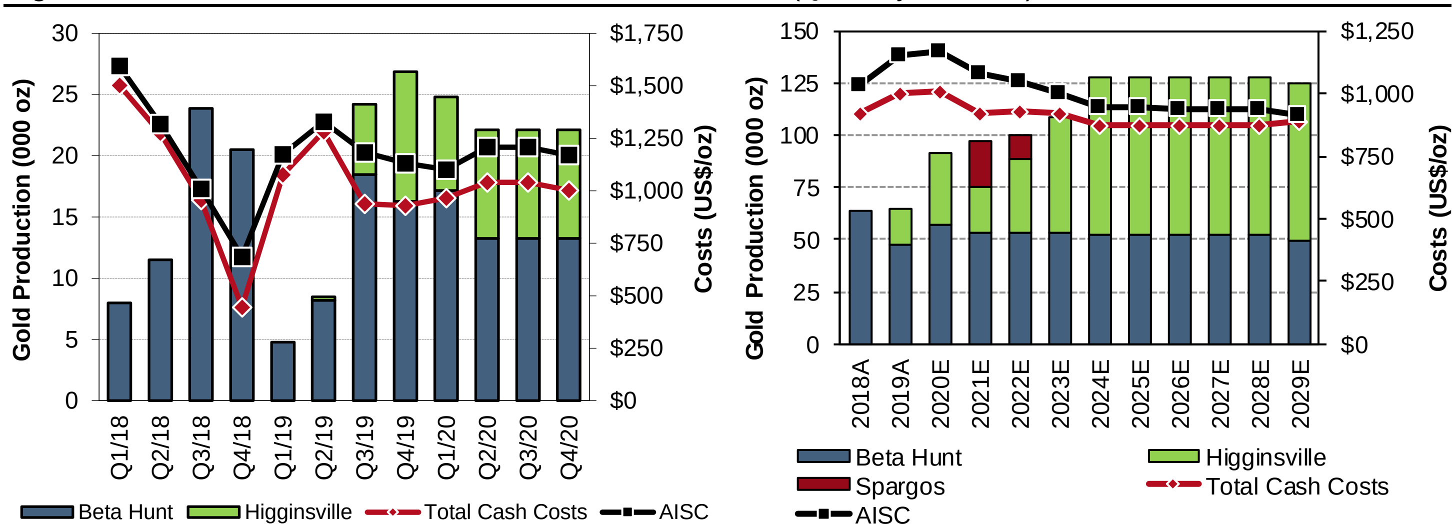
Compelling Valuation and Strong Leverage to Gold Price: Karora trades at just 0.43x NAV, at the lower-end of peers despite its solid balance sheet and top-tier jurisdiction (Australia and Canada), though partly due to the higher cost structure (improving). We believe the stock will see a re-rating as the company executes operationally, showing stable production and cost improvements, confirming the turnaround that we believe is well underway. The company offers relatively high leverage to the gold price.

Figure 1 **Karora Key Assets**



Source: Karora Resources Inc.

Figure 2 **Gold Production & Cost Profile** (Quarterly & Annual)



Source: Cormark Securities Inc.

Higginsville Transaction

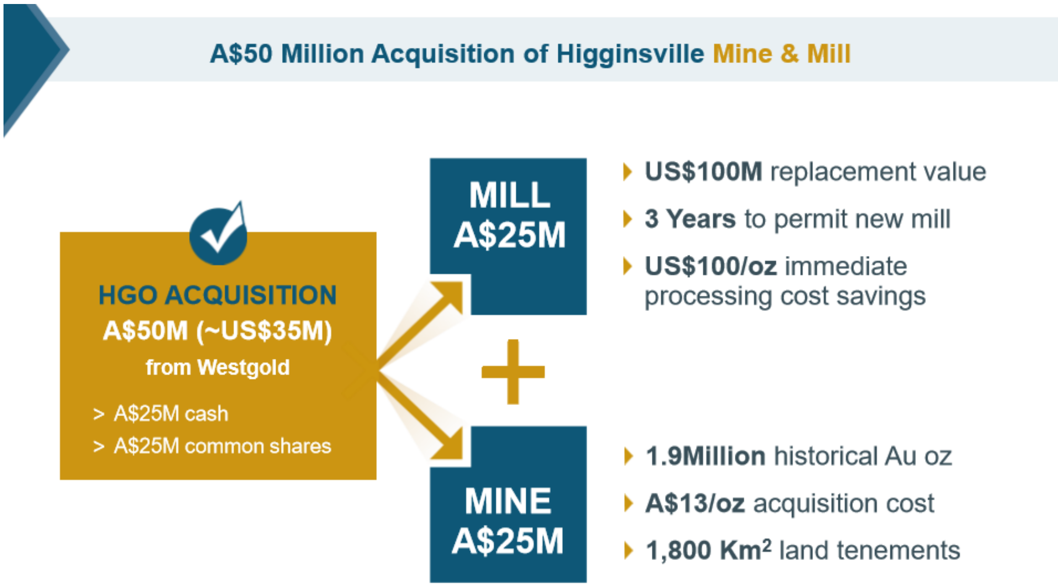
1.3 MMtpa Mill and 1.9 MMoz Resource: In June 2019, Karora closed the transaction to acquire Higginsville from Westgold Resources for total consideration of A$50 MM (50/50 cash/shares). Higginsville includes a 1.3 MMtpa mill (~$100 MM replacement cost) and a 1.9 MMoz historic resource (2018), located ~80 km south of Beta Hunt.

The transaction was transformational for Karora and Beta Hunt as it:

- ***Reduced processing costs at Beta Hunt by ~35%*** from ~A$45/t under previous toll-milling arrangements to ~A$29/t. Beta Hunt is no longer at the mercy of toll-mill pricing, which Karora expects to rise in the region, and can now profitably produce the ~2.8 g/t material which accounts for the bulk of the deposit (mining no longer relies on sporadic coarse gold discoveries).
- ***Added a second production and exploration front***, which has assisted in negotiations on royalty relief and vendor re-negotiations. Karora has since eliminated the onerous Morgan Stanley royalty at Higginsville. Maverix Metals has a 7.5% royalty on Beta Hunt.

Exploration Revitalized: Following the royalty re-negotiation, in early 2020 Karora launched an A$9.5-10 MM (45,000-50,000 m) exploration program focused on Higginsville. A large portion (~70%) of the property had not received exploration in many years in large part due to the onerous Morgan Stanley royalty (included 50% participation on gold prices >A$1,340/oz). Early results have been encouraging, and we note the historic resources alone support our modelled 10-year LOM.

Figure 3 **Higginsville Transaction**



Source: Karora Resources Inc.

Asset Overview

Beta Hunt (100% interest) - 41% of NAV

- **Underground Mine in Western Australia:** Beta Hunt is located 60 km south of Kalgoorlie. Historically, the mine was focused on nickel extraction. RNC is the first to focus on gold and identify coarse gold in the basalts (where it is mining).
- **Father's Day Vein:** In September 2018 Karora discovered the Father's Day Vein (FDV), a pod of high-grade ("specimen") coarse gold that ultimately yielded ~27,000 oz from a 60 m^3 cut (167 tonnes). This launched a 40,000 m drilling program which substantially upgraded the gold resource in mid-2019 (+203% over the 2017 estimate, to 1.35 MMoz) and saved the asset from being sold.
- **Ore Now Processed at Higginsville:** In mid-2019, Karora acquired Higginsville which (in addition to adding a second front of production and exploration) added a 1.3 MMtpa mill where ore is now processed. Compared to toll-milling as in the past, this reduced processing costs by ~35%. The mine can now economically produce the ~2.8 g/t shear zone material, and take coarse gold it comes, rather than (unsustainably) chase pods of coarse gold as in the past.
- **Deposit Open Along Strike and at Depth; Upside From Coarse Gold:** There are multiple ore grade step-outs beyond the current resource and a third (largely untested) shear zone, Fletcher. The resources also do not include any high-grade coarse gold pods (as with the FDV) which, as Karora is unable to accurately predict their location, will be extracted concurrent with normal mining/stoping activities, representing "gravy" which is beyond our modelled LOM plan and Karora's reserve/resource estimate. Multiple smaller pods have already been discovered since FDV in late 2018.
- **Maverix Royalty:** In addition to the state's 2.5%, Maverix Metals has a 7.5% royalty on the mine.
- **Our Model and Valuation:** In 2020, we expect Beta Hunt to produce ~55,000 oz at $1,130/oz AISC. We assume 10-years of production at 55 ktpm at reserve grade (2.8 g/t), based on the existing reserves and a partial conversion of the resources. Coarse gold is "free" upside to our estimates and NAV.

Higginsville (100% interest) – 46% of NAV

- **Mill and 1.9 MMoz Historic Resource ~80 Km From Beta Hunt:** The property is host to a 1.3 MMtpa plant built in 2007 and a 1.9 MMoz historic resource (367,000 oz at 1.92 g/t reserve) underpinned by multiple open-pit and underground deposits. Higginsville is an important strategic asset for Karora as it provides a second front of exploration/production in addition to Beta Hunt and a centralized mill in the region.
- **Onerous Royalties Eliminated:** In December 2019 and May 2020, Karora essentially eliminated the Morgan Stanley royalty which burdened ~70% of the 1,800 km^2 land-package in the recent past. The royalty (which included 50% participation at >A$1,340/oz) had limited exploration and production on the project for years.
- **Historic Resource Supports 10-Year Mine Life and Mill Expansion:** We model a 10-year mine-life supported by the historic reserves and resources, with no upside considered for the exploration potential now unlocked following the royalty elimination. We assume the reserve grade (1.9 g/t) and a mill expansion in 2023 which will take production to 2.0 MMtpa (from 1.3 MMtpa). In 2020 we model 34,000 oz at $1,212/oz AISC. After the mill expansion, we expect >70,000 oz/yr at <$1,000/oz AISC.

- **1,800 km^2 Land-Package in Prolific Region:** Higginsville covers a large portion of the Norseman-Wiluna greenstone belt, between Norseman to the south (6 MMoz) and St Ives to the north (14 MMoz). The project also overlays three prolific regional shear zones: Boulder-Lefroy (>70 MMoz), Zuleika (>6 MMoz), and Speedway (1.3 MMoz). The property has seen relatively little exploration in recent history.
- **Exploration Upside:** Karora launched an A$9.5-10 MM (45,000-50,000 m) exploration program focused on Higginsville. In addition to re-evaluating historic assays, the company is drilling a number of the deposits with the goal of expanding open-pit potential and testing underground potential. Initial results have been promising, and have already expanded the active pits.
- **43-101 Update by YE-2020:** As our model is largely conceptual at this point, and based on historic reserves (2018), we look forward to a resource and LOM plan update in Q4/20 to crystalize our assumptions.

Dumont (28% interest) – 10% of NAV

- **Tier-One Shovel-Ready Nickel Project in Quebec:** Dumont is a fully-permitted nickel sulphide project in the Abitibi region of Quebec. It has one of the largest nickel reserves in the world (2.8 MMt/6.08 BBlbs), with the others in higher-risk jurisdictions. Once producing it would be among the largest nickel sulphide operations by production. Waterton owns the remaining 72% interest.
- **Low-Cost Optionality on the Nickel Price:** While a small part of our NAV, and no longer the focus of Karora, Dumont offers low-cost optionality to the nickel price. A DFS in 2019 outlined a $920 MM NPV8% at $7.75/lb nickel. The JV has sufficient cash to hold the asset for the next "several years".

Spargos (option for 100% interest) - 4% of NAV

- **Potential Near-Term Source of High-Grade Feed:** Spargos Reward is a gold deposit located near to Beta Hunt and ~65 km north of Higginsville by road. Karora entered into a purchase agreement to acquire the project in May 2020, subject to a three-month due diligence period. On closing, Karora would pay A$4 MM in cash or shares (or a combination) upfront, A$1.5 MM in shares on commencement of production, and A$1 MM on delineation of 165,000 oz additional indicated resources. The project hosts a historic resource (2012) totaling 131,000 oz at 4.3 g/t. Of this, 50,000 oz at 4.4 g/t is considered shallow enough for open-pit mining. Karora believes it could begin mining of the open-pit as soon as early 2021, trucking the ore down to Higginsville. Beyond this, Spargos could have an underground opportunity, however we do not model this upside and believe the open-pit alone is enough to pay back the acquisition cost.

Figure 4 **Company Gold Reserves/Resources by Mine**

	P+P			M&I (ex. P&P)			Inferred			Total		
	MMt	g/t	000 oz	MMt	g/t	000 oz	MMt	g/t	000 oz	MMt	g/t	000 oz
Beta Hunt	3,450	2.8	306	6,655	3.0	638	4,109	3.1	406	14,214	3.0	1,350
Higginsville	5,945	1.9	367	12,845	2.1	859	10,634	2.0	681	29,424	2.0	1,907
Total	**9,395**	**2.2**	**673**	**19,500**	**2.4**	**1,497**	**14,743**	**2.3**	**1,087**	**43,638**	**2.3**	**3,257**

Source: Cormark Securities Inc., Company reports

Management Team And Key Shareholders

Management Change in 2019: Karora overhauled its management team in 2019 to have a gold-focus, including the appointment of Paul Andrew Huet as Executive Chairman and CEO (in July 2019) and Graeme Sloan as Managing Director of Australian Operations (in September 2019).

- **Paul Huet, Chairmen and CEO:** Prior to Paul Huet joining, the board was predominantly experienced in nickel mining. His appointment marks the transition of Karora to primarily a gold producing company, and was coincident with the Higginsville transaction. Huet has significant experience in the mining industry, most recently serving as CEO and Director of Klondex Mines from 2012 to 2018, when it was sold to Hecla Mining for ~$460 MM.
- **Graeme Sloan, Managing Director of Australian Operations:** Graeme Sloan has so far led the ongoing turnaround at Higginsville and Beta Hunt. Sloan has had a long career in mining, including CEO of Perseverance Corporation from 2002-2007 where we oversaw the construction of the Fosterville mine and mill. Sloan had consulted Karora on the mining strategy at Beta Hunt, and assisted in the Higginsville due-diligence, prior to officially joining.

Key Shareholders: Key shareholders include Eric Sprott at ~8%, Ven Eck/GDXJ at ~5%, and management owns 2%. Sprott entered the stock originally in September 2016 as part of a financing, and most recently participated in the January 2019 financing by acquiring C$3 MM worth of shares at C$0.46/sh. The stock saw many new retail shareholders following the Father's Day Vein discovery.

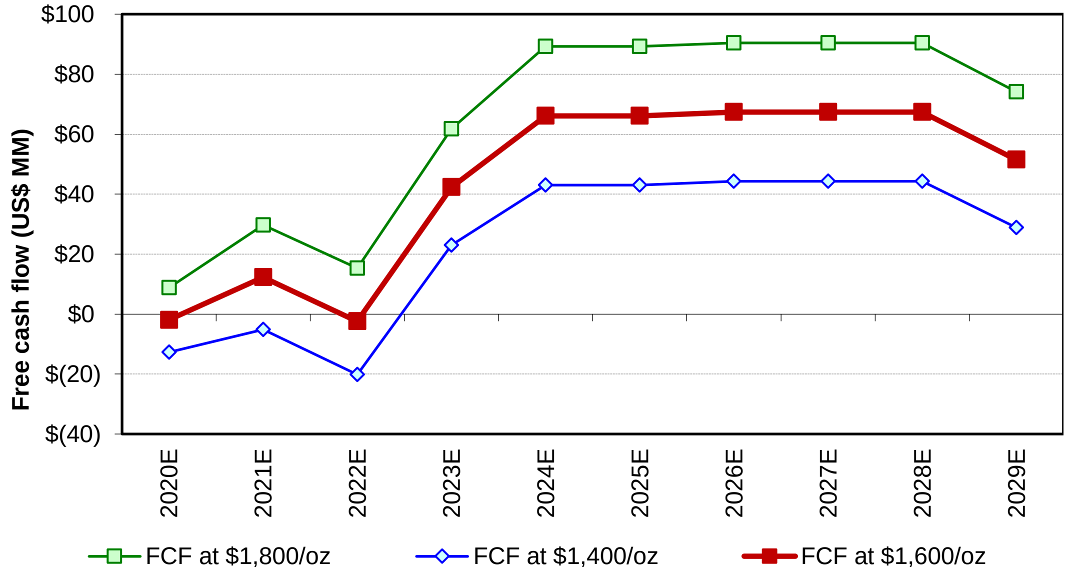
Production, Cost, And FCF Profile

Production and Costs On Track to Improve; For 2020, Karora has guided for 90,000-95,000 oz at $1,050-1,200/oz AISC (vs. 64,100 oz at $1,155/oz in 2019). We currently model 91,200 oz at $1,170/oz AISC. Management expects AISC to decline to ~$1,000/oz by year-end which represents upside to our estimates if management is able to execute, as we model some (but not all) of these cost reductions. We also expect production to grow gradually over the next several years as Spargos adds high-grade open-pit feed in 2021, and the Higginsville mill is expanded in 2023/24.

Upside from Coarse Gold, Exploration, and Mill Expansion: Upside to our estimates include coarse gold findings at Beta Hunt, exploration success (at Higginsville in the near-term), and the potential for an ore-sorter at Beta Hunt. We model an expansion of Higginsville to 2 MMtpa (from 1.3 MMtpa) in 2023/24. Although mining at Beta Hunt is likely to encounter pods of coarse gold mineralization (as with the Father's Day Vein and a number of smaller occurrences since), we do not include this in our model/estimate and note that Karora does not include any coarse gold in its reserve/resource estimates.

Cash Flow to Fund Growth: We expect most operating cash flow over the next 3 years to go towards exploration, debt repayment (C$32 MM due in 2021, likely to be refinanced), and development at Higginsville including a mill expansion in 2022. We also see the potential for additional M&A, possibly including tuck-on acquisitions located near the Higginsville mill. Following the mill expansion in 2023, we model steady-state production at the two mines producing >$60 MM FCF per year at $1,600/oz.

Figure 5 **FCF Profile**



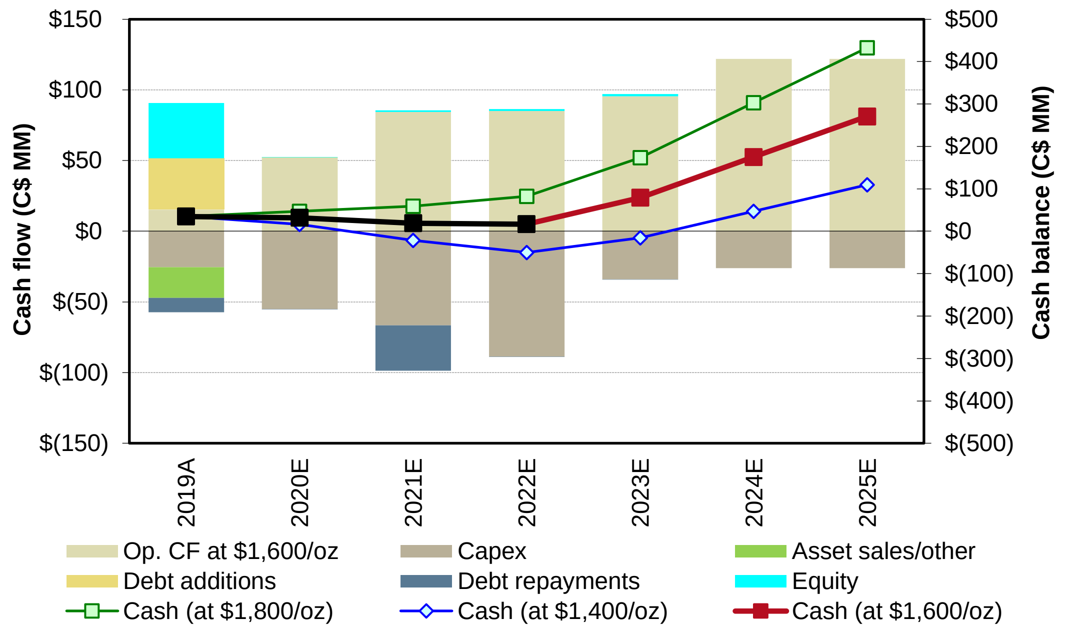
Source: Cormark Securities Inc.

Cash Balance And Movements

We assume Karora will have sufficient liquidity from cash on hand and operating cash flow to fund its expansion/exploration plans at Beta Hunt and Higginsville. We estimate it can maintain these plans and a positive cash balance at our assumed metal prices.

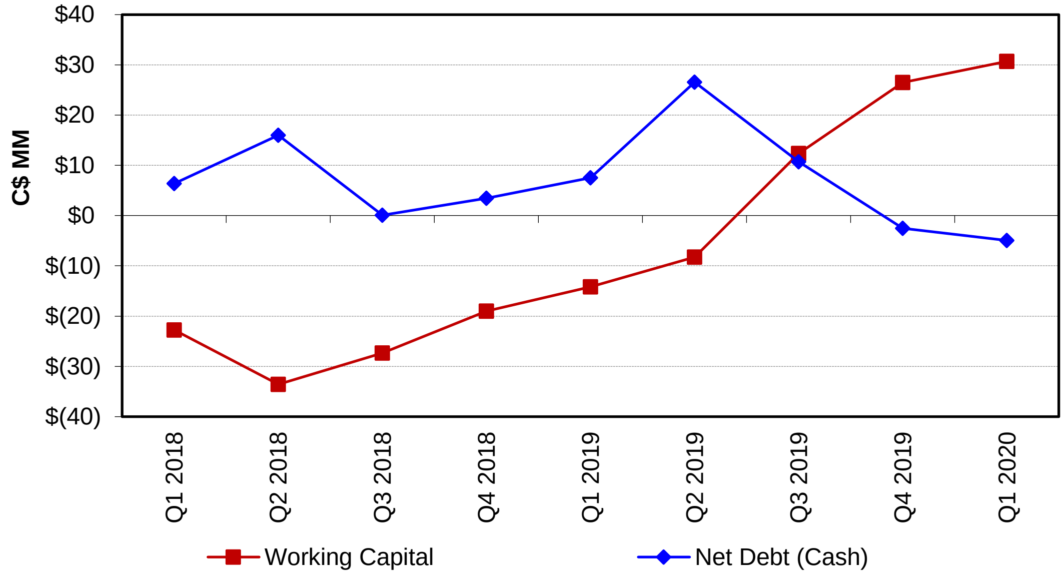
As of Q1/20 the cash balance was C$38 MM vs. total debt of C$32 MM (due June 2021). Working capital is positive C$31 MM. Thanks to the Father's Day Vein discovery, subsequent equity raises, and the strong gold price the balance sheet is in its best position in years. See Figure 7.

Figure 6 **Cash Balance Profile*** (Canadian Dollars)



*Debt due June 2021 likely to be refinanced.
Source: Cormark Securities Inc.

Figure 7 **Working Capital and Net Debt** (Canadian Dollars)

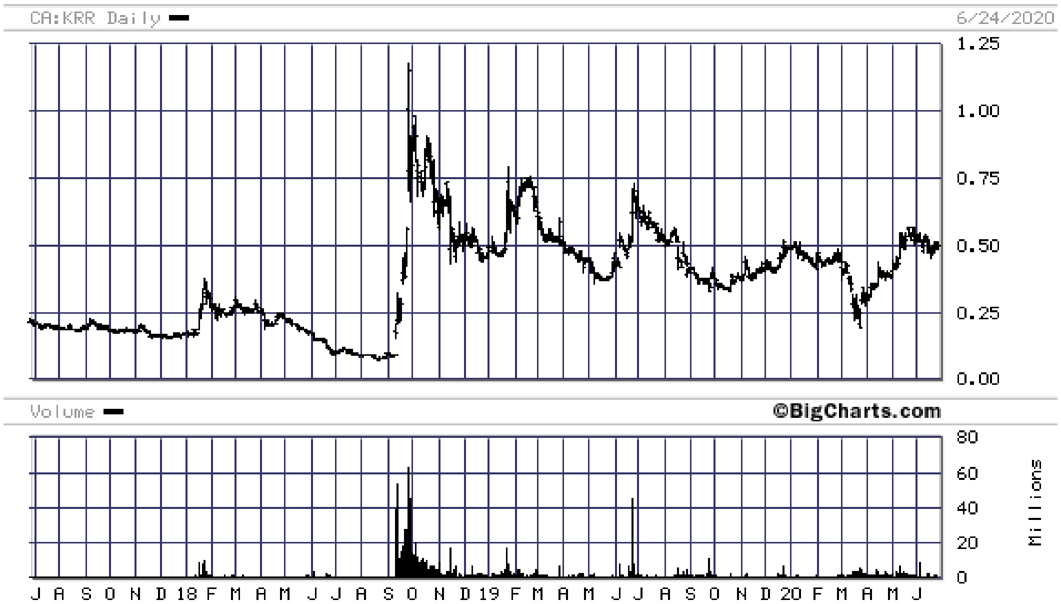


Source: Cormark Securities Inc.

Upcoming Catalysts

- Quarterly results (ongoing cost improvements and steady production)
- Exploration results
- Higginsville resource update and mine plan (Q4/20)

Figure 8 **Karora Resources Price Chart (C$)**



Source: Bigcharts.com (June 23, 2020)

Valuation

Initiating Coverage With Target Price Of C$0.90

Our C$0.90 target price is generated using a 0.80x P/NAV multiple. The target represents upside of 80% and justifies our Buy (S) rating. Our NAV of C$1.15 (see Figure 9) is based on a gold price of $1,600/oz, an exchange rate of 0.69 (C$), and a discount rate of 5% for the future cash flows. At spot gold our NAVPS is C$1.40.

- We calculate an $NPV_{5\%}$ for Beta Hunt of $203 MM (38% of our NAV). Our model is based on the 2020 43-101 and discussions with management. We assume 10 years of production at 55 ktpm at reserve grade (2.8 g/t), based on the existing 2020 reserve estimate (306,000 oz) plus an additional 266,000 oz (3 MMt at ~2.8 g/t) which equates to a 66% conversion of the inferred resource, or 25% of the current resources beyond existing reserves. Note our model assumes no upside from coarse/specimen gold.
- We calculate an $NPV_{5\%}$ for Higginsville of $216 MM (41% of our NAV). Our model assumes a 10-year mine life starting at 640 ktpa (half of Higginsville mill feed) before ramping up to 1.36 MMtpa following the mill expansion (2.0 MMtpa total). We assume flat reserve grade (1.9 g/t) over the LOM. This 10-year mine life is based on historic reserves plus a minor conversion of the resource.
- We value Dumont at $56 MM (4% of our NAV) which is calculating using the 2019 DFS mine plan at our $9/lb long-term nickel price deck. We use an 8% discount rate and apply a 0.1x multiplier. Note that Karora owns 28% of the project which has a $920 MM $NPV_{8\%}$ at $7.75/lb nickel in the 2019 DFS. We note that, at spot nickel, Dumont would be worth essentially nil in our NAV.
- We value Spargos at $15.5 MM based on the $NPV_{5\%}$ of a small open-pit operation commencing Q1/20 (~35,000 oz at 3.25 g/t) net of the A$5.5 MM acquisition cost on production. We give no value for the underground potential.
- We model no exploration upside; however, we do apply a $20/oz in-situ valuation to the 2 MMoz of resources outside of our LOM plans at Beta Hunt and Higginsville. This totals $40 MM (8% of NAV).
- At the end of March 31, 2020, Karora had $26 MM in cash, negative $4 MM in non-cash working capital, and $22 MM in debt. Total corporate NAV is negative $4 MM and includes the payments for Spargos.
- Our NAV is based on a fully diluted share count of 674.4 MM.

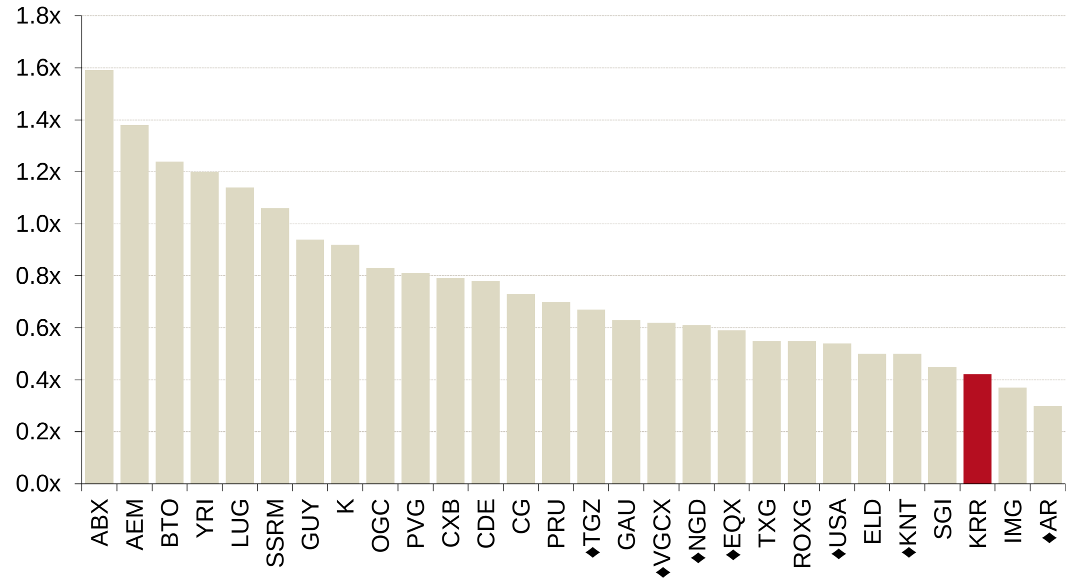
Karora is well positioned to benefit from higher gold prices. It has one of the most sensitive NAVs to changes in gold price (see Figure 12) and has ample resources at the producing mines outside of our modeled mine plans (total 3.3 MMoz resource vs. ~1.2 MMoz in our combined LOMPs).

Figure 9 **NAV Summary (at $1,600/oz)**

		At $1,600/oz	% of NAV
Beta Hunt (100%)	$NPV_{5\%}$	$203	38%
Higginsville (100%)	$NPV_{5\%}$	$216	41%
Spargos (Option to Acquire 100%)	$NPV_{5\%}$	$19	4%
Beta Hunt - Resource Outside Mine Plan	0.74 MMoz at $20/oz	$15	3%
Higginsville - Resource Outside Mine Plan	1.24 MMoz at $20/oz	$25	5%
Dumont (28%)	0.1x $NPV_{8\%}$	$56	11%
Mining & Development Assets		**$534**	101%
Cash	at March 31, 2020	$26.5	5%
Non-Cash Working Capital	at March 31, 2020	$(5.3)	-1%
Long Term Debt & Lease Liabilities	at March 31, 2020	$(21.9)	-4%
Other		$(3.6)	-1%
Total NAV (millions US$)		**$529.7**	**100%**
FD Shares Outstanding	at March 31, 2020	674.4	
Total NAVPS (US$)		**$0.79**	
Total NAVPS (C$)		**C$1.15**	
P/NAV		0.43x	

Source: Cormark Securities Inc.

Figure 10 **Producer P/NAV Valuation Comparison (at $1,600/oz)**



◆ During the past twelve months, Cormark Securities Inc., either on its own or as a syndicate member, participated in the underwriting of securities and /or provided financial advice regarding the stock market insight and financial analysis regarding potential transactions and/or received a fee for the non-brokered placement of securities for these companies

Source: Cormark Securities Inc.

NAV Sensitivity

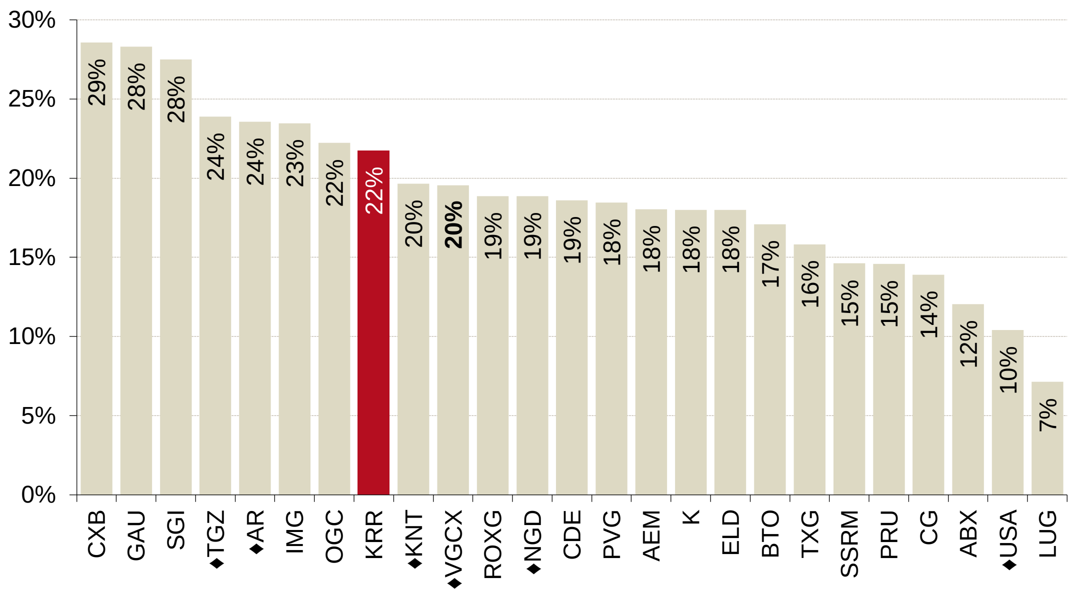
A 10% increase in the gold price adds approx. 22% to our NAVPS (see Figure 11). This is among the highest sensitives vs. peers (Figure 12).

Figure 11 **NAVPS Sensitivity to Gold Price & Discount Rate**

Discount Rate	Gold Price										
	-25% $1,200	-20% $1,280	-15% $1,360	-10% $1,440	-5% $1,520	Base $1,600	+5% $1,680	+10% $1,760	+15% $1,840	+20% $1,920	+25% $2,000
0%	C$0.60	C$0.80	C$0.95	C$1.15	C$1.30	C$1.50	C$1.65	C$1.85	C$2.00	C$2.20	C$2.35
2%	C$0.55	C$0.70	C$0.85	C$1.00	C$1.15	C$1.35	C$1.50	C$1.65	C$1.80	C$1.95	C$2.10
4%	C$0.50	C$0.65	C$0.80	C$0.90	C$1.05	C$1.20	C$1.35	C$1.50	C$1.60	C$1.75	C$1.90
5%	C$0.45	C$0.60	C$0.75	C$0.85	C$1.00	**C$1.15**	C$1.25	C$1.40	C$1.55	C$1.65	C$1.80
6%	C$0.45	C$0.60	C$0.70	C$0.85	C$0.95	C$1.10	C$1.20	C$1.35	C$1.45	C$1.60	C$1.70
8%	C$0.40	C$0.55	C$0.65	C$0.75	C$0.85	C$1.00	C$1.10	C$1.20	C$1.35	C$1.45	C$1.55
10%	C$0.40	C$0.50	C$0.60	C$0.70	C$0.80	C$0.90	C$1.00	C$1.10	C$1.20	C$1.30	C$1.40
15%	C$0.35	C$0.40	C$0.50	C$0.55	C$0.65	C$0.75	C$0.80	C$0.90	C$1.00	C$1.05	C$1.15

Source: Cormark Securities Inc.

Figure 12 **Producer NAV Leverage ($1,764/oz Spot vs. $1,600/oz)**



◆ During the past twelve months, Cormark Securities Inc., either on its own or as a syndicate member, participated in the underwriting of securities and /or provided financial advice regarding the stock market insight and financial analysis regarding potential transactions and/or received a fee for the non-brokered placement of securities for these companies

Source: Cormark Securities Inc.

Notable Risks For Karora Resources

Technical/Operational Risk. Mining operations are subject to unforeseen risks such as labor strikes, rock bursts, geological interruptions, and equipment failure, all of which may negatively affect a company's performance. Ore reserve and resource risk is another technical risk that is derived from the subjective nature of geological interpretation. Competent, qualified personnel calculate ore reserves and resources, and in most cases have a high accuracy, but any significant variation on reserves could drastically impact a company's operations and the value of its shares.

Beta Hunt (100%), Western Australia

Asset Location & Description

Location/Ownership: Beta Hunt is an underground mine located in Western Australia, 60 km south of Kalgoorlie. Karora acquired the rights to the mine in early 2016 and began ramping up gold production, which has operated continuously since Q4/15. Prior to Karora, the mine was focused on nickel extraction and operated intermittently since 1974. In addition to the state's 2.5%, Maverix Metals has a 7.5% royalty on the mine.

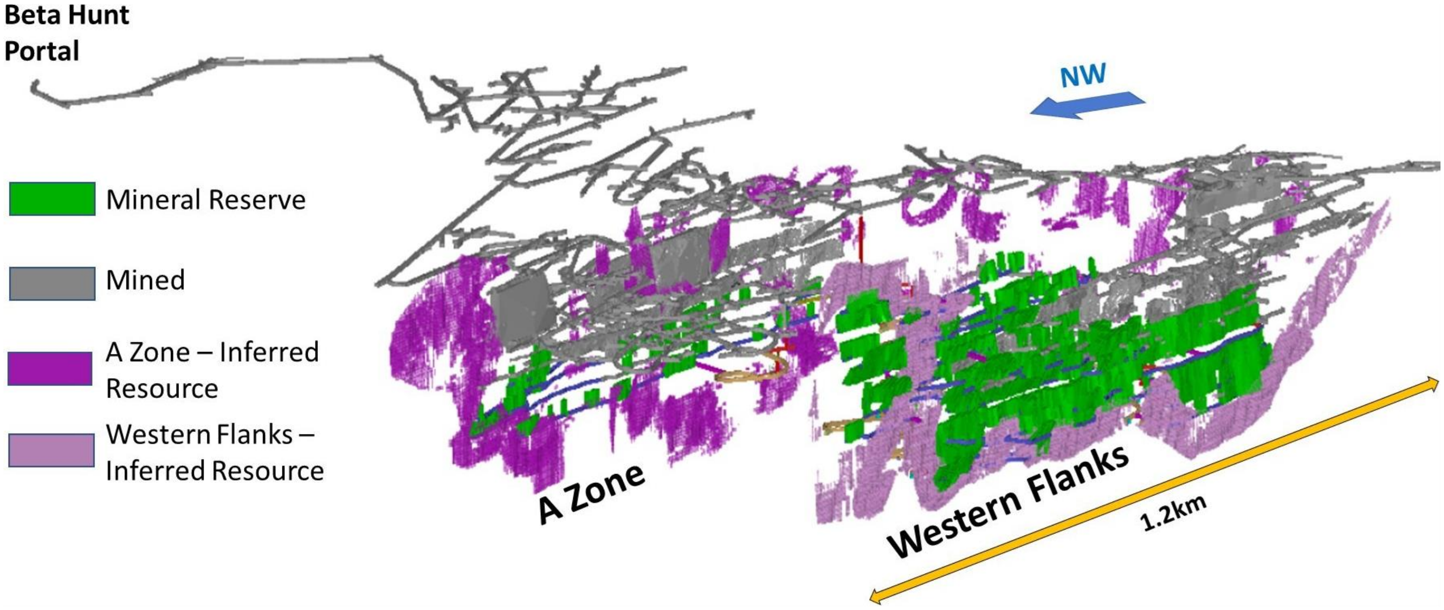
Transformational 2018/2019 (Father's Day Vein & Higginsville): In September 2018 Karora discovered the Father's Day Vein (FDV), a pod of high-grade ("specimen") coarse gold that ultimately yielded ~27,000 oz from a 60 m^3 cut (167 tonnes). This significantly improved Karora's balance sheet, took Beta Hunt off the selling block, and launched a 40,000 m drilling program that led to a substantial (+203%) gold resource update in mid-2019, setting the basis for a maiden reserve estimate and our modelled 10-year mine life. Also in mid-2019, the company closed the Higginsville transaction which (in addition to adding a second front of production and exploration) added a 1.3 MMtpa mill where ore is now processed. As a result, Beta Hunt is no longer at the mercy of toll-milling prices and processing costs have greatly reduced. This has enabled Karora to profitably mine the ~2.8 g/t material in bulk, and take coarse gold pods as they come, rather than in the past where the mine relied on chasing sporadic high-grade coarse gold pods and the ~2.8 g/t material was uneconomic. We expect costs to continue to improve from vendor re-negotiations, reduced G&A, and potential royalty relief (not in our model).

Deposit Open Along Strike and at Depth; Coarse Gold is Upside to LOM Plan: As of November 2019, Beta Hunt has gold reserves of 306,000 oz at 2.8 g/t, within a total resource of 1.35 MMoz at 3.0 g/t. The resource remains open at depth and along strike, with multiple ore grade step-outs beyond the current resource and a third largely untested shear zone (Fletcher). The resources do not include any high-grade coarse gold (as with the FDV). Specimen quality coarse gold pods are believed to occur where iron-rich sediments in the basalt intersect the shear zones. While Karora is able to identify the intersection of the sediment unit, it is not able to predict where that sediment is iron-rich. As a result, coarse gold will be extracted concurrent with normal mining/stoping activities, representing "gravy" which is beyond our modelled LOM plan and reserves. Multiple smaller pods have already been discovered since FDV.

Our Model and Valuation: In 2020, we expect Beta Hunt to produce ~55,000 oz at $1,130/oz AISC. Our model is based on the 2020 43-101 and discussions with management. We assume 10-years of production at 55 ktpm at reserve grade (2.8 g/t), based on the existing 2020 reserve estimate (306,000 oz) plus an additional 266,000 oz (3 MMt at ~2.8 g/t) which equates to a 66% conversion of the inferred resource, or 25% of the current resources beyond existing reserves. We believe this is reasonable given the likely expansion of the resource through future drilling, and our assumed $1,600/oz gold price. Note our model assumes no upside from coarse/specimen gold. The resulting NPV5% of $203 MM accounts for 38% of our NAV.

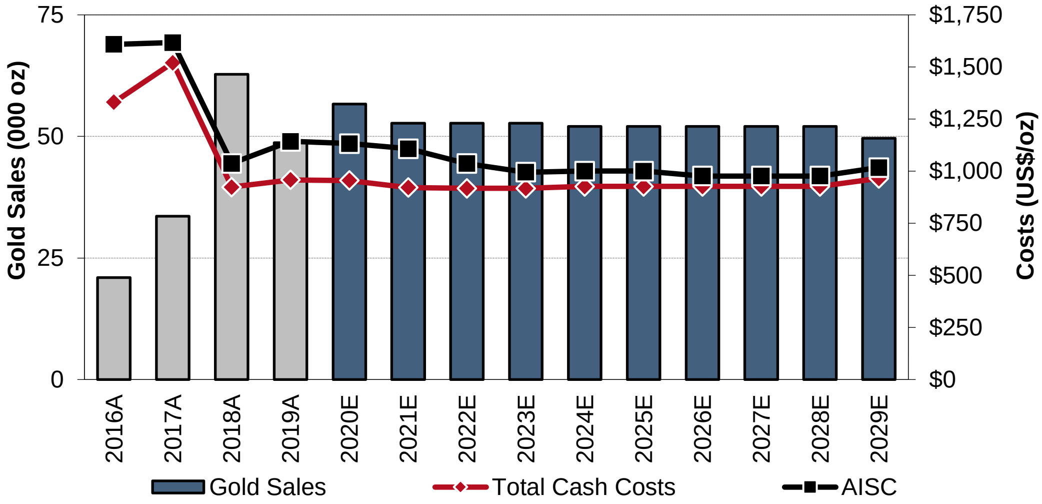
Key Risk - Execution: The new management team at Karora and Beta Hunt is off to a strong start, especially having integrated the mine with Higginsville. However, we believe the market may need to see a few more quarters of operational stability and cost reduction before the turnaround at Beta Hunt can be confirmed. We believe the new mining strategy, thanks to the owner-operated mill, is a real game changer for the asset.

Figure 13 **Beta Hunt Underground Development and Reserves/Resources**



Source: Karora Resources Inc.

Figure 14 **Beta Hunt Production and Cost Profile**



Source: Cormark Securities

History

1966 – Kambalda Nickel Camp discovered

1970 – Betta Hunt nickel deposit discovered with hole 2.0 m @ 6.98% Ni

1973-1998 – First nickel ore production from the decline at Beta Hunt in 1974. Major gold mineralization is encountered in 1978-1979 within the footwall basalt, and is mined from 1979-1984 in conjunction with nickel stoping plus some instances of specimen/coarse gold. The mine operates periodically until it is halted in 1998 due to weak nickel prices.

2001 – SIGMC, now part of Gold Fields, acquires the Beta Hunt tenements and infrastructure. Gold Fields mines gold in open-pits above the sub-lease (see below).

2003-2008 – Reliance Mining acquires rights to mine nickel (not gold) on the Beta Hunt sub-lease from SIGMC in 2003, and begins production that year. Reliance drills and significantly expands the nickel resource over this time, before placing the mine on care and maintenance in 2008 due to weak nickel prices. Over this time, Reliance mines

~16,000 tonnes (~35 MMlbs) of nickel contained in ore.

2013-2016 – Salt Lake Mining (SLM) acquires rights to mine nickel and gold at Beta Hunt, and begins producing in 2014. Through February 2016, SLM mines ~7,700 tonnes (17 MMlbs) of nickel and ~5,500 oz of gold contained in ore.

February/March 2016 – RNC Minerals (Karora) acquires SLM and publishes an updated PEA and resource, including a total gold resource of 413,000 oz at 3.4 g/t. RNC continues operations with the goal of ramping up gold production to 1,600 tpd (50 ktpm) while maintaining nickel production at 450 tpd.

March 2018 – RNC launches strategic process to sell Beta Hunt in order to shore up the balance sheet and focus on Dumont. RNC selects a preferred bidder in July and expects to close the transaction in August.

September 2018 – Discovers the Father's Day Vein, a large pod of high-grade coarse gold mineralization that ultimately yielded ~27,000 oz from a 60 m^3 cut (167 tonnes). Proceeds are used to repay all debt, and the Beta Hunt sales process is suspended. RNC launches a 40,000 m drilling program to test extensions of the discovery, and new areas of potential coarse gold mineralization. RNC curtails nickel production in Q3/18, and temporally ramps down bulk mining to focus on exploration.

March 2019 – RNC announces intention to acquire Westgold Resources' Higginsville gold operation, including a 1.3 MMtpa mill and 1.9 MMoz in historic resources located ~80 km by road south of Beta Hunt. Ore will now be processed at the mill rather than toll-milled as in the past.

June 2019 – Publishes updates resource estimate following 40,000 m drilling program. Total resources increase by 203% over December 2017 estimate to 1.35 MMoz (net of ~90,000 oz depletion). M&I increases by 295%. Bulk mining ramping back up, RNC expects 40-45 ktpm by Q3/19.

December 2019 – RNC publishes maiden Beta Hunt gold reserve estimate (306,000 oz).

January 2020 – RNC publishes first annual guidance, estimated consolidated production of 90,000-95,000 oz at AISC of $1,050-1,200/oz. Beta Hunt expected to produce at 50-55 ktpm. New mining equipment acquired.

Reserves & Resources

Gold Reserves/Resources: As of November 2019, Beta Hunt had gold reserves of 306,000 oz at 2.8 g/t, primarily within the Western Flank (275,000 oz at 2.9 g/t). Total resources as of August 2019 are 1.35 MMoz at 3.0 g/t, including 944,000 oz in M&I and 406,000 oz in inferred. Reserves are based on $1,400/oz and a 2.0 g/t cut-off, while resources are based on a 1.6 g/t cut-off. Current reserves underpin 5-6 years of mine-life.

2019 Resource Update: Following an aggressive 40,000 m program launched after the discovery of the Father's Day Vein, the company filed an updated resource estimate in August 2019 which delivered a 203% (904,000 oz) increase in total resources over the YE-2017 estimate (net of depletion) including a 295% increase in M&I (upgraded confidence). The 2017 resource totaled 446,000 oz at 3.2 g/t, using a 1.8 g/t cut-off.

Resources are Open and Exclude Potential Pods of Coarse Gold: Resources remain open at depth and along strike in both zones, and do not include the potential for additional coarse gold mineralization (e.g. the Father's Day Vein). As a result, we believe there is upside to these estimates.

Nickel: Nickel resources were last updated on February 2016 and total 595,000 tonnes at 3.9% (51 MMlbs). There has been no recent exploration for nickel at Beta Hunt.

Figure 15 **Beta Hunt Reserves & Resources**

	Reserves (2P)			M&I (Inclusive)			Inferred			Total		
	000 t	g/t	000 oz	000 t	g/t	000 oz	000 t	g/t	000 oz	000 t	g/t	000 oz
Western Flanks	3,070	2.90	275	7,448	3.0	710	2,481	3.1	250	9,929	3.0	960
A Zone	381	2.50	31	2,657	2.7	234	1,628	3.0	156	4,285	2.8	390
Total	**3,450**	**2.8**	**306**	**10,105**	**2.9**	**944**	**4,109**	**3.1**	**406**	**14,214**	**3.0**	**1,350**

Source: Karora Resources Inc.

Father's Day Vein & Coarse Gold Upside

Father's Day Vein Discovery: In September 2018, Karora discovered the Father's Day Vein (FDV) initially recovering 9,250 oz of coarse gold from a single 44 m3 (130 tonne) cut on the 15 level. This was ultimately expanded to ~27,000 oz from a 60 m3 (167 tonne) cut, grading ~5,000 g/t. The discovery included large specimens, including the King Henry specimen which weighted 94.2 kg and yielded 1,402 oz gold (462,870 g/t). High-grade coarse/specimen gold had been mined at Beta Hunt in the past, however this has been by far the largest occurrence.

Karora Launches Aggressive Drilling Program, Tripling Resources in 2019: As a result of the discovery, Karora launched a 40,000 m drill program with the goal of expanding the gold resource at Beta Hunt and targeting additional FDV style mineralization. The company also ramped down bulk production mining in November 2018 to allow drill rig access while continuing underground development. Mining ramped back up in 2019.

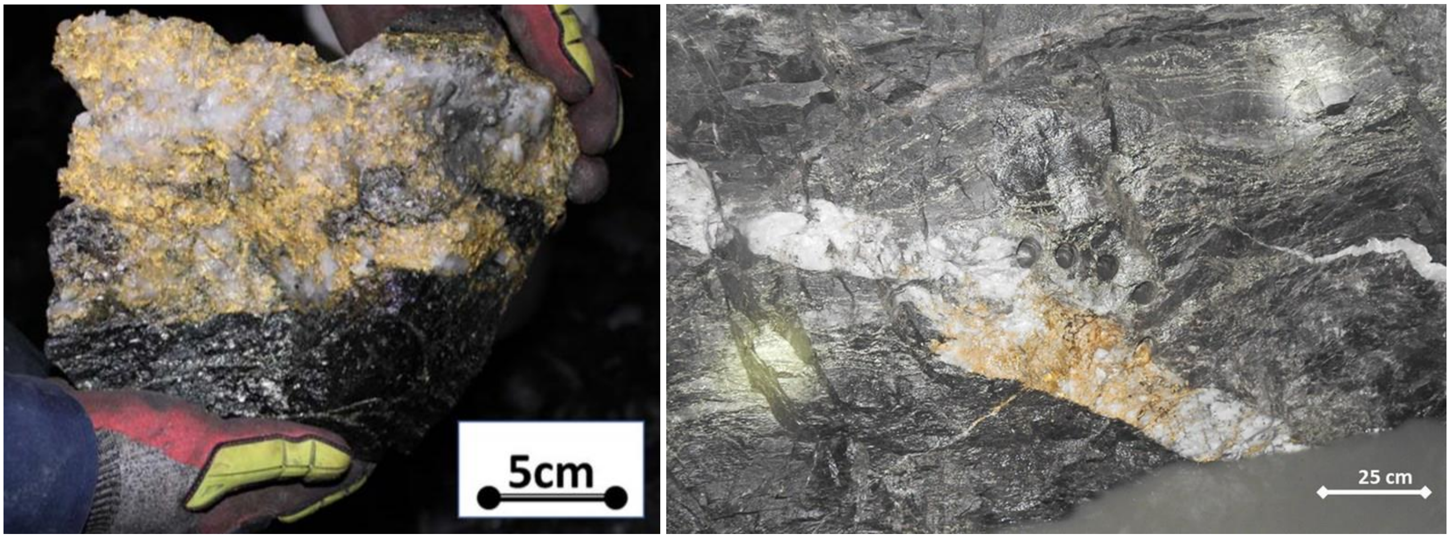
Karora the First to Target Gold in the Basalts: Karora is the first owner of Beta Hunt to focus on gold production and exploration within the Lunnon Basalt (beneath the ultramafics), and therefore the first to encounter high-grade coarse gold within the basalts. In the past, when mining was focused on nickel extraction, high-grade gold specimens had been encountered on the upper parts of the A Zone near the basalt-ultramafic contact. Historical records show that WMC (operator from 1974-1998) mined 3,295 oz of coarse specimen gold, ~11% of the total gold the company produced.

Coarse Gold Hard to Predict, But Represents "Gravy" On the LOM Plan: Coarse/specimen quality gold pods are believed to occur where iron-rich sediments in the basalt intersect the shear zones (A Zone, Western Flanks, Fletcher). While Karora is able to identify where the sediment unit (<1 m width) intersects the shear zones, it is not able to predict where that sediment is iron-rich (a requirement for gold to drop out). As a result, coarse gold is not included in the resource/reserve estimates and, where it occurs, it will be extracted as part of normal mining/stoping activities, representing "gravy" to the broader 2.8 g/t reserve and LOM plan. Within the A Zone, the intersection of the sediments from entry to exit of the shear is ~80 m.

Drilling Confirms Interpretation of Coarse Gold Setting: Drilling from the program encountered several new instances of high-grade coarse gold in late 2018/early 2019 including 1,406 g/t over 0.5 m, located 7 m below the FDV in the A Zone, and 7,621 g/t over 0.27 m, found at the intersection of the sediment layer with the Western Flanks shear (consistent with Karora's interpretation of the setting for coarse gold).

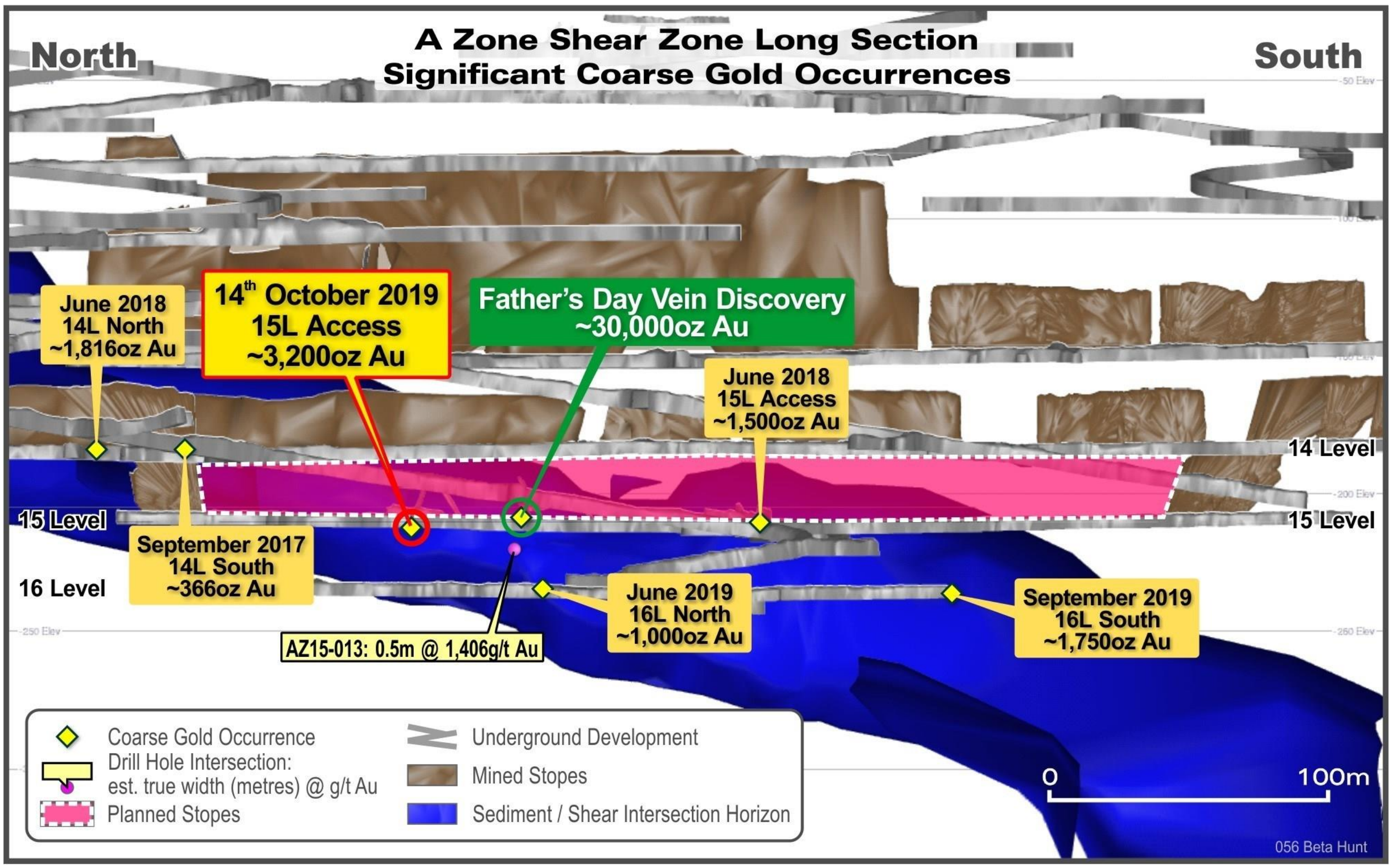
New (Smaller) Pods Identified Since FDV: Since the discovery, additional (though smaller) pockets of high-grade coarse gold mineralization were encountered during mining/development including 1,750 oz from 274 kg of rock (25 m below the Father's Day Vein to the south) and 987 oz from 238 kg rock (both in 2019 on 16 level) and 3,200 oz from the 15th level (30 m north of the FDV).

Figure 16 **Example of Beta Hunt Coarse / Specimen Gold**



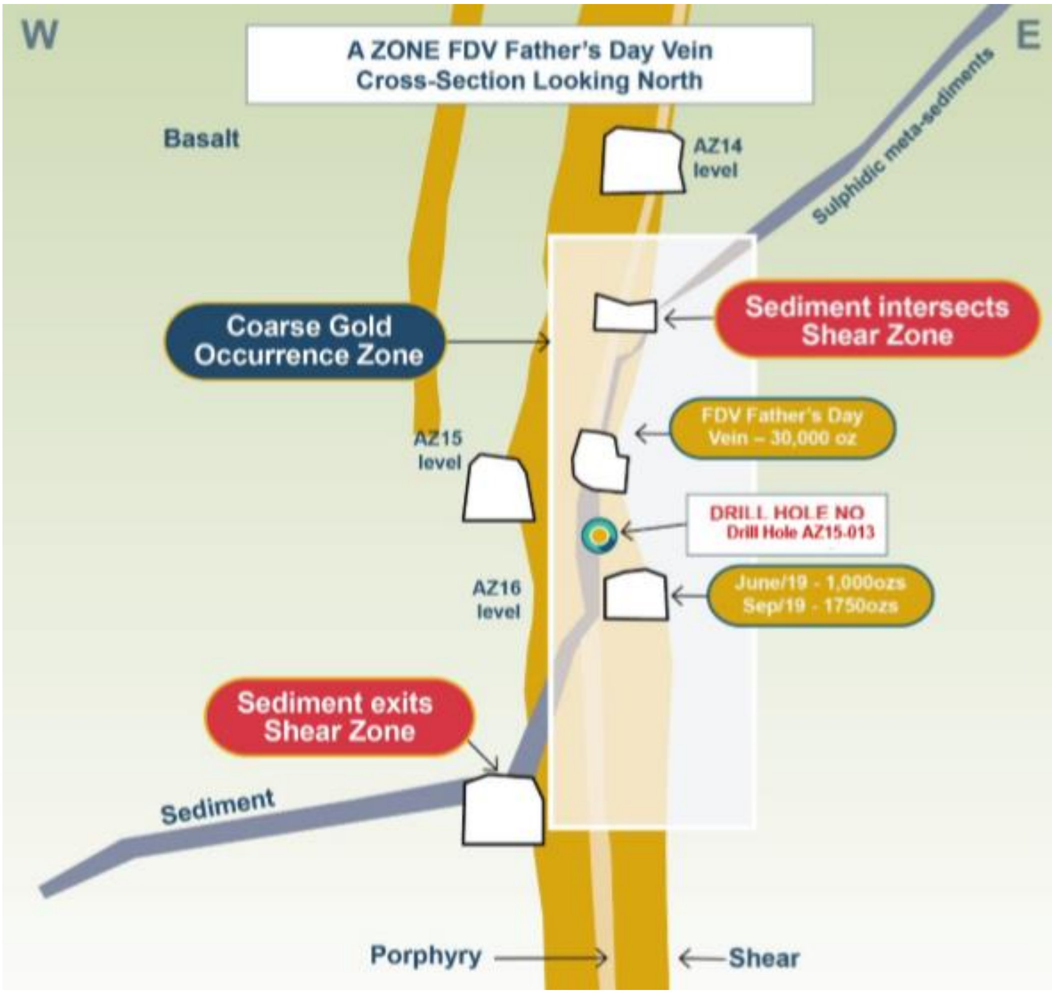
Source: Karora Resources Inc.

Figure 17 **Recent Coarse Gold Discoveries (Blue Overlay = Horizon of Potential Occurrences)**



Source: Karora Resources Inc.

Figure 18 **Cross-Section Showing Horizon of Potential Coarse Gold in A Zone**



Source: Karora Resources Inc.

Exploration & Resource Upside

In the previous section we discussed the potential for additional coarse gold pods. Below we discuss the potential to expand the known resources. Karora has not conducted exploration drilling at Beta Hunt since the 2019 resource update as the priority is on Higginsville following the re-negotiation of its royalty.

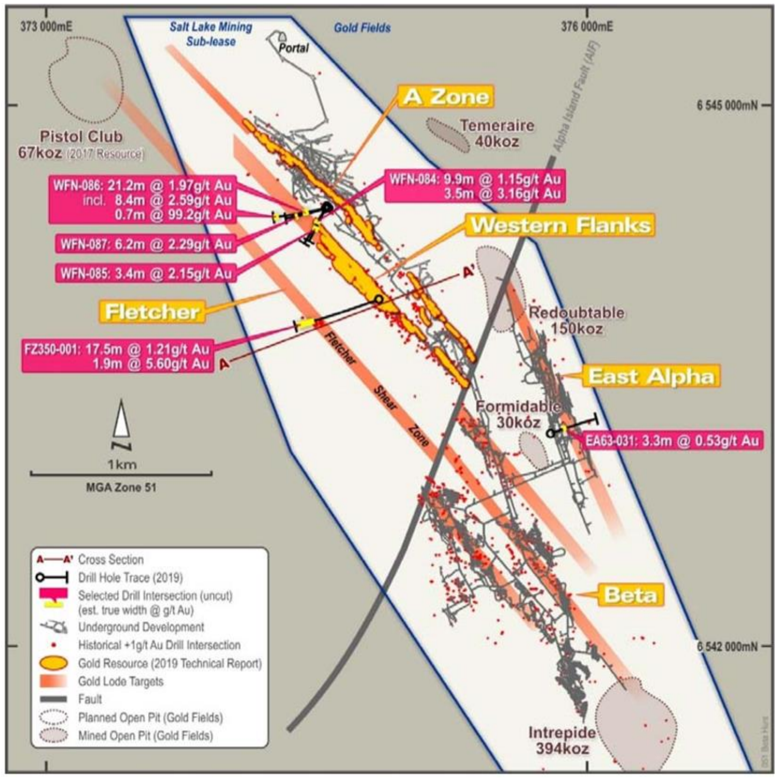
Gold Setting at Beta Hunt: Gold mineralization at Beta Hunt is contained within 3 known steeply dipping shear zones hosted by the Lunnon Basalt, beneath the ultramafic layer which hosts the main nickel mineralization which was the focus of past operators. These three shear zones are the Western Flanks, the A Zone, and Fletcher.

Resource Open at Depth and Along Strike: Recent and historic drilling includes a number of intercepts (with good grade and thickness) along and beyond the margins of the existing resources. The deepest hole at the Western Flanks includes 13.9 m @ 6.3 g/t, and drilling has intersected mineralization 100 m north of the current resources including 21.2 m @ 1.97 g/t (incl. 8.4 m @ 2.59 g/t). Other intercepts at depth include 16.42 m @ 3.04 g/t and 23.75 m @ 4.5 g/t, both down-dip.

New Third Shear, Fletcher Zone: Fletcher is a recently identified parallel structure located 500 m west of the Western Flanks. The zone was discovered in 2016 by a hole which intersected two zones (8.9 m @ 2.67 g/t and 15.8 m @ 2.3 g/t), and confirmed by drilling in 2019 which yielded 17.5 m @ 1.21 g/t. It is still early days for Fletcher;

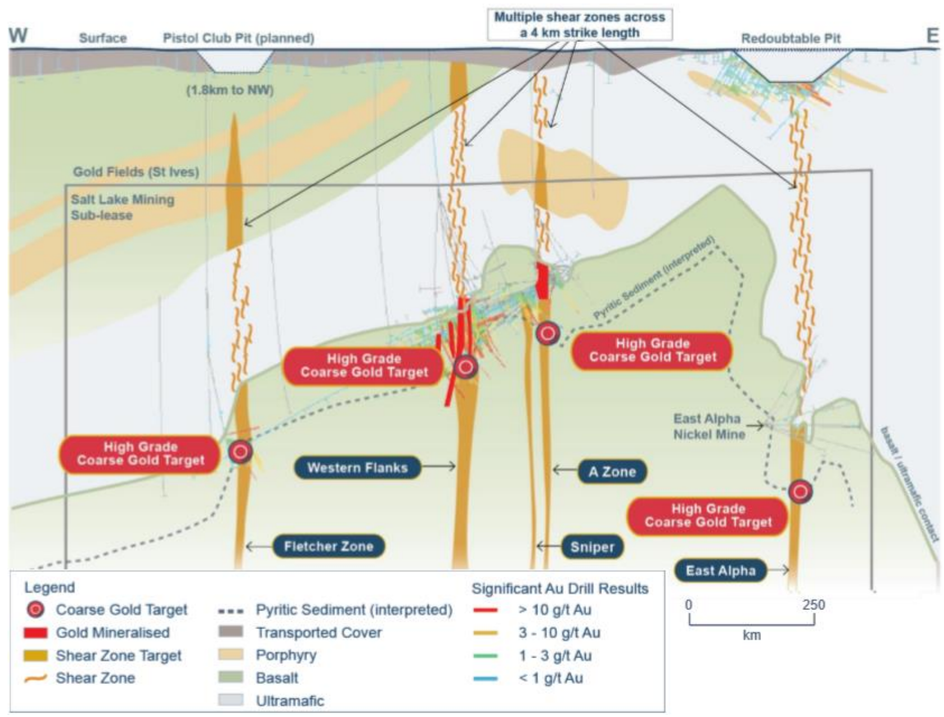
however, the zone represents future potential upside. East Alpha is another interpreted zone which requires additional testing to confirm its existence as a fourth shear zone (or not).

Figure 19 **Beta Hunt Plan View**



Source: Karora Resources Inc.

Figure 20 **Beta Hunt Cross Section**



Source: Karora Resources Inc.

Mine Plan

New Strategy - Bulk Longhole Stoping and Owner Processed Ore: Prior to the new management team at Karora and the Higginsville transaction, Beta Hunt was mined selectively with longhole stoping and would "chase" pockets of higher-grade/coarse gold mineralization when it was identified. Ore was processed via toll-milling, making the ~2.8 g/t material which accounted for the bulk of the resource uneconomic (i.e. the mine relied on sporadic coarse gold findings, e.g. the Father's Day Vein). The new management team deemed this approach unsustainable and, on the back of the expanded resource and maiden reserve, is now mining out the entire Western Flanks shear zone via sequenced longhole stoping, extracting pods of coarse gold as a consequence. This was made possible by the Higginsville transaction, as the ~35% reduction in processing costs has made the broader ~2.8 g/t shear zone economic. New equipment has recently been acquired and the mine is expected to achieve a run-rate of ~55 ktpm going forward. Historically, mining in the sub-lease (see Figure 20) was nickel-focused.

Transformational Higginsville Transaction: In June 2019, Karora closed the transaction to acquire the 1.3 MMtpa Higginsville processing plant, located ~80 km south of Beta Hunt, and its 1.9 MMoz surrounding resource from Westgold. Total consideration was A$50 MM in cash and shares. This was an important strategic move for Beta Hunt as it: A) reduced processing costs by ~35% or ~$100/oz (from ~A$45/t toll-milled to ~C$29/t at Higginsville), and B) adds a second production and exploration front to Karora. Beta Hunt now trucks its ore to Higginsville and accounts for ~50% of feed at that mill. We discuss Higginsville at depth in the following section.

Expected Cost Reductions: Management is targeting an overall reduction in AISC to <$1,000/oz, from $1,286/oz in H1/19 (pre-Higginsville) and $1,144/oz in H2/19. Reduced costs are expected to come from further reductions in processing costs at Higginsville (>$100/oz savings), recently re-negotiated contractor rates (~$30/oz estimated savings since the 2020 43-101), reduced site (and corporate) G&A (currently ~$40/oz, deemed too high by new management), and improved labor costs (over the last 12 months, turnover has dramatically reduced and the mine now employs a more local workforce).

Potential Ore Sorter: Preliminary tests have shown a 20% rejection rate on Beta Hunt ore (distinct from the basalt host) which could reduce transportation costs for minimal capex (<$5 MM). We do not currently model this.

Royalty: Maverix Metals holds a 7.5% royalty on the mine and the state has a 2.5% NSR. These amount to $160/oz in our model.

Our Model: Our model is based on the 2020 43-101 and discussions with Management. We assume 10 years of production at 55 ktpm at reserve grade (2.8 g/t), based on the existing 2020 reserve estimate (306,000 oz) plus an additional 266,000 oz (3 MMT at ~2.8 g/t) which equates to a 66% conversion of the inferred resource, or 25% of the current resources beyond existing reserves. We believe this is reasonable given the likely expansion of the resource through future drilling, and our assumed $1,600/oz gold price. We assume some of the expected cost reduction, however believe we have erred on the side of caution. See Figure 21.

Figure 21 **Beta Hunt LOM Plan** (Cormark Estimates, Starting 2020)

	Unit	Beta Hunt
Gold Price	$/oz	1,600
Total Mine Life	**years**	**10**
Annual Mining Rate	ktpa	640
Total Ore Processed	MMt	6.4
Grade	g/t	2.80
Total Gold Produced	000oz	527
Avg. Annual Gold Production	**000oz**	**53**
Cash Operating Cost	$/oz	771
Total Cash Cost	$/oz	931
AISC	**$/oz**	**1,023**
Expansion Capital	$MM	26
Exploration (Non-Sustaining)	$MM	11
NPV5%	**$MM**	**203**

Source: Cormark Securities Inc.

Higginsville (100%), Western Australia

Asset Location & Description

Location/Acquisition: Higginsville is located ~80 km south of Beta Hunt in Western Australia. The property is host to a 1.3 MMtpa plant built in 2007 and a 1.9 MMoz historic resource (367,000 oz at 1.92 g/t reserve) underpinned by multiple open-pit and underground deposits. Karora acquired Higginsville in June 2019 for total consideration of A$50 MM (50/50 cash/shares). Higginsville is an important strategic asset for Karora as it provides a second front of exploration/production in addition to Beta Hunt, allows for processing of ore from Beta Hunt (~50% of feed) rather than toll-milling as in the past (~35% processing cost reductions at that mine), and is centrally located in the region.

Royalty Re-Negotiated: For years Higginsville had been burdened by a Morgan Stanley royalty which included a 50% participation payment on all ounces for gold prices exceeding A$1,340/oz (gold is currently ~A$2,500/oz), plus a 1.75% NSR. This royalty covered ~70% of the 1,800 km^2 land-package, limiting production and exploration. In December 2019, Karora negotiated the royalty down to a 27.5% participation payment only on the first 10,000 oz produced, and a flat 2% NSR thereafter. In May 2020, Karora entirely limited the NSR for staged payments of $9 MM over 2020-2022. We believe this is a game changer for the asset, as it opens up a number of the deposits for production and exploration generally. Baloo was one of the few deposits not under the royalty.

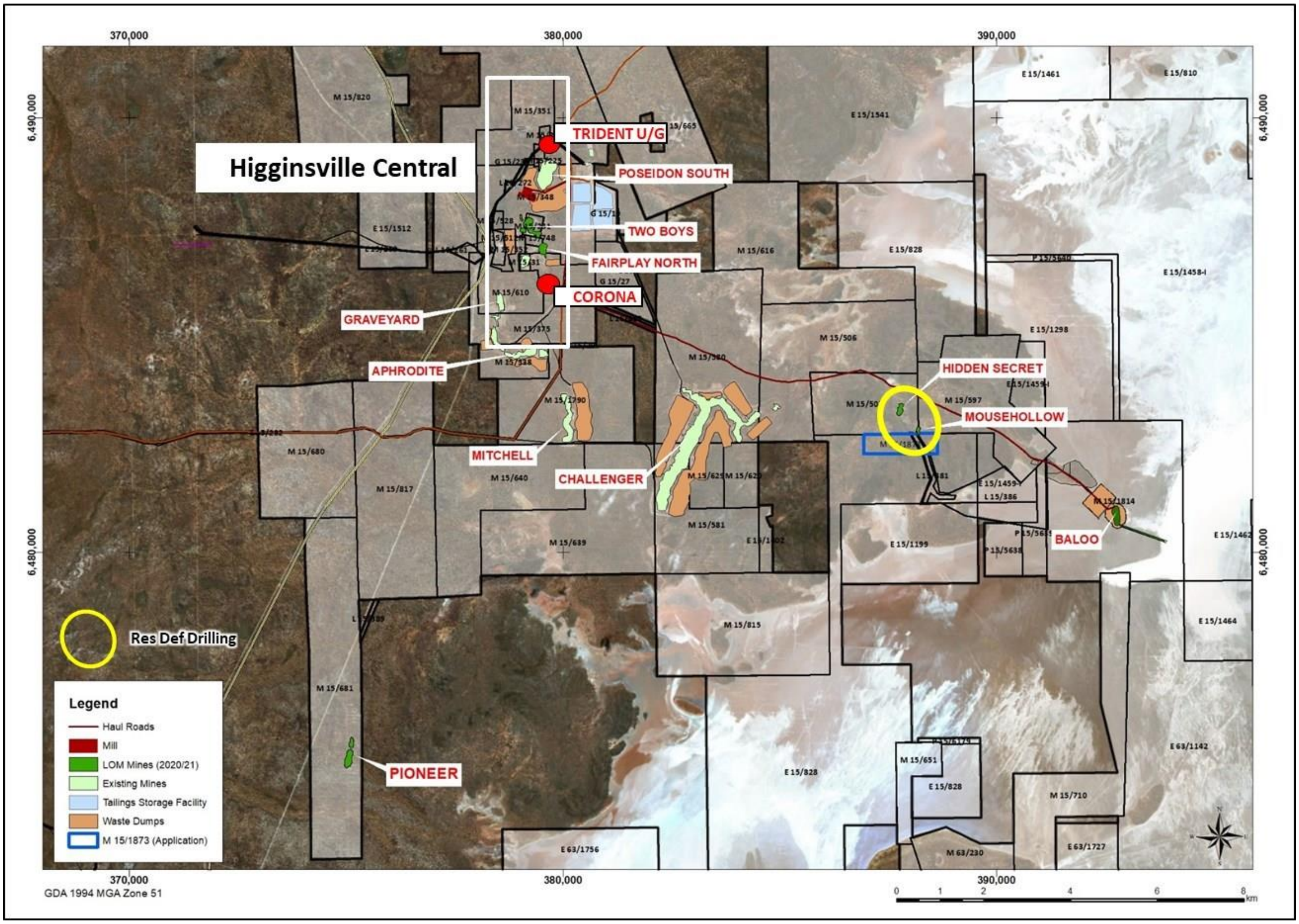
Historic Resource Supports 10-Year Mine Life and Mill Expansion: Following the closing of the Trident UG in 2017, mining at Higginsville has transitioned to numerous smaller deposits on the property, currently Baloo and Fairplay North. We model a 10-year mine-life supported by the historic reserves and resources, with no upside considered for the exploration potential now unlocked following the royalty elimination. We assume a mill expansion in 2023 which will take production to 2.0 MMtpa (from 1.3 MMtpa) with the addition of a bolt-on crushing/grinding circuit, for A$40 MM.

Exploration Upside: Following re-negotiation of the Morgan Stanley royalty, Karora launched an A$9.5-10 MM (45,000-50,000 m) exploration program focused on Higginsville. In addition to re-evaluating historic assays, Karora is drilling a number of the deposits with the goal of expanding open-pit potential and testing underground potential. Drilling at Baloo, for example, has already expanded mine-life at the pit while showing good potential for an underground opportunity (incl. 7.6 m @ 8.4 g/t below pit). Note that Higginsville is a large (1,800 km^2) underexplored land-package within a proflic region, surrounded regionally by numerous >5 MMoz deposits.

Our Model and Valuation: Our model assumes a 10-year mine life starting at 640 ktpa (half of Higginsville mill feed) before ramping up to 1.36 MMtpa following the mill expansion. We assume flat reserve grade (1.9 g/t) over the LOM. The 10-year mine life is based on historic reserves plus a minor conversion of the resource. Management is guiding for a resource and LOM plan update in Q4/20. Higginsville is 46% of our NAV.

Key Risk - Execution: We believe the greatest risk to our estimates at Higginsville is execution. Our mine-plan is largely conceptual as there is no 43-101 and based on historic resources. That said, we add no value for exploration upside which provides some conservatism and believe an updated 43-101 by year-end will verify our estimates, to some degree of accuracy. We also assume a mill expansion in 2023/24, which is yet to be confirmed.

Figure 22 **Higginsville Plan View**

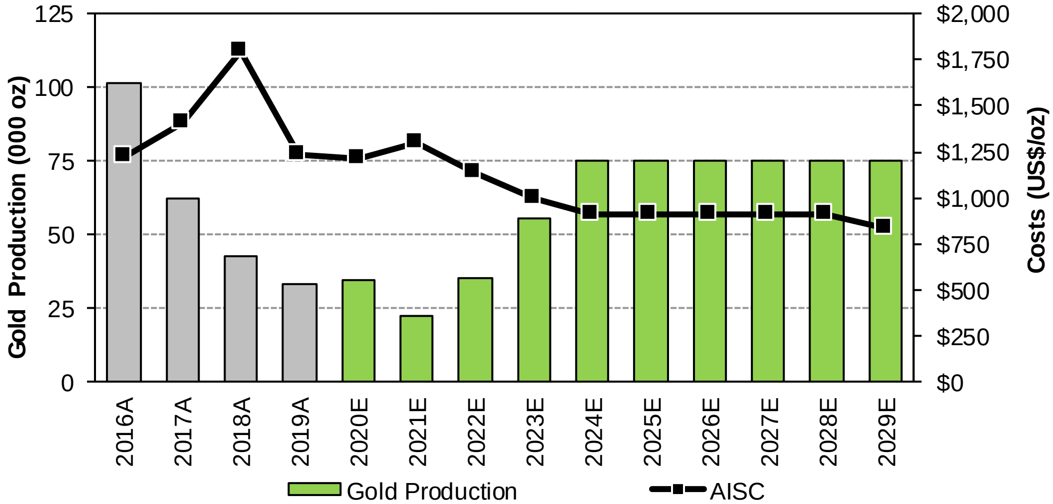


Source: Karora Resources Inc.

Figure 23 **Higginsville Mill (LEFT) & Fairplay North (RIGHT)**

Source: Karora Resources Inc.

Figure 24 **Higginsville Production and Cost Profile**



Source: Cormark Securities Inc.

Recent History

2004-2007: Avoca Resources acquires Higginsville exploration assets from Gold Fields in 2004. The Trident deposit was discovered in 2004, leading to mining of the deposit and construction of the current mill in 2007.

2011: Avoca and Anatolia Minerals merge to create Alacer Gold.

2013-June 2019: Westgold acquires Alacer's Western Australian operations, including Higginsville. Westgold acquires a number of nearby deposits over this time including Mount Henry and Polar Bear (Baloo). Underground mining at Trident ends in 2016 (>1 MMoz produced) and transitions to open-pit mining at Mount Henry and a number of smaller pits. From its acquisition from Alacer to its sale of the project to Karora, Westgold produces 441,500 oz at 2.5 g/t from Higginsville (excluding toll-milling).

June 2019: Karora acquires Higginsville for a total A$50 MM (A$4 MM initially for the purchase option, A$25 MM in cash, and A$21 MM worth of Karora shares).

December 2019: Karora negotiates Morgan Stanley royalty to a flat 2% NSR plus a 27.5% participation payment on the first 10,000 oz over A$1,340/oz. This was from a 1.75% NSR plus a 50% participation payment on all ounces on the difference between the realized gold price and A$1,340/oz.

January 2020: Two active pits, Baloo and Fairplay North. Baloo Stage 1 mining extended to June 2020 and Stage 2 approvals announced (extending to pit through January 2021). Stage 1 Fairplay North mining expected through July 2020, followed by Stage 2. Karora launches A$9.5-10 MM exploration program (45,000-50,000 m), largely focused on Higginsville.

May 2020: Karora eliminates NSR at Higginsville for total payments of $9 MM in cash ($2.7 MM upfront and the remainder spread over 30 months).

Figure 25 **Higginsville Historic Reserves & Resources (June 2018)**

	Reserves (2P)			M&I (Inclusive)			Inferred			Total		
	000 t	g/t	000 oz	000 t	g/t	000 oz	000 t	g/t	000 oz	000 t	g/t	000 oz
Trident	-	-	-	1,191	4.5	171	714	4.5	104	1,905	4.5	275
Chalice	-	-	-	767	3.7	92	186	4.2	25	953	3.8	117
Corona - Fairplay	286	2.91	27	946	2.3	69	282	3.0	27	1,228	2.4	96
Vine	-	-	-	190	2.1	13	468	2.0	31	658	2.1	44
Lake Cowan	132	1.97	8	1,262	1.5	62	528	1.3	23	1,790	1.5	85
Two Boys	57	2.12	4	375	2.1	25	203	2.9	19	578	2.4	44
Mount Henry	3,236	1.79	186	9,448	1.8	532	898	1.8	53	10,346	1.8	585
Paleochannels	924	2.06	61	1,474	2.2	102	208	2.1	14	1,682	2.1	116
Greater Eundynie	-	-	-	-	-	-	683	1.9	41	683	1.9	41
Polar Bear	707	1.87	43	1,160	1.9	71	5,260	1.7	282	6,420	1.7	353
Musket	244	2.42	19	483	2.3	36	601	1.6	31	1,084	1.9	67
Other	193	1.66	10	485	1.5	24	603	1.7	33	1,088	1.6	57
Stockpiles	164	1.68	9	1,009	0.9	29	-	-	-	1,009	0.9	29
Total	**5,945**	**1.92**	**367**	**18,790**	**2.0**	**1,226**	**10,634**	**2.0**	**681**	**29,424**	**2.0**	**1,906**

Source: Cormark Securities Inc.

Reserves & Resources

Historic Westgold Resource: Westgold published a reserve and resource estimate for Higginsville in October 2018, effective June 30, 2018. Karora considers the estimates "historic" since most of the core is no longer available. Reserves total 367,000 oz at 1.92 g/t, within a total resource of 1.9 MMoz at 2.01 g/t. Fairplay North and Baloo are the two active pits at Higginsville and are within the estimates for "Corona – Fairplay" and "Polar Bear", respectively. See Figure 23. From July 1st 2018 to June 10th 2019 (from the estimate date to Karora's acquisition of Higginsville), Westgold mined a total of 905,000 t at 1.6 g/t (47,000 oz) from Mount Henry. We believe a lower cut-off grade may be warranted given the gold price and royalty re-negotiation.

Exploration

Royalty Elimination Opens-Up Exploration Potential: Following re-negotiation of the Morgan Stanley royalties at Higginsville, Karora launched an A$9.5-10 MM exploration program (45,000-50,000 m). The program will focus almost exclusively on Higginsville as the elimination of the royalties removed a long-standing burden which limited exploration on much of the property for many years. Considering the current gold price, the previous Morgan Stanley royalty was equivalent to >20% (plus the 2.5% state NSR). The royalty covered 70% of the land package. All exploration upside is beyond our modelled LOM plan, which is based on the historic resource.

Large 1,800 km^2 Land-Package in Prolific Region: Higginsville covers a large portion of the Norseman-Wiluna greenstone belt, between Norseman to the south (6 MMoz) and St Ives to the north (14 MMoz). The project also overlays three prolific regional shear zones: Boulder-Lefroy (>70 MMoz), Zuleika (>6 MMoz), and Speedway (1.3 MMoz). The property has seen relatively little exploration (<$1 MM/yr) in recent history. Figure 26.

2020 Drilling Targets and Results:

Baloo: Karora drilling has so far extended the potential extent of the Baloo pit to the north (incl. 3 m @ 8.7 g/t), south (incl. 3.0 m @ 5.5 g/t), and at depth where there appears to be the potential for an underground mining opportunity (historic holes incl. 8.0 m @ 5.1 g/t and 7.6 m @ 8.4 g/t). See Figure 27.

Fairplay North: Drilling at Fairplay North has so far focused on upgrading the historical resource and planned pit, with highlights including 16.5 g/t over 16 m (including 59.8 g/t over 4 m) and 5.8 g/t over 13 m. See Figure 27.

Gravity Survey Identifies New Potential Structure: In January, Karora announced that a high-density gravity survey identified a newly interpreted ~5 km long north-south trending structure 5 km north of the historic Trident depot (~1 MMoz) and Higginsville mill. Drilling this year will test the structure, with historic shallow drilling including 4 m @ 1.7 g/t. See Figure 28.

Aquarius/Corona: A review of historic work completed by Alacer revealed a number of significant deposits at Aquarius (formerly known as Corona) including 657.9 g/t over 2.3 m (from 181 m) and 225.2 g/t over 1.9 m (from 201.5 m). The drilling identified a steeply dipping vein up to 2 metres wide, within a broader lower-grade zone. The deposit has a small (20,000-30,000 oz) historic resource at ~19 g/t, but has the potential to grow and be a high-grade underground source of ore. See Figure 28.

Hidden Secret and Mouse Hollow: Drilling highlights from Karora's 2020 program so far include 15.1 g/t over 4 m and 24.8 g/t over 4 m at Hidden Secret, and 26.1 g/t over 3 m and 3.3 g/t over 19 m at Mouse Hollow. All the intercepts were near surface, and indicate a potential expansion of each proposed pit, with mineralization that is open along strike and down-dip. These mines could come online after Baloo and Fairplay are exhausted in 2021.

Paleochannel: The Paleochannel (ancient placer) targets include Mitchell, Jupiter, and Pluto. Historically 232,000 oz at 3.4 g/t had been mined on these deposits. Karora will be drilling >4,000 m this year targeting extensions of the paleochannel and the potential for hard rock at depth. Historic drilling beneath Jupiter includes 234 g/t over 2 m and 39.2 g/t over 2 m. See Figure 29.

Pioneer: Recent drilling by Karora has extended mineralization at Pioneer, outlining a high-grade, shallow shoot which sows the potential for underground mining. Highlights include 5.4 g/t over 17 m (incl. 10.7 g/t over 6 m) and 3.9 g/t over 18 m. See Figure 29.

Figure 26 **Higginsville in Relation to Large Deposits in the Region**

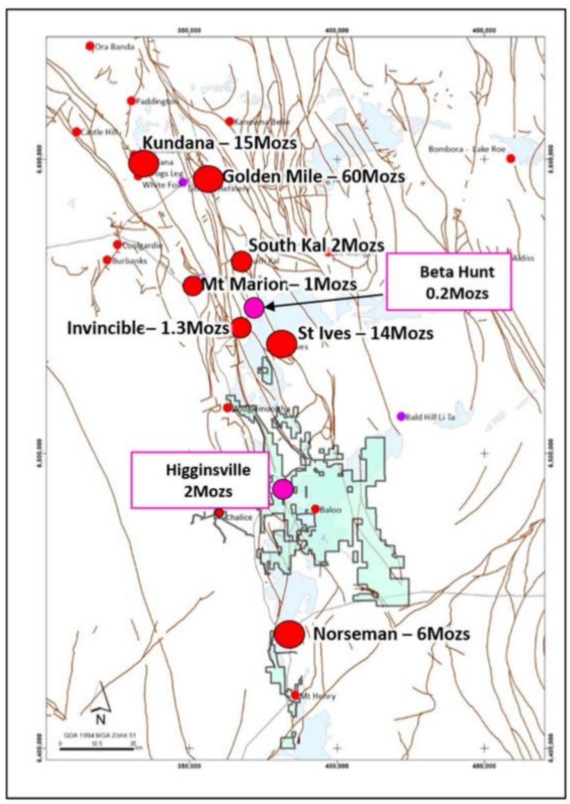
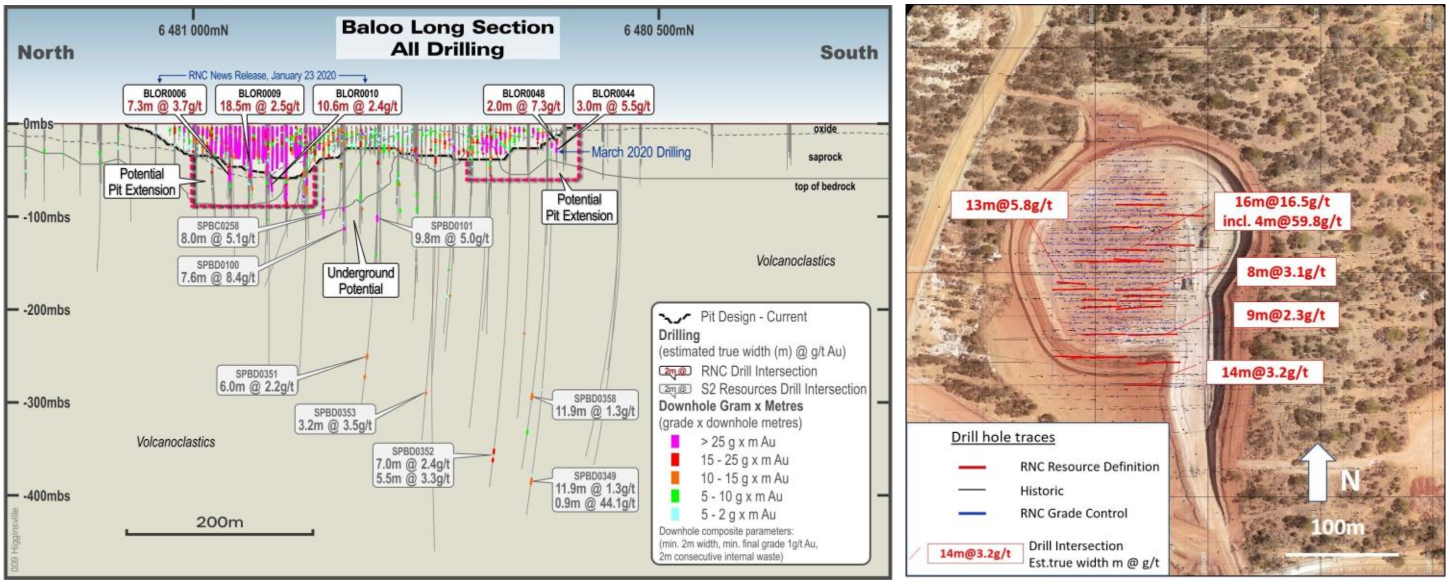


Fig.24.9 HGO Project area in relationship top major regional gold deposits and shear zones.

Source: Karora Resources Inc.

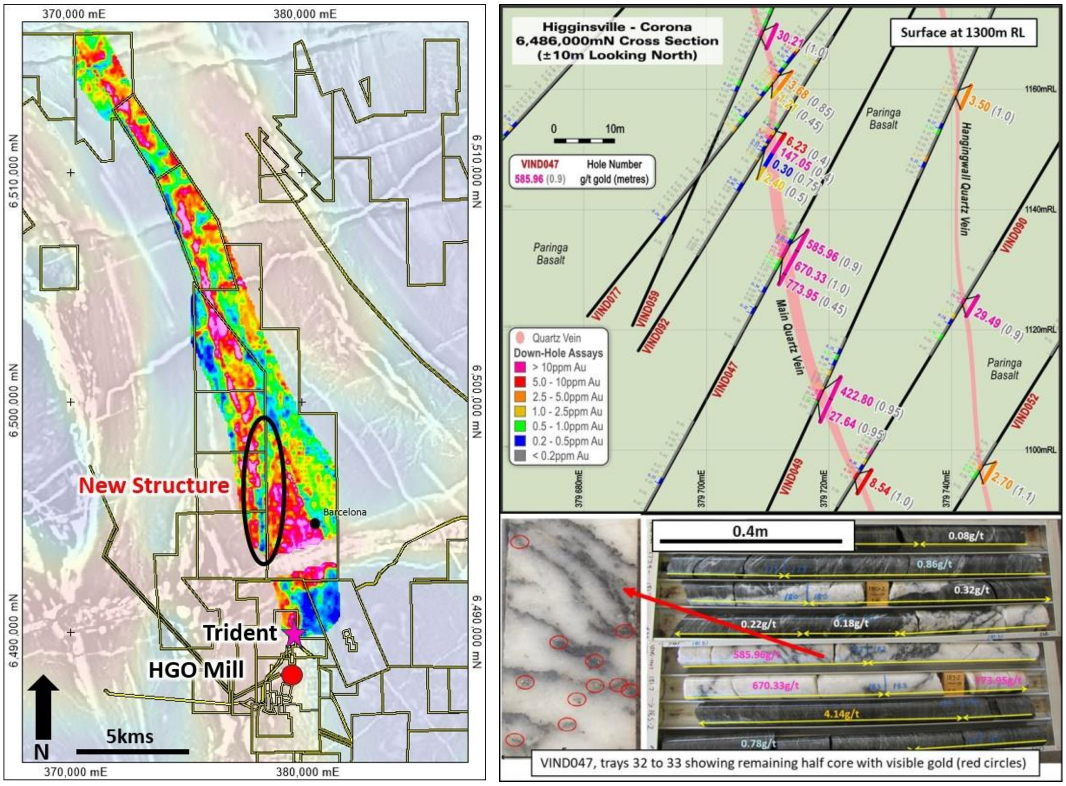
CORMARK SECURITIES INC.

Figure 27 **Baloo (LEFT) and Fairplay North (RIGHT)**



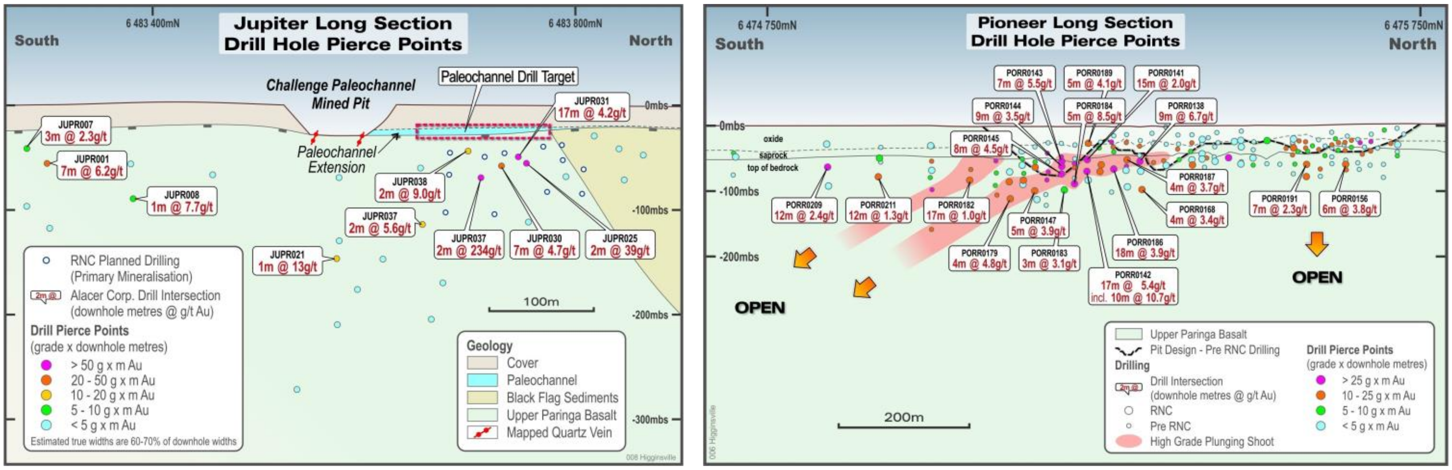
Source: Karora Resources Inc.

Figure 28 **Gravity Survey (LEFT) and Aquarius/Corona (RIGHT) Plan Views**



Source: Karora Resources Inc.

Figure 29 **Jupiter (LEFT) and Pioneer (RIGHT) Plan Views**



Source: Karora Resources Inc.

Mine Plan

Centrally Located Mill: The 1.3 MMtpa Higginsville mill sources ore from a number of nearby deposits, currently the Baloo and Fairplay North pits. From its construction in 2007 to 2017, the mill primarily sourced ore from the Trident underground. Following the closing of Trident, ore came primarily from Mount Henry. Karora's internal mine planning envisions a 10-year mine life (based on the historic resources) coming from a number of open-pit and small underground deposits including Baloo, Fairplay North, Mousehollow, Hidden Secret, the Paleochannels, and potentially Aquarius (Corona).

Potential Mill Expansion: Karora is evaluating a mill expansion at Higginsville which for ~A$40 MM is expected to bring capacity to 2 MMtpa (from 1.3 MMtpa). Ore from the Higginsville deposits would likely account for the extra feed, with Beta Hunt remaining at ~640 ktpa. We model the mill expansion occurring in 2022-2023, reaching full capacity in 2024. We assume a lower cut-off grade is used for the expansion, considering that the historic Higginsville resources are based on A$1,650/oz gold and included the Morgan Stanley royalty. The expansion is envisioned as a separate crushing/grinding circuit which would bolt-on and feed into the existing back end of the plant (which has sufficient capacity).

Our Model: Our model assumes a 10-year mine life starting at 640 ktpa (half of Higginsville mill feed) before ramping up to 1.36 MMtpa as discussed above following the mill expansion. We assume flat reserve grade (1.9 g/t) over the LOM. Our cost and capex assumptions are based on discussions with management and the recent 43-101, and we assume reduced unit costs following the mill expansion. The 10-year mine life is based on historic reserves, plus 260,000 oz at 1.6 g/t (a 37% conversion of M&I outside of reserves, or a 20% conversion of the total resource beyond reserves).

Updated 43-101 by YE-2020: We are expecting an updated reserve/resource and LOM plan by Q4/20, which will crystalize our estimates which are largely conceptual at this point.

Figure 30 **Higginsville LOM Plan** (Cormark Estimates, Starting 2020)

	Unit	Higginsville
Gold Price	$/oz	1,600
Total Mine Life	**years**	**10**
Annual Mining Rate	ktpa	640-1.360
Total Ore Processed	MMt	10.8
Grade	g/t	1.77
Total Gold Produced	000oz	555
Avg. Annual Gold Production	**000oz**	**55**
Cash Operating Cost	$/oz	790
Total Cash Cost	$/oz	882
AISC	**$/oz**	**953**
Expansion Capital	$MM	87
Exploration (Non-Sustaining)	$MM	0
NPV5%	**$MM**	**216**

Source: Cormark Securities Inc.

Dumont (28%), Quebec (Canada)

Asset Location & Description

Shovel-Ready Nickel Project: Dumont is a shovel-ready, fully-permitted nickel sulphide project in the Abitibi region of Quebec. It has one of the largest nickel reserves in the world (2.8 MMt/6.08 BBlbs) and is arguably in the best jurisdiction among other top deposits (See Figure 32). Once producing it would be among the largest nickel sulphide operations by production. The project was Karora Resources' focus before it transitioned to gold. Karora operates the Dumont JV, of which Waterton owns the remaining 72% interest.

JV with Waterton: Karora acquired a 100% interest in the project in 2007. In 2017, the company closed a JV with Waterton who acquired a 50% interest in the project for $22.5 MM cash. In 2018 Karora's interest was reduced to 28% as a result of a conversion by Waterton of its $10 MM Karora convertible note into additional units of the Dumont JV. Waterton is a large private equity firm that focuses on the mining sector. The JV has ~$3 MM in cash which Karora believes is sufficient for "a couple years" of spend at the asset.

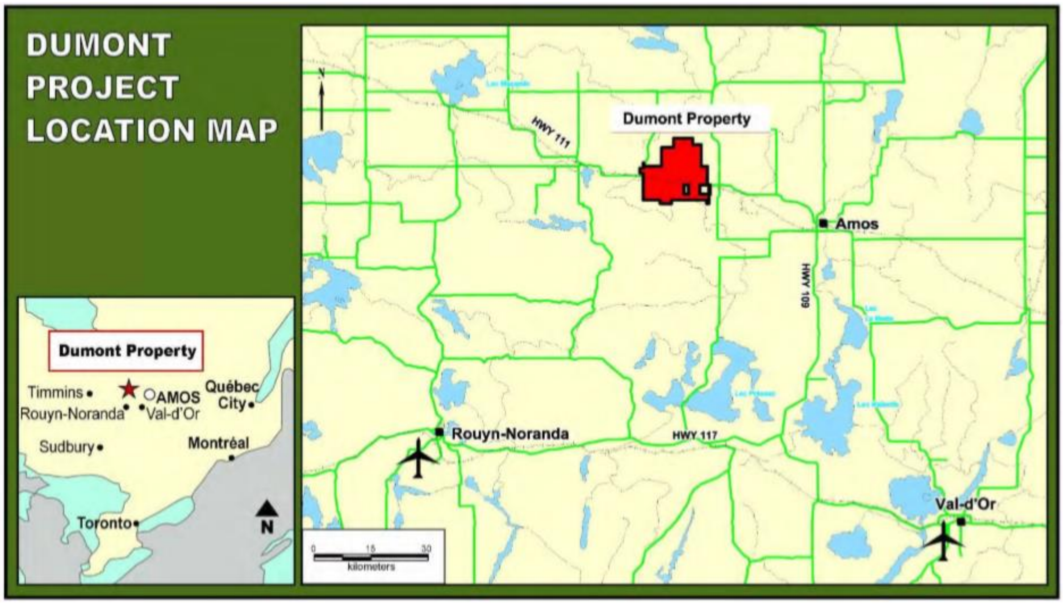
Second Largest Nickel Reserve in the World: Total reserves are 6.08 BBlbs nickel at 0.27%, within an M&I resource of 9.75 BBlbs at 0.27% plus inferred of 2.9 BBlbs at 0.26%. The total resource is 12.6 BBlbs.

2019 DFS: An updated DFS was published in 2019 which outlined a $920 MM NPV8% and a 15.4% IRR at $7.75/lb nickel. Over the LOM the mine is expected to produce 2.6 BBlbs of nickel (at a 43% recovery rate) at $3.80/lb AISC. Initial capex is estimated at C$1.36 BB plus C$801 MM in expansion capex.

Conventional Open-Pit/Mill: The mine would be a conventional open-pit and mill operation, with the process plan constructed in two phases. Phase 1 would average 52.5 ktpd with a single SAG mill and two ball mills, while Phase 2 in Year 7 would double this to 105 ktpd by mirroring Phase 1. The final 12 years of the 30-year mine-life are lower-grade stockpile processing.

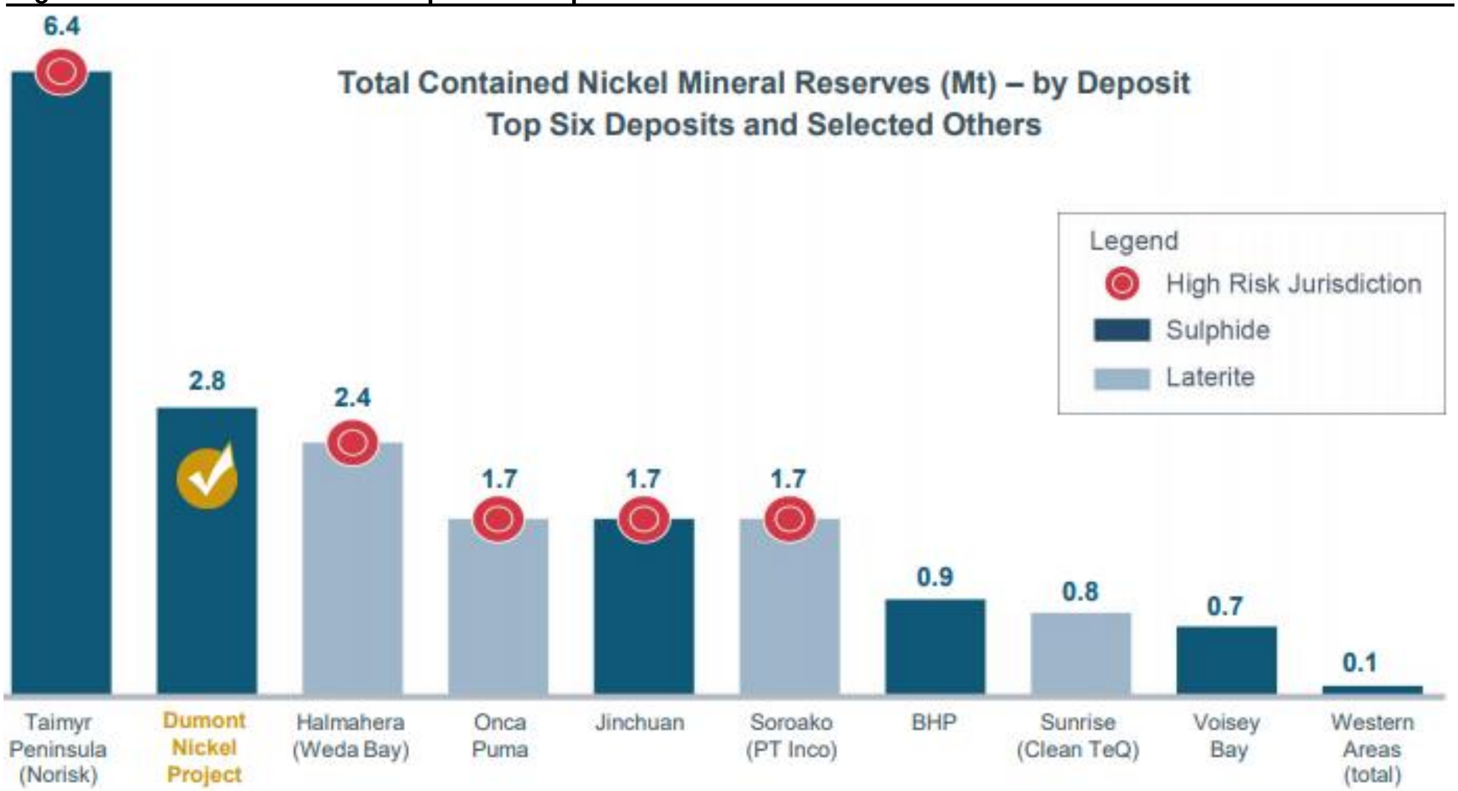
Valuation: While the company's focus is now on gold, we consider Dumont to be inexpensive optionality to the nickel price. We value the company based on the 2019 DFS at an 8% discount rate, our LT $9/lb nickel price, and a 0.1x multiplier. This gives us a value of $56 MM, 10% of our total NAV. At spot nickel ($5.8/lb), our value given to Dumont would be nil.

Figure 31 **Dumont Location (Abitibi Region, Quebec)**



Source: Karora Resources Inc.

Figure 32 **Top Nickel Deposits**



Source: Karora Resources Inc.

Spargos Reward (100%), Western Australia

Asset Location & Description

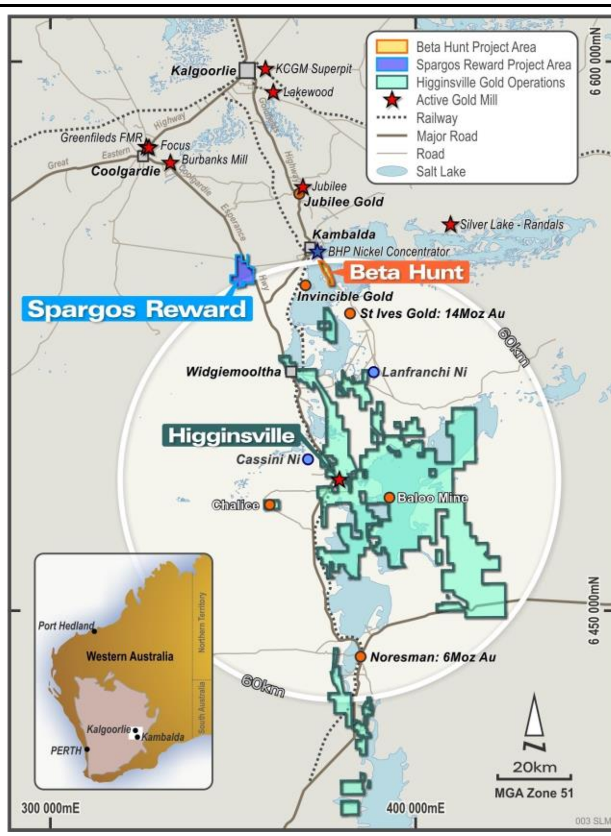
Location and Option to Acquire: Spargos Reward is a gold deposit located near to Beta Hunt and ~65 km north of Higginsville by road. Karora entered into a purchase agreement to acquire the project in May 2020, subject to a three-month due diligence period. On closing, Karora would pay A$4 MM in cash or shares (or a combination) upfront, A$1.5 MM in shares on commencement of production, and A$1 MM on delineation of an additional 165,000 oz indicated resources. Karora is also required to spend A$2.5 MM on the project in the two years following the transaction.

Near-Term High-Grade Production Opportunity: The project hosts a historic resource (2012) totaling 131,000 oz at 4.3 g/t. Of this, 50,000 oz at 4.4 g/t are considered shallow enough for open-pit mining. Karora believes it could begin mining of the open-pit as soon as early 2021, trucking the ore down to Higginsville. We model mining of the open-pit over 6 quarters at 3.25 g/t, producing ~5,500 oz per quarter at ~$800/oz AISC. Beyond this, Spargos could have an underground opportunity, however we do not model this upside currently and believe the open-pit alone is enough to pay back the acquisition cost.

Room for Expansion: Karora believes there is room to expand the project through exploration, with one historic hole at the edge of the resource intercepting 14 m @ 46 g/t.

Valuation: Net of the acquisition cost, we model a NPV5% of $15.5 MM (4% of our total NAV) assuming production of the open-pit starts in Q1/21. We assume higher costs than Beta Hunt and Higginsville due to the smaller scale. We give no value for the underground resource or exploration upside.

Figure 33 **Spargos Location**



Source: Karora Resources Inc.

Figure 34 **Spargos Reserves and Resources (February 2020)**

	M&I			Inferred			Total		
	000 t	g/t	000 oz	000 t	g/t	000 oz	000 t	g/t	000 oz
Above 300m RL	338	4.4	48	18	4.00	2	356	4.4	50
Below 300m RL	448	4.4	64	133	4.0	17	581	4.3	81
Total	**786**	**4.4**	**112**	**151**	**4.0**	**19**	**937**	**4.3**	**131**

Source: Corona Resources

Appendix A: Operating & Financial Summary

Karora Resources (KRR-TSX; C$0.49)

Rating:	**Buy (S)**	**Rate of return:**	**83.7%**	**NAV:**	**C$1.15**	**Basic shares O/S (MM)**	**608**
Target:	**C$0.90**	**Enterprise Value ($MM)**	**$215.0**	**P/NAV:**	**0.43x**	**FD Shares O/S (MM)**	**674**

OPERATIONAL SUMMARY

Net Asset Value	Discount rate	% of NAV	US$MM
Beta Hunt (100%)	5%	38.4%	$203
Higginsville (100%)	5%	40.8%	$216
Beta Hunt - Resource Outside Mine Plan		2.8%	$15
Higginsville - Resource Outside Mine Plan		4.7%	$25
Dumont (28%)		10.5%	$55.7
Spargos (Option to Acquire 100%)		3.6%	$19.1
Exploration Upside		0.0%	$0.0
Beta Hunt Course Gold Upside		0.0%	$0.0
Total Mining NAV		100.8%	**$534.0**
Cash	*at December 31, 2019*		$27
Non-Cash Working Capital			$(5)
Long Term Debt & Lease Liabilities			$(22)
Other			$(4)
Total NAV			**$529.7**
Shares O/S			608
Warrants/Options/Performance Rights			66
FD Shares O/S			674
NAVPS			**C$1.15**

Target Price	Target Multiple	Value	Price (C$)
Net Asset Value	0.80x	C$1.15	C$0.92
Cormark rounded target			**C$0.90**

Assumptions	2020E	2021E	2022E	2023E	2024E
Spot Gold price (US$/oz)	$1,596	$1,600	$1,600	$1,600	$1,600
C$ exchange rate	0.704	0.690	0.690	0.690	0.690
A$ exchange rate	0.652	0.650	0.650	0.650	0.650

Gold Prod. (000 oz)	2020E	2021E	2022E	2023E	2024E
Beta Hunt	57	53	53	53	52
Higginsville	34	22	36	56	75
Spargos	0	22	11	0	0
Total production	**91**	**98**	**100**	**109**	**127**

AISC (US$/oz)	2020E	2021E	2022E	2023E	2024E
Beta Hunt	$1,132	$1,107	$1,036	$995	$1,000
Higginsville	$1,212	$1,295	$1,139	$1,002	$908
Spargos	$0	$795	$795	$0	$0
Company AISC	**$1,170**	**$1,079**	**$1,046**	**$999**	**$946**

Cap. Expenditures (US$MM)	2020E	2021E	2022E	2023E	2024E
Beta Hunt	$13	$16	$12	$10	$4
Higginsville	$13	$17	$39	$5	$5
Exploration/Other	$13	$13	$10	$9	$9
Total capital expenditures	**$38**	**$46**	**$61**	**$23**	**$18**

Mine Free CF (US$MM)	2020E	2021E	2022E	2023E	2024E
Beta Hunt	$23	$20	$24	$26	$31
Higginsville	$4	$(7)	$(18)	$33	$52
Other	$(2)	$15	$8	$0	$0
Total mine free cash flow	**$25**	**$29**	**$14**	**$59**	**$83**

Gold Inventory (000 oz) - Attributable	Reserves	M&I	Inferred	Total
Beta Hunt	306	638	406	1,350
Higginsville	367	859	681	1,907
TOTAL	**673**	**1,497**	**1,087**	**3,257**

FINANCIAL SUMMARY

Cash Flow Statement (C$MM)	2020E	2021E	2022E	2023E	2024E
Net earnings	$24	$60	$60	$69	$91
Non cash items	$29	$24	$25	$27	$31
Operating cash flow	$53	$84	$85	$95	$122
Change in non-cash WC	$(4)	$0	$0	$0	$0
Cash prov. (used) from op.	**$52**	**$84**	**$85**	**$95**	**$122**
CFPS (US$)	**$0.06**	**$0.10**	**$0.10**	**$0.11**	**$0.14**
Property, plant and equipment	$(55)	$(66)	$(89)	$(34)	$(26)
Other Items	$0	$0	$0	$0	$0
Cash prov. (used) from inv.	**$(55)**	**$(66)**	**$(89)**	**$(34)**	**$(26)**
Debt borrowings (repayment)	$(0)	$(32)	$(0)	$(0)	$0
Common shares issued	$0	$1	$1	$1	$0
Other	$0	$0	$0	$0	$0
Cash prov. (used) in fin.	**$(0)**	**$(31)**	**$1**	**$1**	**$0**
Increase (decrease) in cash	$(3)	$(13)	$(2)	$63	$96
Cash balance @ BOY	$35	$32	$19	$16	$79
Cash balance @ EOY	$32	$19	$16	$79	$175
FCF (US$)	**$(2)**	**$12**	**$(2)**	**$42**	**$66**
Adjusted EBITDA	**$47**	**$82**	**$85**	**$95**	**$122**

Income Statement (C$MM)	2020E	2021E	2022E	2023E	2024E
Revenue	$205	$225	$230	$250	$294
Operating costs	$(130)	$(130)	$(134)	$(144)	$(161)
Gross profit before DD&A	**$75**	**$95**	**$96**	**$107**	**$133**
DD&A	$(18)	$(21)	$(22)	$(23)	$(28)
Gross profit	**$56**	**$74**	**$75**	**$83**	**$106**
Corporate/other expenses	$(32)	$(14)	$(14)	$(14)	$(14)
Earn./(loss) before other	**$25**	**$60**	**$60**	**$69**	**$91**
Taxes	$(0)	$0	$0	$0	$0
Net earnings (loss)	**$24**	**$60**	**$60**	**$69**	**$91**
EPS (US$)	**$0.03**	**$0.07**	**$0.07**	**$0.08**	**$0.10**
Adjusted EPS (US$)	**$0.04**	**$0.07**	**$0.07**	**$0.08**	**$0.10**

Balance Sheet (C$MM)	2020E	2021E	2022E	2023E	2024E
Cash and cash equivalents	$32	$19	$16	$79	$175
Other current assets	$22	$22	$22	$22	$22
Long-term assets	$152	$197	$264	$275	$274
Total assets	**$205**	**$238**	**$302**	**$376**	**$470**
Current liabilities	$29	$29	$29	$29	$29
Long-term liabilities	$53	$21	$21	$21	$21
Total Liabilities	**$83**	**$50**	**$50**	**$50**	**$50**
Shareholders' equity	**$123**	**$187**	**$252**	**$326**	**$420**

ANALYST CONTACT INFORMATION

Nicolas Dion, CFA (416) 943-4220 ndion@cormark.com

Source: Cormark Securities Inc., Company filings

Appendix B: Management & Directors

Paul Andrew Huet Chairman and CEO	• Over 30 years mining industry experience with a proven track record of building shareholder value. • Former President, CEO and Director of Klondex Mines from 2012 to 2018. • Serves on the board of 1911 Gold Corporation and has served on several non-profit and publicly traded company boards.
Graeme Sloan Managing Director, Australian Operations	• Extensive operational and corporate experience including MD/CEO roles at a number of ASX and AIM listed companies. • Excellent track record of success in building an operating integrated mining operations. • During tenure as Chief Executive of Perseverance Corporation from 2002-2007 had overall responsibility for the construction of the Fosterville Mine and Mill.
Barry Dahl Chief Financial Officer	• Experienced CFO in the mining sector with over 30 years in accounting and finance. • Previously was CFO of Excelsior Mining Corp. and spent five years as the CFO of Klondex Mines. Prior to that was CFO of ◆Argonaut Gold.
Tim Hollaar VP, Finance	• Over 25 years of experience in mining industry finance positions. • Has served in senior finance and marketing positions with several nickel and precious metals companies.
John Leddy Senior Advisor, Legal & Strategic Matters	• 20 years of experience as a business lawyer and in private equity, specializing in M&A, capital raising / structuring and other strategic transactions. • Former Partner in Business Law Group (M&A) at Osler, a leading Canadian corporate law firm.
Johnna Muinonen President, Dumon Nickel	• Over 20 years mining industry experience including nine years at Inco and Vale Inco in both mineral processing technical and operation management roles. • Prior to joining KARORA, was a member of the capital project group at Vale Inco and Project Leader for the Vale ultramafic nickel project.
Alger St-Jean Director	• Previously, Senior Geologist at Xstrata Nickel (formerly Falconbridge). • Over 20 years of experience in the mining industry, primarily focused on nickel.

◆ During the past twelve months, Cormark Securities Inc., either on its own or as a syndicate member, participated in the underwriting of securities for Argonaut Gold Inc.

Scott Hand Lead Director	• Former Chairman & CEO of Inco Limited from 2002 to January 2007; joined Inco in 1973. • Serves of the boards of Boyd Technologies LLC, Universal Helicopters Newfoundland & Labrador (a Labrador Inuit owned company) and the Massachusetts Museum of Contemporary Art.
Peter Goudie Director	• Executive Vice President, Marketing, at Vale Inco until February 2008. • Former Executive Vice President, Marketing, at Inco from January 1997 to January 2007, based in Toronto. • Has held positions in accounting, audit and finance with Inco in Australia, Indonesia, Singapore and Hong Kong, since joining the company in 1970.
Wendy Kei Director	• Serves as Board Chair for Ontario Power Generation Inc., Chair of the Audit Committee for Guyana Goldfields Inc. and a member of the Department of Audit Committee for Transport Canada. • Accomplished financial executive with over 25 years of business experience, a Chartered Professional Accountant (CPA-CA) and holds the ICD.D designation from the Institute of Corporate Directors. • Previously served as Chief Financial Officer of Dominion Diamond Corporation.
Warwick Morley-Jepson Director	• Over 35 years of experience in the mining industry encompassing operations, project and business development in the precious metals sector. • Current EVP and Chief Operating Officer of Ivanhoe Mines in August 2019 and as Chairman of Wesdome Gold Mines. • Former Executive Vice President and COO of Kinross Gold Corporation from 2014 to 2016 and Senior Vice President, Operations and Regional Vice President - Russia from 2009 to 2014.
Frank Marzoli Director	• Chairman, President and Chief Executive Officer of Marbaw International Nickel.
Chad Williams Director	• Extensive experience in mining finance and management. • Chairman and Founder of Red Cloud Securities, former CEO of ◆Victoria Gold, Head of Mining Investment Banking at Blackmont Capital Inc. and a top-ranked mining analyst at TD Bank and other Canadian brokerage firms. • Director of several emerging mining companies and was a founder of Agilith Capital Inc. as well as Westwind Capital Inc.

◆ During the past twelve months, Cormark Securities Inc., either on its own or as a syndicate member, participated in the underwriting of securities and received a fee for the non-brokered placement of securities for Victoria Gold Corp.

Appendix C: Risks To Target

Geopolitical Risk	This risk deals with policies such as permitting and tax laws that are managed by governments and the perceived stability and investment environment. These policies can greatly affect mining companies, and in some cases prevent mining from occurring. Generally, developing countries are seen as being riskier because of the potential of a quick change in power to drastically change policies. Developed countries have their own geopolitical risk issues, and jurisdictions with powerful environmental lobbies can also make mining or exploration difficult.
Financing Risk	Mining and exploration companies may require external capital, particularly when building new mines. In order to finance these endeavors, equity or project dilution may be taken in order to fund the equity portion of the capital costs if the project is to be developed. Shareholders may also be subordinated by lenders in order to finance a mining project.
Commodity Price Risk	Our short- and long-term commodity price assumptions are based on detailed research, and viewed to be reasonable based on current information. However, the timing and magnitude of commodity price fluctuations are always a significant risk that, in most cases, strongly affects the value of mining and mineral exploration/development companies focused on a specific commodity. Currently, the primary metal exposure for Leagold is gold.
Technical Risk	Mining operations are subject to unforeseen risks such as labor strikes, rock bursts, geological interruptions, and equipment failure, all of which may negatively affect a company's performance. Ore reserve and resource risk is another technical risk that is derived from the subjective nature of geological interpretation. Competent, qualified personnel calculate ore reserves and resources, and in most cases have a high accuracy, but any significant variation on reserves could drastically impact a company's operations and the value of its shares.
Exploration Risk	In some cases, the market may build in expectations for exploration success before the actual exploration work has taken place. In the event that results do not meet with the market's expectation, the company's shares may be negatively affected.
Cost Risk	Both capital and operating costs may be affected by changes in input prices (fuel, steel, chemicals, etc.) and by relative currency changes. The company may be at risk of unexpected cost escalation as a result of these potential threats.

Recommendation Terminology	Cormark's recommendation terminology is as follows:

Top Pick	our best investment ideas, the greatest potential value appreciation
Buy	expected to outperform its peer group
Market Perform	expected to perform with its peer group
Reduce	expected to underperform its peer group
Tender	clients are advised to tender their shares to a takeover bid
Not Rated	currently restricted from publishing, or our recommendation is under review

Our ratings may be followed by "(S)" which denotes that the investment is *speculative* and has a higher degree of risk associated with it.

Additionally, our target prices are based on a 12-month investment horizon.

Disclosure Statements and Dissemination Policies

A full list of our disclosure statements as well as our research dissemination policies and procedures can be found on our web-site at: www.cormark.com

Analyst Certification

I, Nicolas Dion, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject company(ies) and its (their) securities. I also certify that I have not been, and will not be receiving direct or indirect compensation in exchange for expressing the specific recommendation(s) in this report.

Figure 33 **Disclosure Chart**

Karora Resources Inc.

Price Chart and Disclosure Statement

Updated June 24, 2020

*Information updated monthly on or about the 5th of each month.

*Cormark has this percentage of its universe assigned as the following:

Buy or Top Pick	61%
Market Perform	17%
Reduce or Tender	1%
Not Rated	21%

*Over the past 12 months, the following percentage of issuers whose securities received a "Top Pick" or "Buy", a "Market Perform", or a "Reduce" rating from Cormark Securities Inc., have engaged Cormark to provide investment-banking services during this period.

Buy or Top Pick	24%
Market Perform	9%
Reduce or Tender	0%

Recommendation / Target Chg Date	C$
25-Jun-20	0.90 (B-S)

During the last 12 months, has CSI provided financial advice to and/or, either on its own or as a syndicate member, participated in a public offering, or private placement of securities of the subject issuer?	No
During the last 12 months, has the analyst of this company received compensation from a pool that included investment banking revenues from the subject issuer earned by CSI?	No
During the last 12 months, has CSI received compensation for having provided investment banking services to the subject issuer?	No
Does CSI expect to receive compensation for investment banking services from the subject issuer in the next three months?	No
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Does CSI beneficially own 1% or more of any class of the subject issuer's equity securities?	No
Has the analyst viewed the material operations of the subject issuer?	Yes
Does the analyst or CSI have any other material conflict of interest with the subject issuer? If YES	No
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Does CSI have any employee or agent who serves as an officer, director or employee, or who serves in any advisory capacity to the subject issuer? If YES, name of person(s) who provided services:	No

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Source: Cormark Securities Inc.

TORONTO

Royal Bank Plaza North Tower
200 Bay Street, Suite 1800, PO Box 63
Toronto ON
M5J 2J2
Tel: (416) 362-7485
Fax: (416) 943-6499
Toll Free: (800) 461-2275

CALGARY

Eighth Avenue Place
525 Eighth Avenue SW, Suite 4800
Calgary AB
T2P 1G1
Tel: (403) 266-4240
Fax: (403) 266-4250
Toll Free: (800) 461-9491

www.cormark.com

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