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KARUS GOLD ANNOUNCES RIGHTS OFFERING AND BACKSTOP COMMITMENTS

Vancouver, BC February 1, 2021 - Karus Gold Corp. (“**Karus Gold**”) is pleased to announce that it will be conducting a rights offering to holders of its common shares at the close of business on the record date of February 8, 2021 (the “**Record Date**”). The offering will be for 26,556,228 common shares to raise gross proceeds of CDN\$3,983,434 (the “**Rights Offering**”)

The Rights Offering is being undertaken to provide funds for exploration, development and social programs related to Karus Gold’s mining interests, as well as for working capital and general corporate purposes.

Details of the Rights Offering

Rights will be offered on the basis of one-half of one (1/2) right (the “**Rights**”) for each common share of Karus Gold held at the Record Date. One full Right will entitle the holder to subscribe for one common share of Karus Gold upon payment of the subscription price of CDN\$0.15 per common share. No fractional Rights will be issued. The holder’s entitlement will be reduced to the next lowest whole number and no additional compensation will be paid.

The Rights will not be listed for trading on any securities exchange. All Rights will expire at 2:00 pm (Vancouver time) / 5:00 p.m. (Toronto time) on March 15, 2021 (the “**Expiry Time**”), after which time unexercised Rights will be void and of no value. Shareholders who fully exercise their Rights will be entitled to subscribe for additional common shares (the “**Additional Subscription Privilege**”), on a pro-rata basis, if available as a result of unexercised Rights prior to the Expiry Time, subject to certain limitations set out in Karus Gold’s rights offering circular dated February 1, 2021 (the “**Rights Offering Circular**”).

The Rights Offering will be conducted in all provinces and territories of Canada. Certain holders of common shares in jurisdictions outside of Canada may be able to participate in the Rights Offering where they can establish that the transaction is exempt under applicable legislation. If you are a holder of Karus Gold shares and reside outside of Canada, please review the Notice of Rights Offering, Rights Offering Circular and Notice to Ineligible Shareholders to determine your eligibility and the process and timing requirements to receive and, or, exercise your Rights. The Company requests any ineligible shareholder interested in exercising their Rights to contact the Company at their earliest convenience after the Rights are mailed out, which is expected to be on or after February 12, 2021.

Details of the Rights Offering will be set out in the Notice of Rights Offering and the Rights Offering Circular which will be available under Karus Gold’s profile at www.sedar.com and on the Company’s website at www.karusgold.com. The Notice of Rights Offering will be mailed to each eligible shareholder of Karus Gold as at the Record Date. Following the mailing of the Notice of Rights Offering, an exercise form enclosed with a statement issued under Computershare’s direct registration system (the “**Rights Statement**”) will be mailed to each eligible registered shareholder of Karus Gold as at the Record Date. Registered shareholders who wish to exercise their Rights must forward the completed Rights Statement,

together with the applicable funds, to the rights agent, Computershare Investor Services Inc., on or before the Expiry Time. Shareholders who own their common shares through an intermediary, such as a bank, trust company, securities dealer or broker, will receive materials and instructions through their intermediary.

Neither the Rights being offered or the common shares issuable upon exercise of the Rights have been or will be registered under the *United States Securities Act of 1933*, as amended, and may not be exercised, offered or sold, as applicable, in the United States absent registration or an applicable exemption from the registration requirements. This news release shall not constitute an offer to sell or the solicitation of an offer to buy the securities of the Company. There shall be no offer or sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to the registration or qualification of such securities under the laws of any such jurisdiction.

Karus Gold's directors and executive officers who own common shares, as well as other insiders, are permitted, but not required (except for James Hynes pursuant to the Backstop Agreement discussed below), to participate in the Rights Offering on the same terms and conditions applicable to all shareholders. Certain directors and executive officers of Karus Gold have indicated their current intention to participate in the Rights Offering in an amount at least equal to their basic subscription privilege. Nevertheless, each such director and executive officer reserves the right, in his, her or their sole discretion, not to participate in the Rights Offering.

Backstop Commitments

Karus Gold's two largest shareholders have agreed to backstop the total gross proceeds to be raised pursuant to the Rights Offering. Karus Gold has entered into backstop agreements (the "**Backstop Agreements**") with 2176423 Ontario Ltd. ("**2176423**"), a company owned and controlled by Eric Sprott, and with 1081646 B.C. Ltd. (together with 2176423, the "**Backstop Purchasers**"), a company owned and controlled by James Hynes, a director and the interim chief executive officer of Karus Gold.

No fees are being paid to either of the Backstop Purchasers for their commitments pursuant to the Backstop Agreements.

Pursuant to the respective Backstop Agreement, each of the Backstop Purchasers will exercise all of their respective Rights and will exercise their Additional Subscription Privilege so that they each will purchase half of the common shares of Karus Gold not acquired by the holders of Rights under the Rights Offering. The Backstop Agreements contain representations, warranties, covenants and other provisions typical of a transaction of this nature, including the right not to purchase common shares of Karus Gold as contemplated by the Backstop Agreements if there is a breach by Karus Gold of its representations or if there is a material adverse change in the business of Karus Gold.

Early Warning Disclosure

2176423 Ontario Ltd., is providing the following additional information pursuant to the early warning requirements of applicable Canadian securities laws:

Prior to the entering into of the Backstop Agreement, Eric Sprott through 2176423 Ontario Ltd., a corporation beneficially owned by him, beneficially owns or controls 13,659,222 shares and 1,750,000 common share purchase warrants representing approximately 25.7% of the issued and outstanding shares on a non-diluted basis, and approximately 28.1% on a partially diluted basis assuming exercise of such warrants. Assuming none of the holders of Rights take up their Rights other than the Backstop Purchasers,

Mr. Sprott through 2176423 Ontario Ltd., would potentially acquire 13,380,084 shares in connection with the exercise of his Rights and Additional Subscription Privilege under the Backstop Agreement and, following closing of the Rights Offering, Eric Sprott would beneficially own and control a total of 27,039,306 shares and 1,750,000 common share purchase warrants which would represent approximately 33.9% of the issued and outstanding shares on a non-diluted basis and approximately 35.4% of the issued and outstanding shares on a partially diluted basis. This would potentially result in an increase in 2176423's shareholding percentage of up to approximately 7.3% on a partially diluted basis.

The securities above are held by Mr. Sprott for investment purposes. Mr. Sprott has a long-term view of the investment and may acquire additional securities of Karus Gold including on the open market or through private acquisitions or sell securities of Karus Gold including on the open market or through private dispositions in the future depending on market conditions, reformulation of plans and/or other factors that Mr. Sprott considers relevant from time to time.

A copy of 2176423's early warning report will appear on Karus Gold's profile on SEDAR and may also be obtained by calling Mr. Sprott's office at (416) 945-3294 (200 Bay Street, Suite 2600, Royal Bank Plaza, South Tower, Toronto, Ontario M5J 2J1).

1130447 BC Ltd., is providing the following additional information pursuant to the early warning requirements of applicable Canadian securities laws:

Prior to the Rights Offering, Skye Marker, through 1130447 BC Ltd. a corporation beneficially owned by her, beneficially owns or controls 11,200,243 shares and 1,750,000 common share purchase warrants representing approximately 21.1% of the issued and outstanding shares on a non-diluted basis. Assuming none of the holders of Rights take up their Rights other than the parties to the Backstop Agreement, Ms. Marker through 1130447 BC Ltd, would potentially acquire 10,971,356 shares in connection with the exercise of his Rights and Additional Subscription Privilege and, following closing of the Rights Offering, Skye Marker would beneficially own and control a total of 22,171,599 shares which would represent approximately 27.8% of the issued and outstanding shares on a non-diluted basis. This would potentially result in an increase in 1130447 BC Ltd's shareholding percentage of up to approximately 6.7% on a non-diluted basis.

The securities above are held by Ms. Marker for investment purposes. Ms. Marker has a long-term view of the investment and may acquire additional securities of Karus Gold including on the open market or through private acquisitions or sell securities of Karus Gold including on the open market or through private dispositions in the future depending on market conditions, reformulation of plans and/or other factors that Ms. Marker considers relevant from time to time.

A copy of 1130447 BC Ltd's early warning report will appear on Karus Gold's profile on SEDAR and may also be obtained at Suite 960 -1055 West Hastings Street, Vancouver, BC, V6B 0B8.

About Karus Gold

Karus Gold controls 1,000 kilometers square of the Cariboo Gold District ("**District**") in British Columbia. The FG Gold and Gold Creek projects are set for growth and the District is wide open for additional discovery. Karus Gold is supported by strategic investor Eric Sprott who owns 26% of Karus's basic shares. Management and the Board are aligned with shareholders, owning an additional 27% of the basic shares outstanding. Karus Gold has drill results from 2020 pending and has plans to continue aggressive exploration in 2021.

Further information on Karus Gold can be found on the Company's website at www.karusgold.com.

On behalf of Karus Gold Corp

"James Hynes"

Executive Chairman and Interim Chief Executive Officer

Karus Gold Investor Support

David Jan

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Cautionary Statement Regarding Forward-Looking Information

This press release contains forward-looking information based on current expectations, including but not limited to Karus Gold's expectations in connection with the Rights Offering and Backstop Agreements, including the use of proceeds and events which are proposed to occur on closing. Forward-looking information is often, but not always, identified by the use of the words "plan" "contemplate", "estimate", "expect" and "anticipate" and statements that an event or result "may", "will", "should", "could" or "might" occur and any similar expressions or negative variations thereof.

In providing forward-looking information in this press release, Karus Gold has made numerous assumptions regarding the Rights Offering and Backstop Agreement, which Karus Gold believes to be reasonable, including assumptions relating to: (i) the satisfaction or waiver of all conditions to the completion of the Rights Offering and the Backstop Agreement; and (ii) the outcome of the Rights Offering and related transactions, including the expected use of proceeds. Forward-looking information entails various risks and uncertainties however that could cause actual results to differ materially from those reflected in the forward-looking information. Specific risks that could cause actual results to differ materially from those anticipated or disclosed in this press release include, but are not limited to: (i) the dilution that will be experienced by shareholders who do not exercise their Rights; (ii) failure to satisfy the conditions to complete the Rights Offering and the commitments, including failure to receive required approvals, including the occurrence of any event, change or other circumstance that could give rise to the termination of the Backstop Agreements; (iii) the delay of completion or failure to complete the Rights Offering for any other reason; (iv) no assurance as to the ability to trade of any Rights; (v) the exercise of the Rights of a shareholder being irrevocable; (vi) the exercise price may not indicate the value of the common shares; (vii) failure of a shareholder to properly subscribe for shares may result in a non-exercise; (viii) the use of funds may differ from that set out by Karus Gold; (ix) if the Rights Offering is terminated, shareholders will not receive any interest on funds forwarded with their subscriptions; (x) the ongoing COVID-19 pandemic and government and market responses to the pandemic may potentially have materially adverse effects on Karus Gold and its business, operations, liquidity, cash flows and ability to close the Rights Offering. In addition to the above summary, additional risks and uncertainties inherent to the Company and the Rights Offering are described in the "Risk Factors" section of the Rights Offering Circular dated February 1, 2021 available on www.sedar.com. Forward-looking information are not guarantees of future performance, and management's assumptions upon which such forward-looking information are based may prove to be incorrect.

Accordingly, there can be no assurance that actual events or results will be consistent with the forward-looking information disclosed herein. In light of the significant uncertainties inherent in forward-looking information, any such forward-looking information should not be regarded as representations by us that our objectives or plans relating to the rights offering or standby commitment or otherwise will be achieved. Investors are cautioned not to place undue reliance on any forward-looking information contained herein and that such forward-looking information are provided solely for the purpose of providing information about our current expectations and plans relating to the future. Readers are cautioned that such information may not be appropriate for other purposes. In addition, forward-looking information relates to the date on which they are made.

Karus Gold disclaims any intention or obligation to update or revise any forward-looking information contained in this press release, whether as a result of new information, future events or otherwise, except to the extent required by law.