

TORONTO, Oct. 11, 2017 /CNW/ - [Kerr Mines Inc.](#) ("Kerr" or the "Company") (TSX: KER, OTC: KERMF, FRA: 7AZ1) is pleased to announce its financial results for the year ended June 30, 2017. The June 30, 2016 Audited Financial Statements, Management's Discussion and Analysis and the Company's Annual Information Form are available at [www.sedar.com](http://www.sedar.com). The overall financial position of Kerr Mines has improved substantially since last year as a result of a successful equity financing and significant debt restructuring during the year.

"The past 12 months have been an incredible journey" said Claudio Ciavarella, CEO Kerr Mines. "The Company has completely transformed itself and has made tremendous strides forward. On behalf of your Board and the Management team, we believe the coming year will be another positive step forward in the execution of our strategy".

## Highlights for the Year ended June 30, 2017 and Significant Subsequent Events

### Operational

- On October 19, 2016 The Company announced that dewatering and rehabilitation work had begun at the Copperstone mine.
- On March 2, 2017, the Company announced it completed its de-watering and underground rehabilitation program at its flagship Copperstone mine in Arizona
- In June 2017 the Company then underwent a tender process for the three key contracts to support the execution of the 2017 Copperstone Mine exploration program and pre-feasibility study.
- In July 2017, the three main contracts for engineering, exploration and mine development were awarded.
- On August 15, 2017, the Company launched the first phase of the 2017 surface exploration drilling campaign for the 2017 Copperstone Mine exploration program and pre-feasibility study.
- On August 21, 2017 the Company commenced the first phase of the 2017 underground drill access mine development for the 2017 Copperstone Mine exploration/development program and pre-feasibility study.
- On August 25, 2017 the Company began the first phase of the 2017 underground exploration and development drilling program.

### Outlook

- The Company is executing the first phase of its 9,100 meter (30,000 feet) 2017 exploration and development program to define and expand current resources in the Copperstone Zone and define new resources in the Footwall Target.
  - The Copperstone zone was previously mined by open pit and underground methods producing over 500,000 ounces Au
  - Previous successful drilling demonstrating similar geology, grade and width as the Copperstone zone has indicated that further drilling is warranted to advance the definition the Footwall Target
  - Currently, assays are pending on many drill holes with expected release in October 2017.
- The Company is executing a NI 43-101 Technical Pre-Feasibility Report, currently anticipated for Q1 2018. Highlights of the study are as follows:
  - Resource Update
  - Preliminary Mine Plan
  - Metallurgical tests
  - Capital and Operating Costs
  - Project Economics

### Board & Management

- On April 11<sup>th</sup>, 2017, strengthened the Board and Management with the appointments of Claudio Ciavarella as Chief Executive Officer and Martin Kostuik as President and Director.
- Strengthened the technical team on June 30<sup>th</sup>, 2017 with the appointment of Brad Atkinson as Director of Exploration and Geology and Michael R. Smith as a technical advisor of Exploration and Geology.
- Work force expanded at site to include 23 employees and contractors.

### Financial position

- Achieving and maintaining a strong balance sheet remains a top priority. The Company continued to strengthen its financial position:
  - As at June 30, 2017, the Company had cash and cash equivalents of \$5.1 million, an increase of \$4.7 million from June 30, 2016.
  - Working capital at June 30, 2017 totaled \$2.8 million, \$19.3 million higher than at June 30, 2016.
  - On February 28, 2017 the Company reached an agreement with [Jubilee Gold Exploration Ltd.](#) to settle the accrued advance royalty payable. The companies have also revised their existing royalty agreement to remove all future advance royalty obligations. The result in a further reduction in liabilities of over \$1,000,000.
  - As at June 30, 2017, The Company reduced debt and liabilities by \$9.6 million from the previous year June 30, 2016 and converted current short term debt into long term facilities

### Financing Activities

- On July 10, 2017, the Company completed an oversubscribed Non-Brokered Private Placement of \$8,000,000 through the issuance of 44,444,444 Units comprised one common share ("Share") and one-half of one common share purchase warrant ("Warrant"). Each Warrant entitles the holder thereof to acquire a Share at a price of \$0.27 per share for a period of 24 months from the date of issuance, provided, that if, at any time the Shares trade at a volume weighted average trading price of \$0.40, or greater, per Share for a period of 20 consecutive trading days.

## Operational Update of the Drilling Campaign for 2017 Pre-Feasibility Study and Exploration Program

Kerr Mines is pleased to provide an update to the previously announced commencement of the 2017 Exploration and Development Program. The first phase of this program is comprised of underground and surface drilling programs as well as development drifting for underground drilling access.

A second surface drill has commenced drilling at the Copperstone Project. This addition to the existing surface core drill and underground core drill is a reverse circulation drill capable of drilling to 305 meters (1,000 feet) in all types of ground conditions and will provide very expedient and cost effective results. The drill will be used in areas where geologic characteristics and data from core drilling are well documented.

The underground drift access is progressing well as the first exploration drill station has recently been completed. The new underground drift is accessed from existing underground workings and will extend the overall extents of mine access by approximately 365 meters (1,200 feet) to the South East, along the strike of the Copperstone Zone. This access is placed in between the Copperstone Zone and the parallel Footwall Target, giving simultaneous exploration drilling access to both zones. The drift is also strategically placed to provide access to the Copperstone Zone for potential future mining purposes.

The 4,600 meters (15,000 feet) allocated to the first phase of the surface program has mainly been dedicated to the Footwall Target and the establishment of this parallel structure as a mineralized zone. Core recovery has been excellent and geologic features similar to the Copperstone Zone in rock type, alteration, structure and thickness have largely been encountered where expected.

The 4,600 meters (15,000 feet) of drilling allocated to the first phase of the underground program has the goals of increasing the confidence levels and ounces of the existing resource in the Copperstone Zone, and further defining the parallel Footwall Target. To achieve these goals, the program is designed to contain confidence targets, infill targets and open ground targets. Confidence targets are drilled in close proximity to previous successful drill hole intercepts, infill targets increase granularity and density of drilling results and open ground drilling steps out beyond known results to extend the boundaries of the resource. The drilling is producing good recovery of core and is largely exhibiting the supporting characteristics of mineralized zones where expected.

The Copperstone Zone produced over 500,000 ounces of gold between 1987 and 1993 when the pit reached economic limits at the time and when gold prices averaged under \$400/troy ounce. The down-dip extension of the Copperstone Zone, located primarily east of and below the bottom of the open pit, has a mineral resource of 313,000 ounces at 10.35 gram per tonne (0.302 ounce per ton) (measured + indicated), estimated in 2010\*.

"We are very excited to add the second surface drill to the first phase of this program. The program is advancing well on all fronts and we are expecting to announce the first batch of assay results in as little as four weeks from now. The underground and surface programs are the cornerstone for the forthcoming pre-feasibility study which is a key component to the strategy of advancing the Copperstone Mine project towards a production decision," said Martin Kostuik, President Kerr Mines.

The technical information in this news release has been prepared in accordance with the Canadian regulatory requirements set out in NI 43-101 and reviewed and approved by Michael R. Smith, Registered Geologist., a "Qualified Person" as defined by NI 43-101 for this project.

\*Mineral Resource Tabulation & Model capped at 5.0 oz Au/t with a 0.15 oz Au/t cutoff grade, 1,038,000 tons (measured + indicated) - NI 43-101 Technical Feasibility Report, Copperstone Project, February 11, 2010. Limited mining of this resource occurred in the period between Q4 2012 and Q3 2013 and will be tabulated when a new resource is estimated in early 2018.

### About Kerr Mines Inc.

Kerr Mines is a North American gold development and exploration company currently advancing the 100% owned, fully permitted past-producing Copperstone Mine project. Copperstone is a high-grade gold project located along the Walker Lane mineral belt in mining-friendly Arizona. The project demonstrates significant upside exploration potential within a 3,570 hectare (8,821 acres) land package that includes a production history of over 500,000 ounces of gold. The Company's current focus is on maximizing Copperstone's potential by defining and expanding current resources and strengthening the mine's economics leading to a production decision.

### Cautionary Note Regarding Forward Looking Statements

This news release contains forward-looking statements, including current expectations on the timing of the commencement of

production and the rate of production, if commenced. These forward-looking statements entail various risks and uncertainties that could cause actual results to differ materially from those reflected in these forward-looking statements. Such statements are based on current expectations, are subject to a number of uncertainties and risks, and actual results may differ materially from those contained in such statements. These uncertainties and risks include, but are not limited to, the strength of the Canadian economy; the price of gold; operational, funding, and liquidity risks; the degree to which mineral resource estimates are reflective of actual mineral resources; and the degree to which factors which would make a mineral deposit commercially viable are present; the risks and hazards associated with underground operations. Risks and uncertainties about Kerr Mines' business are more fully discussed in the Company's disclosure materials, including its annual information form and MD&A, filed with the securities regulatory authorities in Canada and available at [www.sedar.com](http://www.sedar.com) and readers are urged to read these materials. Kerr Mines assumes no obligation to update any forward-looking statement or to update the reasons why actual results could differ from such statements unless required by law.

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