

K92 Mining Releases Strong 2020 Q4 & Annual Financial Results - Record Net Cash, Revenue & Throughput Following Commissioning of Stage 2 Plant Expansion

29.03.2021 | [GlobeNewswire](#)

VANCOUVER, March 29, 2021 - [K92 Mining Inc.](#) ("K92" or the "Company") (TSX: KNT; OTCQX: KNTNF) is pleased to announce results from its financial statements for the three and twelve months ended December 31, 2020.

Safety

- Strong safety record continues and one of the best safety records in the Australasia region since start of operations.
- Proactive and focused management of COVID-19. K92 continues to operate and has strong preventative and response plans.

Production

Fourth Quarter 2020

- Record quarterly tonnage of 68,932 tonnes treated, a 127% increase from Q4 2019.
- Record quarterly gold equivalent ("AuEq") production of 29,820 oz, or 28,809 oz gold, 493,584 lbs copper and 10,395 oz silver, representing a 26% AuEq increase from Q4 2019⁽¹⁾.
- Cash costs of US\$639/oz gold and all-in sustaining costs ("AISC") of US\$768/oz gold ounce⁽²⁾.
- Long hole stoping on both the K1 and K2 Veins has provided a notable positive impact on operational flexibility.

Full Year 2020

- Record annual tonnage of 230,365 tonnes treated, an 81% increase from 2019.
- Record annual gold equivalent production of 98,872 oz or 95,109 oz gold, 1,853,078 lbs copper and 36,067 oz silver, representing a year-over-year AuEq increase of 20%.
- Cash costs of US\$651/oz gold and AISC of US\$782/oz gold ounce.

Financials

Fourth Quarter 2020

- Sold 28,112 oz of gold, 512,203 lbs of copper and 10,594 oz of silver. Gold concentrate inventories of 5,451 oz as of December 31, 2020, a quarterly decrease of 408 oz.
- Record quarterly revenue of US\$48.0 million, increasing 44% from Q4 2019.
- Operating cash flow (before working capital adjustments) for the three months ended December 31, 2020 of US\$18.9 million or US\$0.09 per share and earnings before interest, taxes, depreciation and amortization ("EBITDA") of US\$22.7 million or US\$0.10 per share.
- Net income for the three months ended December 31, 2020 of US\$10.9 million or US\$0.05 per share.
- Quarterly gross margin of 53%.
- Balance sheet significantly strengthened during Q4, with cash increasing by US\$10.3 million to US\$51.5 million and debt decreasing by US\$2.1 million to US\$4.9 million as at December 31, 2020.

Full Year 2020

- Sold 93,273 oz of gold, 1,827,368 lbs of copper and 36,655 oz of silver.
- Record annual revenue of US\$159.1 million, increasing 56% from 2019.
- Operating cash flow (before working capital adjustments) for the twelve months ended December 31, 2020 of US\$76.5 million or US\$0.35 per share and EBITDA of US\$79.6 million or US\$0.37 per share.
- Net income for the twelve months ended December 31, 2020 of US\$42.0 million or US\$0.19 per share.
- Annual gross margin of 54%.

Growth

- Successful commissioning of the Stage 2 Plant Expansion to double throughput capacity to 400,000 tonnes per year and continued development of the twin incline following the lifting of the State of Emergency in June 2020.
- Stage 3 Expansion Preliminary Economic Assessment announced on July 27, 2020, outlining a potential Tier 1 asset, with ~318,000 ounces per annum AuEq run-rate production at a life of mine average AISC cost of US\$362 per gold ounce net of by-product credits. At \$1,500/oz gold, \$18/oz silver and \$3.00/lb copper prices, the estimate after-tax NPV5% is US\$1.5 billion and is fully funded from mine cash flow. At US\$1,900/oz gold prices the estimated after-tax NPV5% is US\$2.0 billion.
- Underground development on the Judd Vein #1, marking the first significant exploration undertaken by K92 on the near-mine infrastructure, underexplored, +2.5km strike vein system. A Phase 1 underground drill program commenced during the quarter after reporting the preliminary results.
- Number of drill rigs increased to 10 at the end of the year, with plans to drill Kora, Kora South, Karempa and Judd epithermal vein systems, plus the Blue Lake porphyry concurrently.

For complete details of the annual audited consolidated financial statements and associated management's discussion and analysis, please refer to the Company's website or profile on SEDAR (www.sedar.com). All amounts are in U.S. dollars unless otherwise indicated.

John Lewins, K92 Chief Executive Officer and Director, stated, "2020 represented another transformational year for K92. In terms of operations, Kainantu delivered record throughput, production and development, and finished the year particularly strong, with multiple quarterly records achieved in the fourth quarter. In the third quarter, K92 achieved two major growth milestones: the completion of the Stage 2 Plant Expansion commissioning, and; the Stage 3 Expansion PEA study. The Stage 2 Plant Expansion, has already delivered a notable step-change in terms of the capabilities of the operation, doubling throughput capacity from 200,000 tpa (~550 tpd) to 400,000 tpa (~1,100 tpd). The Stage 3 Expansion PEA has outlined a Tier 1 Asset, expanding to 1 mtpa throughput with run-rate production of ~318kozpa AuEq, LOM average AISC of \$362/oz Au and capital costs funded from mine cash flow at \$1,500/oz.

On exploration, Kainantu doubled the number of drill rigs to 10, providing a significant boost to not only the rate of drilling but our capacity to drill multiple targets concurrently. In the second half of the year, this resulted in high grade mineralization recorded at both the underexplored Karempa and Judd vein systems. The results from Judd are particularly encouraging with JDD0006 recording 7.25 m at 256.09 g/t Au, 113 g/t Ag and 0.42 % Cu (258.01 g/t AuEq, 5.30m true width) on the J1 vein (see November 9, 2020 press release), representing one of the highest-grade intersections drilled by K92. Importantly, underground development has supported the Judd drilling results, with the latest 65-metre development extension on the Judd 1235 Level recording an average 3.8 metres vein thickness at 18.70 g/t AuEq (17.13 g/t Au, 0.82% Cu and 37 g/t Ag) (see January 26, 2021 press release). Exploration results have increased our conviction for a higher throughput rate for the Stage 3 Expansion Definitive Feasibility Study and resulted in more drill rigs being added through 2021.

Lastly, I would like to highlight that this transformational year was achieved in one of the most challenging environments globally due to the COVID-19 pandemic. The dedication and resourcefulness of our workforce has been exemplary, and the support of government has also been a major factor in our success."

Mine Operating Activities

	Twelve months ended December 31, 2020
Operating data	
Head grade (Au g/t)	14420
Gold recovery (%)	91.73%

Gold ounces produced	255,809
Gold ounces equivalent produced ⁽¹⁾	255,822
Tonnes of copper produced	2241
Silver ounces produced	136,395
Financial data (in thousands of dollars)	
Gold ounces sold	28,123
Revenues from concentrate sales	US\$15,032
Mine operating expenses	US\$3,373
Other mine expenses	US\$2,906
Depreciation and depletion	US\$1,298
Statistics (in dollars)	
Average realized selling price per ounce, net	US\$1,792
Cash cost per ounce	US\$639
All-in sustaining cost per ounce	US\$782

Notes:

- (1) Gold equivalent for 2020 based on the following prices: gold \$1,500 per ounce; silver \$17.75 per ounce; and copper \$2.70 per pound.
The Company provides some non-international financial reporting standard measures as supplementary information that management believes may be useful to investors to explain the Company's financial results.
- (2) Please refer to non-IFRS financial performance measures in the Company's management's discussion and analysis dated March 29, 2021, available on SEDAR or the Company's website, for reconciliation of these measures.

K92 has not based its production decisions on mineral reserve estimates or feasibility studies, and historically such projects have increased uncertainty and risk of failure. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

Conference Call and Webcast to Present Results

K92 will host a conference call and webcast to present the fourth quarter and annual 2020 consolidated financial results at 8:30 am (EDT) on Monday, March 29, 2021.

- Listeners may access the conference call by dialing toll-free to 1-800-319-4610 within North America or +1-604-638-5340 from international locations.
- The conference call will also be broadcast live (webcast) and may be accessed via the following link: <http://services.choruscall.ca/links/k92mining20210329.html>

Qualified Person

K92 Mine Geology Manager and Mine Exploration Manager, Mr. Andrew Kohler, PGeo, a qualified person under the meaning of Canadian National Instrument 43-101 - *Standards of Disclosure for Mineral Projects*, has reviewed and is responsible for the technical content of this news release.

About K92

[K92 Mining Inc.](#) is engaged in the production of gold, copper and silver from the Kora deposit at the Kainantu Gold Mine in the Eastern Highlands province of Papua New Guinea, as well as exploration and development of mineral deposits in the immediate vicinity of the mine. The Company declared commercial production from Kainantu in February 2018 and is in a strong financial position.

The Company commenced an expansion of the mine based on an updated Preliminary Economic Assessment on the property which was published in January 2019 and updated in July 2020. K92 is

operated by a team of mining company professionals with extensive international mine-building and operational experience.

On Behalf of the Company,

John Lewins, Chief Executive Officer and Director

For further information, please contact David Medilek, P.Eng., CFA at +1-604-687-7130.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION: *This news release includes certain "forward-looking statements" under applicable Canadian securities legislation. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable, are subject to known and unknown risks, uncertainties, and other factors which may cause the actual results and future events to differ materially from those expressed or implied by such forward-looking statements. All statements that address future plans, activities, events, or developments that the Company believes, expects or anticipates will or may occur are forward-looking information, including statements regarding the realization of the preliminary economic analysis for the Kainantu Project, expectations of future cash flows, the planned plant expansion, production results, cost of sales, sales of production, potential expansion of resources and the generation of further drilling results which may or may not occur. Forward-looking statements and information contained herein are based on certain factors and assumptions regarding, among other things, the market price of the Company's securities, metal prices, exchange rates, taxation, the estimation, timing and amount of future exploration and development, capital and operating costs, the availability of financing, the receipt of regulatory approvals, assumptions contained in the PEA, environmental risks, title disputes, failure of plant, equipment or processes to operate as anticipated, accidents, labour disputes, claims and limitations on insurance coverage and other risks of the mining industry, changes in national and local government regulation of mining operations in PNG, mitigation of the Covid-19 pandemic, continuation of the lifted state of emergency, and regulations and other matters. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.*

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