

# K92 Mining Announces Q1 Production Results and Record Plant Throughput at the Kainantu Gold Mine

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- Record quarterly plant throughput with 73,221 tonnes processed, representing a 54% increase from Q1 2020. Throughput included six consecutive weeks in January and February achieving an average throughput of ~1,000 tonnes per day ("tpd"), with 18 days exceeding 1,100 tpd, 8 days exceeding 1,200 tpd, and a daily record of 1,315 tpd over this period.
- Quarterly production in Q1 of 18,654 oz of gold equivalent ("AuEq")<sup>(1)</sup> or 17,774 oz gold, 426,153 lbs copper and 7,925 oz silver.
- Long hole stoping continuing to perform well and to design on both the K1 and K2 veins, with stoping operations interrupted for ~3 weeks in March and recommenced near the end of the quarter, following an incident involving an underground loader, which prevented backfilling operations. Production from four high grade stopes were deferred to Q2, resulting in the plant treating a larger amount of lower grade stockpile material during Q1, while benefiting Q2 production (see March 18, 2021 press release - *Kainantu Operations and COVID-19 Update*). Operations were also impacted from mid-January to late-February due to a shortage of bulk emulsion explosives as a result of unforeseen COVID-19 international shipping logistical issues compounded by increasing global transport restrictions as a result of the Beirut Incident. This was addressed through utilizing less productive alternative explosives (ANFO and packaged explosives) and supplementing mill feed from lower grade stockpiles. A significant shipment of bulk emulsion explosives arrived on site in late-February, the supplier has diversified sources and is expected to commence domestic production in May, nearby in Lae, to totally mitigate this issue.
- Strong financial position with balance sheet strengthening during Q1. During the quarter, K92 fully repaid the outstanding loan balance of US\$5 million and increased its cash balance by US\$15 million, ending the quarter with a historically high cash balance of US\$66 million.

*Note (1): AuEq production for 2021 is based on a gold price of US\$1,800/oz; silver price of US\$25/oz; copper price of US\$3.25/lb. AuEq production for 2020 is based on a gold price of US\$1,500/oz; silver price of US\$17.75/oz; copper price of US\$2.70/lb.*

VANCOUVER, British Columbia, April 16, 2021 -- [K92 Mining Inc.](#) ("K92" or the "Company") (TSX: KNT; OTCQX: KNTNF) announces production in the first quarter ("Q1") at its Kainantu Gold Mine in Papua New Guinea of 18,654 oz AuEq, or 17,774 oz of gold, 426,153 lbs of copper and 7,925 oz of silver.

During the first quarter, the operation took a significant step forward towards ramping up to run-rate Stage 2 Expansion throughput, delivering record mill throughput of 73,221 tonnes processed, including 6 consecutive weeks averaging ~1,000 tpd in January and February, with 18 days exceeding 1,100 tpd, 8 days exceeding 1,200 tpd, and a daily record of 1,315 tpd over this period. This was achieved despite multiple short-term challenges:

Firstly, in mid-January until the end of February, the operation was impacted by a shortage of bulk emulsion explosives due to unforeseen COVID-19 international shipping logistical issues, compounded by increasing global transport restrictions as a result of the Beirut Incident. The operation addressed this shortage by: i) implementing alternative but less optimal explosives (ANFO and packaged explosives), which impacted productivities for stoping and development, and; ii) supplementing mill feed from lower grade stockpiles. By late February, a significant shipment of bulk emulsion explosives arrived on site. The supplier has diversified sources and is expected to commence domestic production in May, nearby in Lae, to totally mitigate this issue.

Secondly, in March, the operation was impacted by an incident involving an underground loader, which

prevented backfilling operations for approximately 3 weeks (see March 18, 2021 press release - *Kainantu Operations and COVID-19 Update*). This resulted in production from four high grade stopes being deferred to the second quarter, and the plant treating a significantly larger amount of lower grade stockpile material during the first quarter in addition to a non-optimal mill feed head grade blend in March that impacted recoveries and throughput. Stoping operations and mining of high-grade stopes recommenced in late March. Additionally, on March 17, 2021, the Government of Australia announced a temporary short-term restriction on travel between Papua New Guinea and Australia due to COVID-19. The restriction included the suspension of movement of the resource sector's expatriate fly-in fly-out workforce between Papua New Guinea and Australia. The Company has engaged with the Australian Government through the PNG Chamber of Mines and Petroleum on the re-establishment of FIFO movement and at this point anticipates that restrictions to be lifted by the end of April. These events are not expected to impact K92 meeting its production guidance for 2021.

In Q1, mining operations focused on Kora's K1 and K2 veins and Judd's J1 Vein, for a total of 7 levels mined. Mining of Kora was conducted on the 1150, 1170, 1185, 1225, 1245 and 1265 levels and Judd on the 1235 level. Importantly, Q1 marked the fourth full quarter of long hole stoping (modified AVOCA method), which commenced in March 2020 on the K1 vein. Long hole stoping has continued to perform to design for both the K1 and K2 veins. The combination of additional levels developed through 2020 and Q1 2021 and strong performance from long hole stoping has provided a notable positive impact on operational flexibility.

The new twin incline development made considerable progress in Q1 with the #2 (6m x 6m) incline now advanced 363 metres and the #3 (5m x 5m) incline advanced 370 metres as at March 31, 2021. Focus on the twin incline was reduced after the COVID-19 Papua New Guinea and Australia travel restrictions were initiated.

Following the establishment of a comprehensive COVID-19 Management Plan, the Kainantu Mine has continued to operate during the pandemic, with a significant focus on health and safety and risk-mitigation. Under the COVID-19 Management Plan, K92 established a Government recognized testing lab facility utilizing qualified medical personnel on site, quarantine and isolation facilities for incoming staff, and implemented enhanced hygiene, disinfecting and training systems and procedures. Additional protocols include a requirement for external COVID-19 testing prior to travel to quarantine at site. The Company's first priority is to protect the health and well-being of our personnel and local communities.

Table 1 - Q1 2021 & 2020 Annual Production Data

	Q1 2020	Q2 2020	Q3 2020	Q4 2020	2020	Q1 2021
Tonnes Processed	T 47,421	49,311	64,702	68,932	230,365	73,221
Feed Grade Au	g/t 13.6	17.6	11.3	14.2	14.0	8.5
Feed Grade Cu	% 0.36%	0.54%	0.38%	0.36%	0.40%	0.31%
Recovery (%) Au	% 93.00%	92.10%	90.70%	91.70%	91.80%	88.88%
Recovery (%) Cu	% 91.70%	91.10%	90.20%	90.60%	90.90%	86.20%
Metal in Conc Prod Au	Oz 19,240	25,762	21,298	28,809	95,109	17,774
Metal in Conc Prod Cu	T 154	241	221	224	841	193
Metal in Conc Prod Ag	Oz 7,678	10,867	7,127	10,395	36,067	7,925
Gold Equivalent Production	Oz 19,944	26,847	22,261	29,820	98,872	18,654

*Note - Gold equivalent for 2021 is based on the following prices: gold \$1,800 per ounce; silver \$25 per ounce; and copper \$3.25 per pound. Gold equivalent for 2020 is based on the following prices: gold \$1,500 per ounce; silver \$17.75 per ounce; and copper \$2.70 per pound.*

John Lewins, K92 Chief Executive Officer and Director, stated, "Despite multiple short term and unexpected events in the quarter as a result of COVID-19 travel restrictions, loader incident and international bulk emulsion shipping issues, the operation has continued to make considerable progress. On the process plant, we continue to test the ultimate throughput potential and it appears to be greater than the 1,100 tpd nameplate as demonstrated with several throughput records achieved during the quarter. On stoping, long hole continues to perform to design with competent hanging wall and footwalls, and high-grade stoping recommenced in late March. On development, outside of the period impacted by the short term COVID-19 travel restrictions, advance rates have been rapid throughout the mine and at the twin incline. Financially, K92 is in its strongest position ever, paying down the last \$5 million of debt and increasing cash to historic

*levels to \$66 million at the end of the quarter. And lastly, on exploration, we continue to make progress drilling multiple vein and porphyry systems."*

#### Qualified Person

K92 mine geology manager and mine exploration manager, 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. Data verification by Mr. Kohler includes significant time onsite reviewing drill core, face sampling, underground workings, and discussing work programs and results with geology and mining personnel.

On Behalf of the Company,

John Lewins, Chief Executive Officer and Director

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