

K92 Mining Releases Strong Q2 Financial Results and Record Mill Throughput

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VANCOUVER, Aug. 16, 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 six months ended June 30, 2021.

Safety

- Strong focus on safety with 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, with pandemic resiliency rapidly increasing through ongoing vaccination programs.

Production

- Record quarterly tonnage of 75,667 tonnes treated, a 53% increase from Q2 2020.
- Quarterly gold equivalent ("AuEq") production of 25,015 oz, or 22,153 oz gold, 1,098,730 lbs copper and 14,914 oz silver.
- Cash costs of US\$736/oz gold and all-in sustaining costs ("AISC") of US\$1,057/oz gold ounce⁽²⁾.
- Production during the quarter was materially impacted by a surge in COVID-19 cases in Papua New Guinea and the suspension of expatriate travel between Australia and Papua New Guinea from mid-March to mid-May.
- K92's operational resiliency and efficiencies in addressing COVID-19 challenges were reflected in operational performance in the second half of the quarter, with production totaling 16,284 oz AuEq. K92 expects the second half of the year to be notably stronger than the first, and the fourth quarter to be the strongest, bolstered by production stoping commencing on the Judd Vein System.

Financials

- Balance sheet remained strong during Q2. K92 fully repaid its debt during the first quarter and maintains a strong cash balance, ending the quarter with US\$56 million as at June 30, 2021. As production in the second half of the quarter was the strongest, a notable number of sales were realized in the third quarter.
- Sold 18,939 oz of gold, 862,407 lbs of copper and 12,472 oz of silver in the quarter. Gold concentrate inventories of 5,456 oz as of June 30, 2021, a quarterly increase of 3,077 oz.
- Quarterly revenue of US\$35.5 million and net income for Q2 of US\$4.4 million or US\$0.02 per share.
- Operating cash flow (before working capital adjustments) for the quarter of US\$15.2 million or US\$0.07 per share and earnings before interest, taxes, depreciation and amortization ("EBITDA") of US\$11.8 million or US\$0.05 per share.

Growth

- Following the positive drilling, underground development, and metallurgical results to date at the Judd Vein System, first production stoping is now planned for Q4. Development on the J1 Vein is underway on its second sublevel, the 1265 Level, and Judd has been prioritized to eliminate its core logging and assaying backlog.
- Results for 43 diamond drill holes reported for the Kora deposit, with 20 intersections exceeding 10 g/t AuEq, including KMDD0286 recording multiple intersections including 3.0 m at 71.22 g/t Au, 14 g/t Ag and 0.17% Cu (71.64 g/t AuEq, 1.38 m true width) on the K1 Vein and KMDD0339 recording multiple intersections including 6.30 m at 24.86 g/t Au, 74 g/t Ag and 4.44% Cu (32.11 g/t AuEq, 5.33 m true width) from the K2 Vein (see July 22, 2021 press release: *K92 Mining Announces Latest High-Grade Drill Results at Kora, Including 3.0 m at 71.64 g/t AuEq & 5.35 m at 37.98 g/t AuEq*).
- Phase 2 drilling at Blue Lake has commenced deeper targeted drilling with two drill rigs operating. Subsequent to quarter end, hole KTDD0020 drilled to a record depth of 1400.6m.

- The new twin incline development has made considerable progress with the #2 (6m x 6m) incline now advanced 496 metres and the #3 (5m x 5m) incline advanced 530 metres as at July 31, 2021. Development of the incline resumed on May 21, 2021 after the COVID-19 Papua New Guinea and Australia travel restrictions were lifted and the COVID-19 situation in Papua New Guinea improved.

For complete details of the interim 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, "As we enter the second half of the year, after an unexpectedly challenging first half due to COVID-19 related challenges, there is optimism and an improving resiliency to the pandemic. Operationally, the second half of 2Q delivered strong results with 16,284 oz AuEq produced and we expect the second half of the year to be stronger than the first half, and the fourth quarter to be the strongest for the year. The introduction of Judd into our mine plan in Q4, will provide a notable boost to operational flexibility by adding another mining front and high grade which are expected to benefit the operation in not just 2021 but going forward.

On exploration, we are actively reducing our backlog of holes to assay and core log, while also adding more holes from our drill rig fleet with up to 11 rigs operating. This is expected to result in an increase in news flow in the second half of the year. The immediate focus is reducing the backlog at Judd and we expect to report results near term. Porphyry exploration has progressed from relatively shallow vector drilling to now deeper drilling targeting the potassic core. The performance and capabilities of the drill rigs has been solid, very recently drilling KTDD0020 to a depth of 1400.6m - this is a record for Kainantu but also one of the deepest holes drilled in PNG in the last few years. In terms of COVID-19 resiliency, we continue to make considerable progress with onsite vaccinations for our workforce underway and recently reduced restrictions for those that are fully vaccinated, decreasing site quarantine load and providing a boost to staffing levels.

Lastly, I would like to once again, thank the workforce at the Kainantu Gold Mine. Our staff turnover rate is well below industry average, at approximately 10% over the last twelve months, which we believe is indicative of the extraordinary commitment of our workforce but also the belief in a strong future. The support of the Government of Papua New Guinea and also the Government of Australia continues to be a major factor in our success."

Mine Operating Activities

| | Three months ended June 30, 2021 | Three months ended June 30, 2020 |
|--|-------------------------------------|-------------------------------------|
| Operating data | | |
| Head grade (Au g/t) | 10.3 | 17.6 |
| Gold recovery (%) | 88.3% | 92.1% |
| Gold ounces produced | 22,153 | 25,762 |
| Gold ounces equivalent produced ⁽¹⁾ | 25,015 | 26,847 |
| Tonnes of copper produced | 498 | 241 |
| Silver ounces produced | 14,914 | 10,867 |
| Financial data (in thousands of dollars) | | |
| Gold ounces sold | 18,939 | 27,149 |
| Revenues from concentrate sales | US\$35,518 | US\$47,857 |
| Mine operating expenses | US\$8,789 | US\$8,027 |
| Other mine expenses | US\$9,005 | US\$6,936 |
| Depreciation and depletion | US\$3,154 | US\$3,408 |
| Statistics (in dollars) | | |
| Average realized selling price per ounce, net | US\$1,754 | US\$1,631 |
| Cash cost per ounce | US\$736 | US\$560 |
| All-in sustaining cost per ounce | US\$1,057 | US\$642 |

Notes:

- Gold equivalent for 2021 is based on the following prices: gold \$1,800 per ounce; silver \$25 per ounce; and
- (1) copper \$4.35 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.
- 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 August 12, 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 2021 Q2 Financial Results at 8:30 am (EDT) on Tuesday, August 17, 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/k92mining20210817.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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