

K92 Mining Announces Strong Q3 Production Results With Stage 2 Expansion Run-Rate Throughput Achieved in September

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- Record quarterly plant throughput with 87,621 tonnes processed, representing a 35% increase from Q3 2020. During the month of September, Kainantu achieved Stage 2 Expansion run-rate processing throughput, averaging 1,100 tonnes per day ("tpd"), while also delivering a notably finer than required product size.
- Following the performance of the existing process plant, K92 announced the approval for a Stage 2A Expansion to increase annual throughput +25% to 500,000 tonnes per annum ("tpa") or 1,370 tpd with commissioning in Q3 2022.
- Quarterly production in Q3 of 24,122 oz of gold equivalent ("AuEq")⁽¹⁾ or 21,908 oz gold, 802,545 lbs copper and 19,736 oz silver and quarterly sales of 24,057 oz AuEq or 21,675 oz gold, 868,175 lbs copper and 20,444 oz silver.
- Positive reconciliation for gold grades vs resource model, with an average head grade of 9.0 g/t gold and 0.48% copper in Q3 (9.82 g/t AuEq) partially offset below budget mined grades due to impact of COVID-19 challenges in PNG during the first half of 2021.
- A +50% increase in development metres in Q3 vs Q2 set to improve access to high grade stoping areas going forward, including establishment of first stope from the Judd #1 Vein ("J1").
- Quarterly development advance of the twin incline +16% above budget, with incline #2 (6m x 6m) advanced a total of 638 metres and #3 (5m x 5m) advanced a total of 680 metres as of September 30, 2021.

Note (1): Gold equivalent for 2021 is based on the following prices: gold \$1,800 per ounce; silver \$25 per ounce; and copper \$4.35 per pound.

VANCOUVER, British Columbia, Oct. 18, 2021 -- [K92 Mining Inc.](#) ("K92" or the "Company") (TSX: KNT; OTCQX: KNTNF) announces production in the third quarter ("Q3") at its Kainantu Gold Mine in Papua New Guinea, of 24,122 oz AuEq or 21,908 oz gold, 802,545 lbs copper and 19,736 oz of silver. Sales for the third quarter totaled 24,057 oz AuEq or 21,675 oz gold, 868,175 lbs copper and 20,444 oz of silver.

During the third quarter, the process plant delivered record throughput of 87,621 tonnes and importantly, during the month of September, achieved Stage 2 Expansion design throughput, increasing to an average of 1,100 tonnes per day, with 20 days processing more than 1,100 tonnes and a single day record of 1,408 tonnes processed on September 22, 2021. Following the performance of the existing plant and the ability of the mill to deliver a notably finer than required product size, the Stage 2A Expansion to increase annual throughput from 400,000 tpa (1,100 tpd) to 500,000 (1,370 tpd) was approved (see *October 7, 2021 press release: K92 Mining Announces Stage 2A Expansion to Increase Throughput +25% to 500,000 Tonnes Per Annum at Kainantu Gold Mine*).

Importantly, the record quarterly material movements were achieved despite short-term challenges related to the COVID-19 pandemic. In the first half of 2021, Papua New Guinea experienced record levels of COVID-19 cases, resulting in significant short staffing due to COVID-19 related absenteeism in addition to an increase in quarantine length and enhanced quarantine control measures. Additionally, from mid-March to mid-May, expatriate travel was suspended between Australia and Papua New Guinea. These operational challenges had a notable impact on underground development and the mining sequence by delaying access to higher-grade stoping areas at Kora in Q3, resulting in below budget material movements and gold head grades in addition to sub-optimal process plant blending. These challenges have been significantly addressed through: i) a +50% increase in development metres in Q3 vs Q2, increasing access to more

stoping areas at Kora, and; ii) mining ramping up at a new, major mining front at the Judd Vein System.

In the second half of Q3, flat backing commenced at the J1 Vein, providing a considerable boost to underground productivities. In September, production of 11,095 oz Au, 284,002 lbs Cu, 7,871oz Ag or 11,891 oz AuEq was achieved. Production stoping at Judd is planned for Q4 and is expected to provide a significant boost to operational flexibility and material movements. Judd is located ~150-200m from existing infrastructure at Kora, making it highly efficient to access going forward.

During the quarter, long hole stoping continued to perform to design, with operations focused on Kora's K1 and K2 veins and also Judd's J1 veins for a total of 6 levels mined. Mining on Kora was conducted on the 1150, 1170, 1205, 1225 and 1265 levels and Judd on the 1235 and 1265 levels.

The new twin incline development resumed in late May, after the COVID-19 Papua New Guinea and Australia travel restrictions were lifted and the COVID-19 situation in Papua New Guinea improved. Twin incline development advance was +16% above budget in Q3, the #2 (6m x 6m) incline has now advanced a total of 638 metres and the #3 (5m x 5m) incline has now advanced a total of 680 metres as of September 30, 2021.

COVID-19 Operational Resiliency

The Kainantu Gold Mine operates under a comprehensive COVID-19 Management Plan and has continuously operated during the pandemic. A considerable focus is on health and safety and risk-mitigation. Under the COVID-19 Management Plan, K92 has established a Government recognized testing lab facility utilizing qualified medical personnel on site, established quarantine and isolation facilities for incoming staff, and implemented enhanced hygiene, disinfecting and training systems and procedures. Additional controls were implemented in 2021, requiring external COVID-19 testing prior to travel to quarantine at site, in addition to on arrival at site before reporting to quarantine. A focus has also been supporting Government efforts at a national, provincial and local level through the 1.5 million PGK COVID-19 Assistance Fund and a further 1.0 million PGK of additional assistance funding to Eastern Highlands Province.

In addition to various control measures, K92 has made considerable progress increasing our resiliency through vaccinations of our expatriate and PNG national workforce, with vaccinations administered on site well underway. The Company is in close communications with the provincial and national health authorities of Papua New Guinea and the Government of Australia, in addition to communications with the Papua New Guinea Chamber of Mines and Petroleum to deliver an effective pandemic response.

Table 1 - Q3 2021 & 2020 Annual Production Data

		Q3 2020	2020	Q1 2021	Q2 2021	Q3 2021
Tonnes Processed	T	64,702	230,365	73,221	75,667	87,621
Feed Grade Au	g/t	11.3	14.0	8.5	10.3	9.0
Feed Grade Cu	%	0.38%	0.40%	0.31%	0.76%	0.48%
Recovery (%) Au	%	90.7%	91.80%	88.9%	88.3%	86.1%
Recovery (%) Cu	%	90.2%	90.90%	86.2%	87.2%	87.2%
Metal in Conc Prod Au	Oz	21,298	95,109	17,774	22,153	21,908
Metal in Conc Prod Cu	T	221	841	193	498	364
Metal in Conc Prod Ag	Oz	7,127	36,067	7,925	14,914	19,736
Gold Equivalent Production	Oz	22,261	98,872	18,912	25,015	24,122
Gold Sold	Oz	19,265	93,273	21,879	18,939	21,675

Note - Gold equivalent for 2021 is based on the following prices: gold \$1,800 per ounce; silver \$25 per ounce; and 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.

John Lewins, K92 Chief Executive Officer and Director, stated, "Achieving Stage 2 design throughput of

1,100 tpd in September, a doubling from Stage 1, is a major operational accomplishment and one that is particularly impressive as it was achieved shortly after a particularly challenging COVID-19 environment in the first half of 2021.

The strong performance of the process plant, achieving daily records well in excess of 1,100 tpd and at a notably finer product size has led to the formal approval for the Stage 2A Expansion, increasing throughput by another +25% to 1,370 tpd. The capital cost for the plant expansion is estimated to be US\$2.5 million, with commissioning in Q3 2022. Several key components have already arrived on site.

While the headwinds from COVID-19 have persisted for longer than expected, we remain pleased that the operation continues to progress on multiple fronts. Over the past year, Judd has emerged from an exploration target to a new, major mining front, with production stoping planned to start in Q4, providing a notable boost to operational flexibility. The exploration success at Judd was also a key driver for approving the Stage 2A Expansion.

On exploration, the infill program at Kora is nearing completion for our updated resource estimate later this year and Stage 3 Expansion Definitive Feasibility Study in the first half of 2022. Currently there are 5 underground rigs on Kora and 1 underground rig on Judd. By the beginning of November, we expect to have at least two thirds of our underground drill rigs on Judd, marking a major pivot from infill to step-out drilling for the remainder of 2021 and into 2022.

We are also very pleased with the development performance of the twin incline, achieving +16% above budget advance during the Q3. In the first half of 2022, the twin incline advance is expected to be sufficiently close to the resource at Kora, enabling drill platforms from the twin incline to commence testing Kora Deep.

Lastly, I would like to once again thank the K92 workforce for their continued dedication and resourcefulness. Their commitment and loyalty to the operation during the pandemic has been extraordinary. The support of the Government of Papua New Guinea, and also the Australian Government has been a major factor in our success as well."

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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