

K92 Mining Announces Record Annual and Quarterly Production, Exceeding Updated Guidance, and Strong Performance From Judd

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- Record quarterly production in Q4 of 36,145 oz of gold equivalent ("AuEq")⁽¹⁾ or 33,220 oz gold, 1,048,100 lbs copper and 28,218 oz silver.
- Record annual production of 104,196 oz of AuEq or 95,055 oz gold, 3,375,528 lbs copper and 70,792 oz silver, exceeding the updated guidance range of 96,000 to 102,000 oz of AuEq.
- Record quarterly material movements, with 99,713 tonnes processed, representing a 45% increase from Q4 2020 and the mine exceeding mill throughput with 108,461 tonnes of total mill feed mined.
- Positive reconciliation continues for gold grades versus resource model, with an average Q4 head grade of 11.2 g/t gold, 0.51% copper and 10 g/t silver (12.1 g/t AuEq). Gold grades exceeded budget for both 2021 and Q4.
- Strong metallurgical recoveries in Q4 of 92.8% gold and 92.9% copper, exceeding budget and representing the highest recoveries since Q1 2020 for gold and Q4 2019 for copper. Plant capabilities are expected to further benefit from the gravity circuit targeting full integration in Q1 2022.
- During the quarter, the first stope from the Judd #1 Vein was mined and delivered strong performance including solid geotech, high grades delivered to the plant, and robust drill and blast characteristics.
- Significant advance of twin incline in Q4, in line with budget, with incline #2 (6m x 6m) advanced to 803 metres and #3 (5m x 5m) advanced to 893 metres as of December 31, 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, Jan. 11, 2022 -- [K92 Mining Inc.](#) ("K92" or the "Company") (TSX: KNT; OTCQX: KNTNF) announces production results for the fourth quarter ("Q4") of 2021 at its Kainantu Gold Mine in Papua New Guinea, of 36,145 oz AuEq or 33,220 oz gold, 1,048,100 lbs copper and 28,218 oz silver. Annual production also achieved a record of 104,196 oz AuEq or 95,055 oz gold, 3,375,528 lbs copper and 70,792 oz silver, exceeding the updated guidance range of 96,000 to 102,000 oz AuEq.

During the fourth quarter, the process plant delivered record throughput of 99,713 tonnes. Excluding 5 consecutive days of downtime due to scheduled plant maintenance, the mill operated at an average throughput of 1,146 tonnes per day ("tpd"), exceeding Stage 2 Expansion design throughput of 1,100 tpd. Multiple daily records were set during the quarter, with 21 days exceeding 1,300 tpd throughput and a daily record of 1,538 tonnes set on October 24, 2021.

Importantly, recoveries were also strong during the quarter at 92.8% for gold and 92.9% for copper, both exceeding budget. Gold and copper recoveries represent the highest recoveries since Q4 2020 and Q4 2019, respectively. Plant capabilities are expected to also further improve with the full integration of the gravity circuit planned for Q1 2022.

With the process plant continuing to deliver significantly above design throughput and a notably finer than required product size, a Stage 2A Expansion to increase throughput from 400,000 tonnes per annum (1,100 tpd) to a nameplate of 500,000 tonnes per annum (1,370 tpd) has been 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*). Works are already underway targeting commissioning in Q3 2022, with an estimated plant expansion capital cost of US\$2.5 million.

Mining operations also achieved record material movements in the fourth quarter with 108,461 tonnes of mill feed material movements. The mining rate exceeded our target of achieving the Stage 2 target throughput of 1,100 tpd at year end, averaging ~1,180 tpd (mill feed), and the strong performance resulted in an increase to our stockpiles.

During the quarter, the first production stope from the Judd #1 ("J1") Vein was mined and has delivered strong performance thus far, including solid geotech, high grades, and strong drill and blast characteristics (see Figure 1). Judd has also shown that it is capable of delivering large stopes (first stope 40 m strike x 30 m height x 4.5-5m thickness) and large blasts with a fast turnaround cycle, including a stoping single blast record of 4.1 kt in December 2021. The establishment of the Judd Vein System as a new major mining front has provided a significant boost to operational flexibility and material movements. Judd is located ~150-200m from existing infrastructure at the Kora high-grade deposit, making it highly efficient to access going forward.

The operation delivered head grades of 11.2 g/t gold, 0.51% copper and 10 g/t silver (12.1 g/t AuEq) in Q4. Gold grades delivered a positive reconciliation against the resource model and were also above budget. Long hole stoping continued to perform to design, with operations focused on Kora's K1 and K2 veins and also Judd's J1 Vein for a total of 7 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 advancement has continued to progress well, exceeding budget for the second half of 2021 and in line with budget during Q4. The #2 (6m x 6m) incline has now advanced a total of 803 metres and the #3 (5m x 5m) incline has now advanced a total of 893 metres as of December 31, 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 been supporting Government efforts at a national, provincial and local level through the 1.5 million PGK (Papua New Guinea Kina) 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 continues to make considerable progress increasing our resiliency through vaccinations of our expatriate and PNG national workforce, with vaccinations administered on site well underway. Over 65% of our workforce (employees and contractors) have received at least one vaccine dose. 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 the Papua New Guinea Chamber of Mines and Petroleum to deliver an effective pandemic response.

Table 1 - Q4 2021 & 2020 and Annual 2021 Production Data

	Q4 2020	Q4 2021
Tonnes Processed	T 250,000	T 250,000
Feed Grade Au	g/t 9.50	g/t 9.50
Feed Grade Cu	% 0.50%	% 0.50%
Recovery (%) Au	% 90.0%	% 90.0%
Recovery (%) Cu	% 90.0%	% 90.0%
Metal in Conc Prod Au	Oz 22,000	Oz 22,000
Metal in Conc Prod Cu	T 300	T 300
Metal in Conc Prod Ag	Oz 70,000	Oz 70,000

Gold Equivalent Production Oz ~~20,070~~6

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, *"The fourth quarter delivered our strongest quarter to date at the Kainantu Gold Mine, with record production, record mill throughput, record mine throughput, above budget processing recoveries and an excellent start to stoping activities at Judd, our new mining front.*

We believe that Q4 represented a major inflection point for Kainantu both operationally and with exploration. Operationally, we met our beginning of year goal of achieving Stage 2 Expansion mine and mill throughput by year-end and exceeded our updated production guidance. In 2022, we look to take another step forward with the Stage 2A Expansion, increasing nameplate throughput by +25% to 500,000 tonnes per annum, targeting commissioning in Q3 2022.

On exploration, activities have recently shifted from an extended period of infill drilling at Kora to now almost entirely focused on resource growth. Step-out drilling is underway at Judd, Judd South, Kora, Kora South and also the Blue Lake Porphyry. We certainly are excited about our 2022 exploration program.

It is also important to highlight that COVID-19 was certainly a factor in Q4, with a record surge of cases during the first two months driven by the Delta Variant in Papua New Guinea. K92 has a tremendous attachment to our communities, the people of Papua New Guinea, a strong sense of responsibility and it was especially painful to see the impact that COVID-19 has had. We are proud to have provided an additional 1.0 million PGK of COVID-19 assistance funding to Eastern Highlands province in Q4, in addition to our 1.5 million PGK COVID-19 Assistance Fund created in April 2020. Our site logistics team was active in rapid procurement and delivery of medical oxygen plants from Australia to the local Goroka hospital, and we strongly believe that our efforts made a difference and saved lives.

I am also pleased to report that our COVID-19 control measures on site held up very well, although there were impacts from absenteeism. Encouragingly, our COVID-19 resiliency continues to improve with over 65% of our workforce vaccinated with at least one dose, and a progressive easing of restrictions has begun within the resources sector in Papua New Guinea. We have also seen a significant improvement in international travel for our expatriate workforce, consultants and suppliers over the last three months that is beginning to benefit the operation.

Lastly, I would like to once again thank the K92 workforce for their extraordinary commitment, dedication and resourcefulness. 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

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 Mine, 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, 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, removal of travel restrictions, 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.

Figure 1 - Judd Vein #1 Long Hole Stope, viewing from the top of the stope at the 1265 Level. The stope delivered solid geotechnical performance with sizeable geometry: 30 m high, 40 m strike, thickness between 4.5-5.0 m. Available at <https://www.globenewswire.com/NewsRoom/AttachmentNg/9831135a-5b4f-421c-b7ec-5c8bc91632b9>

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