

K92 Mining Announces Strong 2024 Q1 Financial Results – Financial Position Strong as Stage 3 Expansion Advances

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VANCOUVER, May 13, 2024 - [K92 Mining Inc.](#) ("K92" or the "Company") (TSX: KNT; OTCQX: KNTNF) is pleased to announce financial results for the three months ended March 31, 2024.

Production

- Quarterly production of 27,462 ounces gold equivalent ("AuEq") or 24,389 oz gold, 1,443,300 lbs copper and 35,650 oz silver ⁽¹⁾, representing a 39% increase from Q1 2023.
- Cash costs of US\$934/oz gold and all-in sustaining costs ("AISC") of US\$1,366/oz gold ⁽²⁾.
- Ore processed of 130,632 tonnes or 1,436 tpd ("tonnes per day"), an 11% increase from Q1 2023 and 5% greater than the Stage 2A Expansion design rate of 1,370 tpd.
- During the quarter, multiple throughput records were achieved. Monthly throughput record achieved in January of 57,144 tonnes processed or 1,843 tpd, exceeding the Stage 2A Expansion design rate by 34%; weekly throughput record achieved in January averaging 2,149 tpd, exceeding the Stage 2A design rate by 57%, and daily throughput record achieved on January 21st of 2,389 tonnes processed, exceeding the Stage 2A design rate by 74% ⁽³⁾. In January and February, 95% of operating days exceeded the Stage 2A Expansion plant design rate.
- Quarterly ore mined of 111,054 tonnes.

Financials

- Strong cash and treasury bill position of US\$73.4 million as of March 31, 2024 while remaining debt-free.
- Operating cash flow (before working capital adjustments) for the three months ended March 31, 2024, of US\$20.0 million or US\$0.09 per share, and record earnings before interest, taxes, depreciation and amortization ("EBITDA") ⁽²⁾ of US\$17.6 million or US\$0.07 per share.
- Quarterly revenue of US\$59.8 million, an increase of 48% from Q1 2023.
- Quarterly net income of US\$3.1 million or \$0.01 per share.
- Sales of 27,996 oz gold, 1,582,668 lbs copper and 38,812 oz silver. Gold concentrate and doré inventory of 1,677 oz as of March 31, 2024, a decrease of 3,608 oz over the prior quarter.

Growth

- On the Stage 3 and 4 Expansions, 52% of growth capital has been either spent or committed as of April 30, 2024. K92 has completed handover to GR Engineering for the construction of the 1.2 million tpa ("tonnes per annum") Stage 3 Process Plant, with commissioning of the Stage 3 Process Plant now targeting late-April (previously by end of March 2025) due to a significantly wetter and longer than average rainy season. Fortunately, as this occurred early in the mobilization process, cost variation is minor. Underground, two raise bore rigs are undergoing electrification and will commence boring imminently, with the larger raise bore commencing works for a ventilation raise first followed by the first waste/ore pass. The first waste/ore pass is scheduled to commence boring in Q3 2024.

- During the quarter, results from the first two holes from K92's maiden drill program at the Arakompa project recorded significant near-surface mineralization, with 4 high-grade lodes intersected in hole KARDD0002. Between the high-grade lodes, the tonalite to dioritic host rock is overprinted with porphyry style mineralization increasing the potential for bulk mining. The target size of Arakompa is very large, with mineralization demonstrated from drill holes, rock samples and surface workings for at least 1.7 km of strike, hosted within a ~150-225 m wide mineralized intense phyllic altered package, and exhibits a vertical extent of +500 m. Arakompa is sparsely drilled, with K92's maiden drill results representing the first drilling on the project completed in 32 years. A total of 18 holes were drilled historically, with the vast majority shallow. Highlights from the maiden drill program include:
 - KARDD0002 recording 7.20 m at 24.76 g/t AuEq, 5.70 m at 9.94 g/t AuEq, 5.30 m at 6.06 g/t AuEq and 3.60 m at 3.38 g/t AuEq ⁽⁴⁾.
 - KARDD0002 recording a bulk intersection of 219.8 m at 1.59 g/t AuEq with a higher grade core of 149.4 m at 2.12 g/t AuEq, starting at 5.2 m from surface.

Other historic highlights reported include:

- 004DA92 recording 4.00 m at 32.03 g/t AuEq
- 013AD92 recording 4.00 m at 20.21 g/t AuEq
- 016AD92 recording 6.30 m at 14.96 g/t AuEq
- 010AD92 recording 9.20 m at 10.67 g/t AuEq

See news release dated February 21, 2024 for additional details.

- Subsequent to quarter end, strong results from 140 diamond drill holes were reported from underground and surface at Kora, Kora South, Judd, and Judd South deposits in addition to Kora and Judd Northern Deeps. Multiple dilatant zones intersected at Kora's K2 Vein, including a new dilatant zone discovered outside of the Kora resource at Kora South and the extension of an existing dilatant zone down-dip:
 - Kora South new dilatant zone intercepts:
 - KUDD0053: 78.50 m at 27.03 g/t AuEq
 - KUDD0056: 34.00 m at 8.14 g/t AuEq
 - Known Dilatant zone extended down-dip:
 - KUDD0058: 51.00 m at 7.04 g/t AuEq

High-grade zones extended in multiple directions including up-dip from the main underground mining area at the K1, K2 and J1 Veins, to the South outside the Kora resource at the K2 Vein and 300 m to the North near surface at the J1 Vein. Highlights include:

- KMDD0590: 3.26 m at 86.92 g/t AuEq from the K1 Vein
- KMDD0634: 12.09 m at 18.90 g/t AuEq from the K1 Vein
- KMDD0662: 9.00 m at 40.36 g/t AuEq from the K2 Vein
- KMDD0654A: 17.45 m at 23.79 g/t AuEq from the K2 Vein
- JDD0235: 4.13 m at 69.10 g/t AuEq from the J1 Vein
- KODD0055: 9.85 m at 7.58 g/t AuEq from the J1 Vein

See news release dated May 6, 2024 for additional details.

The Company's interim consolidated financial statements and associated management's discussion and analysis for the three months ended March 31, 2024 are available for download on the Company's website and under the Company's profile on SEDAR+ (www.sedarplus.ca). All amounts are in U.S. dollars unless otherwise indicated.

See Figure 1: Quarterly Production, Cash Cost and AISC Chart

See Figure 2: Quarterly Total Ore Processed, Development Metres Advanced and Total Mined Material Chart

See Figure 3: Process Plant Throughput Performance, Daily Records and Near-Records

John Lewins, K92 Chief Executive Officer and Director, stated, *"During the first quarter, K92 delivered strong financial results and above-budget production, even with the temporary suspension of underground operations for the last 22 days of March following a non-industrial incident. Since the lifting of the temporary suspension of underground operations in the first half of April, we have been pleased with the focus and motivation of our workforce, with operations having returned to normal. Financially, we remain in a strong position with \$73 million in cash and treasury bills at quarter end, plus significant liquidity with the \$100 million loan with Trafigura.*

On the Stage 3 Expansion, we continue to move forward on multiple initiatives and as of April 30th, 52% of the Stage 3 and 4 Expansion growth capital has now been either spent or committed. The complete handover to GR Engineering for the construction of the Stage 3 Process Plant was a major milestone, in addition to the commencement of raise bore works planned for later this month, which will drive a step-change in productivity underground over the next few months.

And lastly, as shown this past week with our exploration drilling results, the Kora-Kora South and Judd-Judd South system is world class, has significant expansion potential and with the increase in drilling activity at Arakompa, we expect exploration to continue to be a driver of value during the Stage 3 Expansion construction period and beyond."

Mine Operating Activities

	Three months ended March 31, 2024	Three months ended March 31, 2023
Operating data		
Gold head grade (Au g/t)	6.4	5.2
Copper grade (%)	0.55%	0.70%
Gold equivalent head grade (AuEq g/t)	7.2	6.4
Gold recovery (%)	90.7%	89.1%
Copper recovery (%)	91.9%	91.3%
Gold ounces produced	24,389	17,593
Gold ounces equivalent produced ^{(1) (2)}	27,462	21,488
Tonnes of copper produced	655	749
Silver ounces produced	35,650	29,891
Financial data (in thousands of dollars)		
Gold ounces sold	27,996	17,602
Revenues from concentrate and doré sales	US\$59,798	US\$40,366
Mine operating expenses	US\$12,465	US\$8,753
Other mine expenses	US\$20,942	US\$8,241
Depreciation and depletion	US\$7,482	US\$6,744
Statistics (in dollars)		
Average realized selling price per ounce, net	US\$2,016	US\$1,807
Cash cost per ounce ⁽²⁾	US\$934	US\$758
All-in sustaining cost per ounce ⁽²⁾	US\$1,366	US\$1,506

Notes:

- (1) Gold equivalent in Q1 2024 is calculated based on: gold \$2,070 per ounce; silver \$22.55 per ounce; and copper \$4.05 per pound. Gold equivalent in Q1 2023 is calculated based on: gold \$2,070 per ounce; silver \$22.55 per ounce; and copper \$4.05 per pound.
- (2) The Company provides some non-international financial reporting standard measures and other financial information that management believes may be useful to investors to explain the Company's financial performance. Please refer to non-IFRS financial performance measures in the Company's management discussion and analysis dated May 10, 2024, available on SEDAR+ or the Company's website, for more information on these measures.
- (3) Daily tonnes processed record achieved on day with 23.5 hours of plant operation recorded achieved with 98.1% plant availability. 95.4% plant availability in January 2024. Average plant availability is 94.0%.
- (4) Gold equivalent exploration results are calculated using longer-term commodity prices of US\$4.00/lb, a silver price of US\$22.50/oz and a gold price of US\$1,750/oz.

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 2024 first quarter financial results at 8:30 am (EDT) on Monday, May 13, 2024.

- Listeners may access the conference call by dialing toll-free to 1-844-763-8274 within North America or +1-647-484-8814 from international locations.

The conference call will also be broadcast live (webcast) and may be accessed via the following link:
<https://services.choruscall.ca/links/k92mining2024q1.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.

Technical Report

The Integrated Development Plan ("IDP"), including the Definitive Feasibility Study and Preliminary Economic Assessment for the Kainantu Gold Mine Project in Papua New Guinea is included in the Technical Report, titled, "Independent Technical Report, Kainantu Gold Mine Integrated Development Plan, Kainantu Project, Papua New Guinea" dated October 26, 2022, with an effective date of January 1, 2022.

About K92

[K92 Mining Inc.](#) is engaged in the production of gold, copper and silver 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. A maiden resource estimate on the Blue Lake copper-gold porphyry project was completed in August 2022. 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, President and Chief Operating Officer at +1-604-416-4445

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION: *This news release includes certain "forward-looking statements" under applicable Canadian securities legislation. Such forward-looking statements include, without limitation: (i) the results of the Kainantu Mine Definitive Feasibility Study, and the Kainantu 2022 Preliminary Economic Assessment, including the Stage 3 Expansion, a new standalone 1.2 mtpa process plant and supporting infrastructure; (ii) statements regarding the expansion of the mine and development of any of the deposits; (iii) the Kainantu Stage 4 Expansion, operating two standalone process plants, larger surface infrastructure and mining throughputs; and (iv) the potential extended life of the Kainantu Mine.*

All statements in this news release that address events or developments that we expect to occur in the future are forward-looking statements. Forward-looking statements are statements that are not historical facts and are generally, although not always, identified by words such as "expect", "plan", "anticipate", "project", "target", "potential", "schedule", "forecast", "budget", "estimate", "intend" or "believe" and similar expressions or their negative connotations, or that events or conditions "will", "would", "may", "could", "should" or "might" occur. All such forward-looking statements are based on the opinions and estimates of management as of the date such statements are made. Forward-looking statements are necessarily based on estimates and

assumptions that are inherently subject to known and unknown risks, uncertainties and other factors, many of which are beyond our ability to control, that may cause our actual results, level of activity, performance or achievements to be materially different from those expressed or implied by such forward-looking information. Such factors include, without limitation, Public Health Crises, including the COVID-19 virus; changes in the price of gold, silver, copper and other metals in the world markets; fluctuations in the price and availability of infrastructure and energy and other commodities; fluctuations in foreign currency exchange rates; volatility in price of our common shares; inherent risks associated with the mining industry, including problems related to weather and climate in remote areas in which certain of the Company's operations are located; failure to achieve production, cost and other estimates; risks and uncertainties associated with exploration and development; uncertainties relating to estimates of mineral resources including uncertainty that mineral resources may never be converted into mineral reserves; the Company's ability to carry on current and future operations, including development and exploration activities at the Arakompa, Kora, Judd and other projects; the timing, extent, duration and economic viability of such operations, including any mineral resources or reserves identified thereby; the accuracy and reliability of estimates, projections and forecasts; studies and assessments; the Company's ability to meet or achieve estimates, projections and forecasts; the availability and cost of inputs; the availability and costs of achieving the Stage 3 Expansion or the Stage 4 Expansion; the ability of the Company to achieve the inputs the price and market for outputs, including gold, silver and copper; failures of information systems or information security threats; political, economic and other risks associated with the Company's foreign operations; geopolitical events and other uncertainties, such as the conflicts in Ukraine, Israel and Palestine; compliance with various laws and regulatory requirements to which the Company is subject to, including taxation; the ability to obtain timely financing on reasonable terms when required; the current and future social, economic and political conditions, including relationship with the communities in Papua New Guinea and other jurisdictions it operates; other assumptions and factors generally associated with the mining industry; and the risks, uncertainties and other factors referred to in the Company's Annual Information Form under the heading "Risk Factors".

Estimates of mineral resources are also forward-looking statements because they constitute projections, based on certain estimates and assumptions, regarding the amount of minerals that may be encountered in the future and/or the anticipated economics of production. The estimation of mineral resources and mineral reserves is inherently uncertain and involves subjective judgments about many relevant factors. Mineral resources that are not mineral reserves do not have demonstrated economic viability. The accuracy of any such estimates is a function of the quantity and quality of available data, and of the assumptions made and judgments used in engineering and geological interpretation. Forward-looking statements are not a guarantee of future performance, and actual results and future events could materially differ from those anticipated in such statements. Although we have attempted to identify important factors that could cause actual results to differ materially from those contained in the forward-looking statements, there may be other factors that cause actual results to differ materially from those that are anticipated, estimated, or intended. 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: Quarterly Production, Cash Cost and AISC Chart

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Photos accompanying this announcement are available at
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